



SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL



## Non-key Decision

29<sup>th</sup> January 2021

Councillor Kelham Cooke

The Leader of the Council

## New Lease of Ground Floor Unit, Sheep Market, Stamford

To seek approval to enter into a new lease 10 year lease at Sheep Market, Stamford

### Report Author

Chris Pike – Asset Manager

Tel: 01470 40 60 80

Email: C.Pike@southkesteven.gov.uk

Approved for  
publication:

Councillor Kelham Cooke, The Leader of the Council

1st February 2021

### Recommendation (s) to the decision maker (s)

**The Cabinet Member for Property to agree to enter into a new 10 year lease at Sheep Market, Stamford.**

### 1 The Purpose of the Report

- 1.1 The purpose of the report is to seek approval to enter into a new lease for a term of 10 years with the tenant, as per the draft heads of terms set out in **Exempt Appendix 1**.
- 1.2 The Council owns the freehold of the property and the building is listed. The building has a ground and first floor, each floor containing a separate self-contained unit. The subject unit on the ground floor extends to approximately 308 square feet. There is an external area to the front which is within the Council's ownership and laid to pavement.
- 1.3 The previous occupier terminated their lease in December 2019 and the unit has remained vacant since.

- 1.4 The Council appointed Eddisons as letting agents to market the ground floor unit. There was limited interest however a strong application was put forward by a new business.
- 1.5 The draft heads of terms have been prepared by the letting agents Eddisons.
- 1.6 The proposed use of the building is as a Pizzeria falling within Class E of the Town & Country Planning Regulations, or for other retail or office use within Class E. The building will form part of a small restaurant and takeaway with an external seating area, subject to all the necessary licences. This is a new business and owner is believed to be experienced within the food industry.
- 1.7 The lease as above is for a term of 10 years and contracted out of the security of tenure provision of the Landlord and Tenant Act 1954. The tenant is to have the benefit of a three month rent free period at the commencement of the terms to enable them to set up and make the necessary alterations, subject to planning and listed building consent. There is a tenant break at year 5, subject to 6 months written consent. The Council do not have a break associated with this lease due to the tenant's upfront investment.
- 1.8 The rental value to be paid, as further detailed in the draft heads of terms is above the market rent. The tenant had agreed to pay the Council a deposit and the rent is to be reviewed at the end of the fifth year of the term. The tenant is to be responsible for any Uniform Business Rates payable on the property and all other outgoings.
- 1.9 The tenant will take an internal repairing lease but will be responsible for a fair proportion of the external maintenance of the building.
- 1.10 Structural alterations are strictly prohibited, and non-structural alterations are permitted subject to consent.
- 1.11 The tenant is to obtain landlord consent, together with any statutory consents required for the design, size and location of any proposed signage on the property prior to installation.
- 1.12 The building is insured by the Council and a fair proportion of the premium will be recharged back to the tenant under the lease.

## **2 Available Options Considered**

- 2.1.1 Leaving the building vacant has no benefit to the Council and will only cause the building to fall into disrepair. The Council will also have costs associated with utilities and maintenance.
- 2.1.2 Property Services have therefore only considered marketed the unit to let. Once let, the Council will generate an income and pass on any associated running costs to the tenant.

## **3 Preferred Option**

- 3.1.1 To enter into a 10 year lease with the proposed tenant and to maximise the income generated on the property. The Council will pass on any associated running costs over to the incoming tenant as part of the letting.

## **4 Reasons for the Recommendation (s)**

- 4.1 The ground floor unit is in a central location within Stamford Town Centre and has remained vacant for in excess of one year. The Council have no alternative requirements for the space and therefore have put the unit back to the market for let. The recommendation is to enter into a new 10 year lease, as per the draft heads of terms, to enable the Council to benefit from an income on this unit. The Council will also support a new business to Stamford.

## **5 Financial Implications**

5.1 The income from this lease is included in the 2021/22 budget.

**Financial Implications reviewed by: Alison Hall-Wright, Head of Finance**

## **6 Legal and Governance Implications**

6.1 This lease complies with legal requirements

**Legal Implications reviewed by: Shahin Ismail Director of Law and Governance**

## **7 Equality and Safeguarding implications**

7.1 The Council have been fair and reasonable in their approach to marketing the unit by going out to the open market. This gives anyone interested an opportunity to enquire about leasing the unit.

## **8 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?**

There are no direct carbon reduction benefits to the Council from leasing the property. However, as part of any alterations, it will be requested that all lighting is upgraded to LED.

## **9 Appendices**

9.1 Exempt Appendix 1 – Heads of Terms

9.2 Appendix 2 – Site Plan

## **10 Background papers**

None.

<b>Report Timeline:</b>	Date decision due to be made	15 February 2021
	Call-in deadline	23 February 2021
	Date decision effective (subject to call-in)	24 February 2021