

Report to Portfolio Holder for Resources and Reputation

Subject: Rent Review for the Secretary of State for Work and Pensions Lease of Part of Civic Centre

Date: 04/04/2024

Author: Apprentice Surveyor

Wards Affected

Ernehale

Purpose

To seek approval to agree the rent reviews as set out in this report in respect of the lease to the Secretary of State for Work and Pensions of Part of Civic Centre dated 11 July 2014.

Key Decision

This is not a Key Decision

Recommendation(s)

THAT:

- 1) Approval is given to agree the rent reviews in the amounts as detailed in the report.**
- 2) Delegates authority to the Property Services Manager to sign a rent review memorandum recording the outcome of the rent review.**

1 Background

1.1 The Secretary of State for Work and Pensions entered into a 10-year lease of part of the Ground Floor of Civic Centre on 11 July 2014 (the Lease). The

tenant has since had a name change and is now the Secretary of State for Housing, Communities and Local Government (MHCLG).

- 1.2 As per the terms of the Lease, the annual rent is to be reviewed each year by a specified mechanism which is linked to increases in RPI. The passing annual rent under the lease is currently £204,965.80, effective as of 14 July 2022.
- 1.3. The rental amount for the year commencing on 14 July 2023 has been calculated in accordance with the review mechanism contained at Clause 6 of the Lease. The amount is payable on agreement and has been approved by the MHCLG in advance. The reviewed rent amounts to an annual rent of **£301,011.03**, this covers the period 14 July 2023 – 13 July 2024 (at which point the current lease is due to expire).
- 1.4 If approved, the Council and MHCLG will enter into a rent review memorandum for the annual rent review for the period outlined above. The MHCLG will then be liable to pay the Council the difference between the current passing rent and the reviewed rent for the July 2023 – July 2024 period. Under the terms of the lease, the rent has continued to be billed at the 2022-23 figure. On agreement of reviewed rent, a balancing payment can then be issued by the Council to reflect the difference between previously billed rent and reviewed rent.

2 Proposal

- 2.1 It is proposed that the Council agrees the rent review to the amount proposed in paragraph 1.3 of this report for the period July 2023 - July 2024 and authority is delegated to the Property Services Manager to sign a rent review memorandum to record the agreed reviewed rents, as required by the terms of the Lease.

3 Alternative Options

- 3.1 There is no alternative other than to agree the reviewed rents as per the lease as the Council is contractually obliged to agree the rents as per the mechanism.

4 Financial Implications

- 4.1 Agreement of the reviewed rent figure will enable the Council to charge to this figure at £301,011.03 per annum. This will represent an increase on the previous passing rent of £96,045.23. If the rent is not agreed, this increase cannot be billed to the tenant causing a resulting loss of income to the Council.

5 Legal Implications

- 5.1 The Lease provides that the annual rent is to increase per annum in accordance with increases in RPI. The Council and MHCLG, the tenant, are contractually obliged to review the rent on each rent review date in

accordance with the terms of the Lease and enter into a memorandum to record the new agreed rent.

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/sustainability implications arising from this report.

Appendices

5.1 Appendix 1 – Rent review memorandum.

6 Background Papers

6.1 None identified.

7 Reasons for Recommendations

7.1 To allow the Council to agree the rent review as per the lease.

7.2 To obtain enhanced income for the Council.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer