

Classification:

Key Decision:

Gravesham Borough Council

Report to: The Leader of the Executive
Date: 23rd March 2015
Reporting officer: Property Services Manager
Subject: Plot 1 Norfolk Road Industrial Estate

Purpose and summary of report:

To seek authority to offer the existing occupier a new lease when their current lease expires on 29th September 2015.

Recommendations:

- 1 That the Property Services Manager in consultation with the Assistant Director (Governance & Law) be authorised to offer the existing occupier a new 5 year lease with a mutual option to break at year 3 at a quoting rent of £127,500 pa.
- 2 That once terms are provisionally agreed with the occupier approval the approval of the Leader of the Executive be sought to enter into a new lease on the terms provisionally agreed.

1. Background

- 1.1 The lease of Plot 1 was let for a term of forty years subject to 14 year rent reviews. The lease is due to expire in September 2015 and the current passing rent (set in 2002) is £36,000 pa.
- 1.2 Under the terms of the current lease only the ground is valued, i.e. the value of the buildings which were erected on the Plot in the 1970s is disregarded. The reason for this is because the Landlord and Tenant Act 1954 states that buildings erected by tenants are classed as 'tenants improvements' and cannot be taken into consideration when agreeing new rent levels during the term of the lease or 21 years whichever is the greater. However on renewal these buildings can be included in the value.

2. Current Position

- 2.1 Consideration has been given as to whether this property could provide an alternative location for the Council's current depot. However the current opinion is that it is not large enough to accommodate the current operation and the associated staff parking.

2.2 The current occupier has expressed an interest in taking a new lease and given the above it is proposed to offer them a five year lease with a mutual option to break at year 3 at a quoting rent of £127,500 pa as this would give the Council further time to review its options in respect of its future requirements.

3. Background Papers

3.1 Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS		APPENDIX 1	
Legal			
Finance and Value for Money	It is considered that offering the existing occupier a new lease provides the Council with the best way of securing the income stream from this property.		
Risk Assessment	If the building were to become empty and unlet for any reason the Council would become liable for the payment of empty rates. Current Rateable Value £86,500.		
Equality Impact Assessment	Screening for Equality Impacts		
	Question	Answer	Explanation
	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	Managing the Council's business
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	Managing the Council's business
	c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		
<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>			
Corporate Business Plan	Strategic Objective Five – Managing the Council's business responsibility.		
Crime and Disorder	There are no crime and disorder implications resulting from the recommendations contained in this report.		