

RECORD OF DECISION MADE UNDER DELEGATED AUTHORITY

PART 1 – PUBLIC DOCUMENT

Any interest to declare/ or conflict and any dispensation granted: None

SERVICE DIRECTORATE: ENTERPRISE

1. DECISION TAKEN

Grant of a new 5-year lease of the second floor at the District Council Offices to Smiths Metal Centres Ltd from 20th September 2024 following the expiry of the existing lease.

2. DECISION TAKER

Steve Crowley, Service Director – Enterprise (in consultation with the Executive Member for Enterprise and Arts).

3. DATE DECISION TAKEN:

18th April 2024 – Heads of Terms issued.

4. REASON FOR DECISION

To approve the grant of the new lease from 20th September 2024.

5. ALTERNATIVE OPTIONS CONSIDERED

To oppose grant of new lease – Option rejected as very good tenant and in addition to rent the tenant also contributes to rates and service charges.

Refer determination of rent payable and terms to court. Option rejected as negotiations have achieved their purpose and cost and potential risk to the Council cannot be justified.

6. CONSULTATION (INCLUDING THE EFFECT ON STAKEHOLDERS, PARTNERS AND THE PUBLIC)

6.1 No duty to consult. Executive Member for Enterprise and Arts has been briefed.

7. FORWARD PLAN

7.1 This decision is not a key Executive decision and has therefore not been referred to in the Forward Plan.

8. BACKGROUND/ RELEVANT CONSIDERATIONS

- 8.1 The lease of the second floor to Smiths Metal Centres Ltd is due to expire on 19th September 2024 and whilst they had Landlord & Tenant protection which would allow them to stay in the accommodation on the same terms and rent as the existing lease, they could serve us with a notice to terminate the lease if we did not propose new terms to them.
- 8.2 The rent & rates that Smiths pay and the contribution that they make to service charges is very important to the Council in covering the running costs of the building particularly with the third floor vacant.
- 8.3 A decision was made to approach Smiths Metal Centres Ltd. on an informal basis prior to serving any notices that would be required under the Landlord & Tenant Acts. Smiths Metals advised that they wanted to stay and were open to discussing terms for a new lease. The discussions were kept on an informal basis with exchanges of emails between the Estates Surveyor and the Finance Director of Smiths Metals and it proved possible to agree terms for a new lease starting on 20th September 2024 before a formal S25 Notice was served ending their tenancy on 19th September 2024.
- 8.4 The matter was dealt with internally by the Estates Surveyor in consultation with the Principal Estates Surveyor and Service Director – Enterprise. The agreed terms for the renewal of the lease and the basis upon which the rent was arrived at are set out in the part 2 report.

9. LEGAL IMPLICATIONS

- 9.1. This delegation is made under Section 14.6.7(b)(1)B of the Council's scheme of delegation.
- 9.2. The scheme and the delegation operate under Section 9E of the Local Government Act 2000 and Section 101 of the Local Government Act 1972 and all other powers applicable to the Council. As the rent is more than £50,000 per annum the decision to approve the new lease is to be approved by the Service Director – Enterprise in consultation with the Executive Member.
- 9.3. This decision will commit the Council to lease the property to Smith Metal Centres Ltd for 5 years which will mean that the floor is not available for Council use during this period.

10. FINANCIAL IMPLICATIONS

- 10.1. The revised rent payable in the new lease increases the District Council revenue by £13,916.67 over the 5-year term of the lease over and above the rent that they were previously paying. The tenant has committed to a 5-year year lease without a break. In return for agreeing to take a straight 5-year lease without a break the tenant was granted a 1 month rent free period. The additional rent received takes account of the 1 month rent free in year 1 of the new lease.
- 10.2. The revised rent will lead to an increase in the value of this asset at the next valuation.
- 10.3. No external agent's fees to pay.

11. RISK IMPLICATIONS

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to

respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

11.2 The Council is still at risk prior to the new lease being signed as follows:

- a) The tenant could change their mind regarding entering into the new lease of the accommodation and give notice to quit.
- b) The tenant could decide to renegotiate the terms of the new lease either directly or by appointing agents.
- c) Smiths Metal Centres Ltd are financially sound with net assets of £51M as of 31st December 2022 although their accounts for December 2023 are yet to be published.

12. EQUALITIES IMPLICATIONS

12.1 There are no equalities implications.

13. SOCIAL VALUE IMPLICATIONS

13.1 The Social Value Act and “go local” policy do not apply to this decision.

13.3 ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 No human resource implications.

16. BACKGROUND PAPERS

16.1 None.

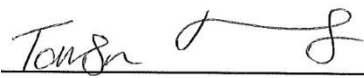
17. APPENDICES

17.1 None

NOTIFICATION DATE

25th July 2024

Signature of Executive Member Consulted



Date: 17th July 2024

Signature of Decision Taker



Please Note: that *unless urgency provisions apply* EXECUTIVE decisions cannot be implemented until 5 clear working days have elapsed after the decision has been taken to allow for scrutiny call-in.

Call-in does not apply to NON-EXECUTIVE DECISIONS