

Title of Report	INVESTMENT PROPERTY LEASEHOLD DISPOSALS	
Presented by	Councillor Andrew Woodman Housing, Property and Customer Services Portfolio Holder PH Briefed: yes	
Background Papers	N/A	Public Report: Yes
		Key Decision: Yes
Financial Implications	Leasing out the Council's investment properties provides an income to the Council's general fund.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	The Council's constitution requires all leases where the total income over the life of the tenancy is more than £30,000 to be approved by Cabinet.	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	None	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To seek Cabinet approval for the letting of Council-owned commercial properties in accordance with Section G2, 8.4 of the Constitution.	
Reason for Decision	To enable the letting of Council-owned commercial properties to proceed and rental income to be generated.	
Recommendations	THAT CABINET APPROVES THE GRANT OF THE LEASES DETAILED IN TABLE 2.4.	

1.0 BACKGROUND

The Council has a portfolio of investment properties that are rented out on a commercial basis to provide an income. The Council's Property Services Team manages this portfolio and is responsible for negotiating lease terms with prospective tenants. The current Constitution (following its recent revision) only provides authority to officers to grant leases where the total rental value does not exceed £30,000 over the life of the lease. Where the value of the rental stream over the life of the tenancy exceeds £30,000, Cabinet has reserved the power to approve the lease to itself.

2.0 CURRENT APPLICATIONS

- 2.1 Cabinet approval to lease units 7 and 9 at The Courtyard Coalville was granted on 24 October 2023 but the lease has not yet been signed. The company has been reconsidering whether the premises are big enough for their needs. In the meantime, unit 11 (adjacent to units 7 and 9) has become vacant and the company proposing to lease units 7 and 9 has enquired about leasing this space as well.
- 2.2 The additional rent for unit 11 over the term of the proposed lease will exceed £30,000 and therefore Cabinet approval of the letting is required. The letting is proposed to be carried out using the Council's standard lease terms (prepared by Legal Services) and at a negotiated rent which recognises the total amount of floorspace the company proposes to rent. Details of the proposed additional letting are set out in table 2.4 below.
- 2.3 In addition to the above, an application is currently being processed for unit 14 Market Street, Coalville where the total rental value for the term will exceed £30,000. The letting is proposed to be carried out using the Council's standard lease terms (prepared by Legal Services) and at market rent (as determined by the Council's valuer).

Table 2.4

Property	Lease Term	Total rent for the term of the lease (subject to rent reviews)
Unit 11 The Courtyard, Stenson Road, Coalville, Leics. LE67 4JP	6 years	£119,361
Unit 14, Market Street, Coalville, LE67 3DX	6 years	£31,620

3.0 FINANCIAL IMPLICATIONS

Should the above leases not proceed, the Council will not generate income, the premises will remain vacant and additional holding costs will be incurred. In addition, the previously agreed application for units 7 and 9 The Courtyard, generating an income of £112,104 over the term of the lease is unlikely to proceed.

4.0 RECOMMENDATION

It is recommended that Cabinet agrees to the grant of the leases set out in table 2.4 of the report.

Policies and other considerations, as appropriate	
Council Priorities:	A Well Run Council Planning and Regeneration
Policy Considerations:	Council Constitution – existing limits to delegated powers.
Safeguarding:	N/A

Equalities/Diversity:	N/A
Customer Impact:	N/A
Economic and Social Impact:	Enable businesses to take up premises within the Council's estate.
Environment, Climate Change and Zero Carbon:	N/A
Consultation/Community/Tenant Engagement:	N/A
Risks:	When granting leases, the Council needs to consider whether it is achieving best value in terms of rent achieved. To manage this risk the lettings recommended are based on market rent and contain appropriate provisions for review of the rent during the term.
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