

NON KEY DECISION: REPORT TO CABINET MEMBER

DECISION TO BE TAKEN BY: Councillor Kelham Cooke
The Deputy Leader of the Council

REPORT AUTHOR: Lianne Smith, Property Officer

REPORT NO. PD0107

DATE: 20 December 2018

SUBJECT OF NON KEY DECISION:	To enter into a 1 year lease of the second Floor, The Maltings, Wharf Road, Grantham, NG31 6BH
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CABINET MEMBER REMIT:	Business Transformation and Commissioning	
CRIME AND DISORDER IMPLICATIONS:	None	
FREEDOM OF INFORMATION ACT IMPLICATIONS:	This report is publicly available on the Council's website www.southkesteven.gov.uk via your Council and Democracy link	
INITIAL EQUALITY IMPACT ASSESSMENT	Carried out and appended to report? Not Applicable	Full impact assessment required? No
BACKGROUND PAPERS:	None	

(1) PURPOSE OF REPORT

1.1 The building will be used to establish, support and promote the identity of the InvestSK team as part of the Council's focus on economic development and regeneration priorities.

(2) RECOMMENDATION(S)

To authorise SKDC to enter into a lease of the Second Floor, The Maltings, Wharf Road, Grantham, NG31 6BH on the terms set out in the report for a 1 year term with the ability to terminate at any time during the term giving 3 months written notice.

(3) REASONS FOR RECOMMENDATION(S)

3.1 To allow SKDC to break the current lease with the landlord on 19th December 2018 and then to enter into a new lease with the landlord on part only, which will then be sublet to Invest SK.

3.2 The terms of the lease between the Landlord and South Kesteven District Council are:

Lease: A new Internal Repairing & Insuring lease

Term: 1 Year

Rent: £20,954 per annum

Option To Break: The tenant may determine the lease at any time during the term upon giving 3 months written notice.

Use: Offices

Service Charges:

The tenant will pay, as rent, a fair and reasonable proportion of the costs incurred by the Landlord in providing common services. These are 14.5% of the costs incurred. No extraordinary expenses are planned or anticipated for the current year.

Commencement Date: As soon as practically possible

Insurance Premium: The apportioned annual premium attributable to this suite for the current year is £282.27 [To Be Confirmed] (annual renewal each January).

Costs: Each party to be responsible for their own legal and other professional costs incurred in creating the lease.

VAT: All sums quotes are exclusive of VAT which is payable at the prevailing rate.

3.2 An existing revenue budget allocated within the current financial year has been identified to cover costs associated with leasing these premises.

3.3 A sub lease between SKDC and Invest SK is to be put in place, mirroring the terms of the lease between SKDC and the landlord.

3.4 To relocate Invest SK to other offices within Grantham would be considerably disruptive and expensive. The cost involved with relocating and setting up in a new premise for a short term of 6 months would be a misuse of Council money. Invest SK in the medium term will look to relocate within St Peters Hill in Grantham and therefore relocating twice in one year would be unreasonable and expensive when a temporary option is available in their current location. SKDC are currently not in a position to allow Invest SK to take occupation within the Council offices due to the shortage of space available during the Public Realm works.

3.5 An SLA agreement will be set up which will incorporate the facilities and maintenance provisions carried out by SKDC.

3.6 Invest SK will be responsible for the internal repair and insuring of the premises for the duration of the licence period, including all associated running costs.

3.7 Invest SK will occupy the demised area for a term of six months at a rent of £1,746.17 (excl. VAT) per month. This is a short term option until an office space is available at St Peters Hill in Grantham. SKDC will be liable for the service charge with a proportion set at 14.5% but the cost will be recovered back from Invest SK in full. Two car parking spaces will be granted at the front of the building and the provision of five spaces in the car park allocated on Station Road, Grantham.

3.8 SKDC will terminate the head lease once Invest SK are in a position to relocate within St Peters Hill. SKDC will then serve notice on the landlord giving 3 months' notice.

3.9 Ward members have not been approached to comment due to the tight timeframe available. SKDC previously served notice to break the lease on 19th December 2018 and if the lease is not signed by both parties on or before 19th December 2018 there is a risk that the break will not be actioned and SKDC will be liable for another year on the whole office. SKDC no longer have a requirement for the whole floor.

3.10 The proposed new lease, which will run from 20th December 2018 is only for part of the current office and will release SKDC from £18,000c rent, plus service charge, insurance and other running costs.

(4) COMMENTS FROM FINANCIAL SERVICES

The costs associated with this proposed lease will be recharged to Invest SK (a wholly owned Council company). Invest SK will meet these costs from the proposed financial allocation the Council makes to the company on an annual basis.

(5) COMMENTS FROM LEGAL AND DEMOCRATIC SERVICES

The current lease from the landlord to the tenant must be effectively terminated before any new lease is completed. The proposed break in the terms of the new lease can only be effectively exercised if the proposed lease is excluded from the provisions of the Landlord and Tenant Act 1954.

The proposed sub-let must be permitted in the terms of the head lease between the landlord and the Council.

(6) OFFICER CONTACT

Chris Pike – Assets and Estates Manager – 07811 845679

(7) DATE DECISION EFFECTIVE: 20 December 2018

Urgent decision required due to timescales in which it was confirmed that Invest SK would be unable to relocate to the St Peter's Hill Council Offices and the uncertainty of who would be taking on the lease.