

## **Portfolio Holder for Resources and Reputation**

**Subject:** New Letting of 11 Hazelford Way, Newstead

**Date:** 22<sup>nd</sup> September 2020

**Author:** Property Surveyor

### **Wards Affected**

Newstead Abbey

### **Purpose**

To seek approval to agree a new 3 year lease at 11 Hazelford Way, Newstead, NG15 0DQ (the Property)

### **Key Decision**

This is not a Key Decision

### **Recommendation(s)**

#### **THAT:**

- 1) Approval is given to lease the Property to a business tenant for a 3 year term.**
- 2) Delegation is given to the Assistant Director – Planning and Regeneration in consultation with the Director of Organisational Development and Democratic Services to agree the final Heads of Terms of the lease.**

## **1 Background**

- 1.1 The Property is currently vacant due to a Deed of Surrender being agreed between the Council and the previous business tenant. The Council have marketed the property and have agreed terms with a commercial joinery

company, which has relocating into the Borough, which has a satisfactory financial credit score.

- 1.2 Initial terms have been agreed between the Council and the proposed tenant (Tenant) for a new 3 year lease at market rent.
- 1.3 The Property is currently incurring costs for the Council via standing charges and business rates due to it being vacant.

## **2 Proposal**

- 2.1 That approval is given to lease the Property to the Tenant at market rent for a term of 3 years.
- 2.2 That authority is given to the Assistant Director Planning and Regeneration in consultation with the Director of Organisational Development and Democratic Services to agree the final Heads of Terms of the lease which will be in line with the details set out in this report.

## **3 Alternative Options**

- 3.1 One option would be to not to let the Property to the Tenant however, this would mean that the Council could incur costs in relation to Business Rates and utilities and it would also mean the that the Council would lose out on rental income. In addition an opportunity to bring additional jobs to Newstead could be lost.
- 3.2 Another option would be to continue to market the Property with a view to achieving a lease term longer than the 3 years which have been agreed. In the current climate it is common to see 3 year terms being agreed in the market. Consequently continuing to market the Property could result in it remaining empty for a longer period with no guarantee of a longer term being achieved.

## **4 Financial Implications**

- 4.1 Approving the lease will generate income for the Council of £17,290 per annum following an initial rent-free period of 3 months; this will contribute towards the approved budget income target. The rent-free period reflects common terms which are currently being agreed in the market.
- 4.2 The Councils legal fees of £400.00 would be borne by the Tenant.

## **5 Legal Implications**

5.1 In accordance with the constitution all leases with rental levels over £15,000 per annum must be approved by the Portfolio Holder. There is also a statutory duty to secure best value. Best value has been achieved as market rent has been agreed. The three month rent free period is a practice adopted across the commercial rental market and as such it is not considered that state aid applies.

## **6 Equalities Implications**

6.1 There are no equalities implications arising from this report.

## **7 Carbon Reduction/Environmental Sustainability Implications**

7.1 There are no Carbon Reduction/Environmental Implications in relation to this recommendation.

## **8 Appendices**

8.1 Appendix 1 – Plan showing the Property edged in red and associated parking spaces edged in blue.

## **9 Background Papers**

9.1 None Identified.

## **10 Reasons for Recommendations**

10.1 To let the Property to a business tenant to generate annual income.

10.2 The letting would provide a new headquarters for a business relocating into the Borough.

10.3 To comply with the constitution.

### **Statutory Officer approval**

**Approved by: Tina Adams**

**Date: 22<sup>nd</sup> September 2020**

**On behalf of the Chief Financial Officer**

**Approved by:**

**Date:**

**On behalf of the Monitoring Officer**

