



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Officer Delegated Decision

25th August 2022

Richard Wyles – Chief Finance Officer



Lease Renewal at Unit 1 Mowbeck Way, Grantham

To approve the grant of a new lease for a three-year period for Unit 1 Mowbeck Way, Grantham

Decision made by:	Richard Wyles – Chief Finance Officer
Decision:	To grant the lease renewal for a period of three years for Unit 1 Mowbeck Way Grantham.
Date:	9 th November 2022
Public or Exempt:	This report is not exempt from publication; however, appendix 1 is exempt from publication
Reasons for exemption:	The public interest in maintaining the exemption in appendix 1 outweighs the public interest in disclosing the information because it contains financial information relating to confidential negotiations with a third party and the Council must be able to undertake such negotiations without thereby putting confidential items in the public domain if it is to maintain the confidence of third parties in undertaking dealings with the Council.
Conflicts of interest:	No
Policy compliant:	Yes
Details of delegation:	The Director of Housing and Property is authorised under Part 3(c) paragraph 25 (f) to arrange short-term lettings of land not immediately required for other purposes at rent/licences fees fixed by the Section 151 Officer. In the absence of the Director of Housing and Property, it has been agreed that The Director of Finance can authorise this report.

Contact

Lianne Smith – Property Officer, General Fund Assets



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1 The Purpose of the Report

- 1.1 The purpose of the report is to authorise the lease renewal for a three-year period for Unit 1 Mowbeck Way, Grantham.

2 Comments of Consultees

- 2.1 N/a

3 Available Options Considered

- 3.1 To grant the lease renewal at Unit 1 Mowbeck Way, Grantham in line with the Heads of Terms enclosed in ***EXEMPT Appendix 1 – Heads of Terms***.
- 3.2 To not grant the lease renewal would not provide any security to the tenant which would result in the tenant vacating the unit. SKDC would then be responsible for the cost for marketing fees to locate a new tenant and any costs associated with the void period.

4 Preferred Option

- 4.1 3.1 - To grant the lease renewal for Unit 1 Mowbeck Way, Grantham for a period of three years.

5 Reasons for the Decision (s)

- 5.1 The industrial site which is owned by this Council has eight units located at Mowbeck Way, with most let to small local companies.
- 5.2 The tenant was granted a lease on the 7th December 2018 for a term of three years for Unit 1 Mowbeck Way as shown in ***EXEMPT Appendix 2 – Current Lease***. The tenant has remained in occupancy since the expiry of the lease on the 6th December 2021 whilst new lease terms have been renegotiated.
- 5.3 During the period of their previous lease there has been no management issues arise and the tenant has not been in arrears.
- 5.4 Following discussion between our managing agents and the tenant, the tenant has expressed that they wish to renew their lease for a further three years. The terms can be located within ***EXEMPT Appendix 1 – Heads of Terms***.
- 5.5 The property will be let on the same terms as the existing lease and will be contracted outside the security of tenure provisions of the Landlord and Tenant Act 1954.
- 5.6 The tenant will be responsible for the full repair, maintenance and decoration of the entire demise. The insurance is to be effected by the Landlord and recoverable from the tenant within the service charge. Rent, insurance and service charges are subject to VAT.
- 5.7 The service charge is payable by the tenant for the upkeep and maintenance of the common parts and shared area facilities.
- 5.8 The property has continued to generate revenue income for the Council and is not regarded as being surplus to requirements. It is considered there is still a demand for industrial units of this type in the area.
- 5.9 Should authority not be granted, the tenant will seek alternative premises and the unit will become empty which will result in the loss of income during the marketing process to secure a new tenant and the cost of the marketing itself. SKDC will also be responsible for the maintenance and upkeep of the unit along with business rates and insurance.

5.10 The use of the building will continue its use for storage, falling within Class B8 of The Town and Country (Use Classes) Order 1987 (as amended).

6 Financial Implications

6.1 The proposed heads of terms set out a proposed rental level which is in accordance with expected budgetary levels for 2022/23. Therefore, from a financial perspective the proposed rental is supported.

Financial Implications reviewed by: Richard Wyles, Chief Finance Officer

7 Legal and Governance Implications

7.1 The lease is for a fixed term and will be drafted to ensure the lessee has no statutory right to a renewal of the lease upon expiry. This maximises flexibility for the Council.

Legal Implications reviewed by: Mandy Braithwaite, Legal Executive

8 Equality and Safeguarding implications

There are none due to the tenant holding their own equality and safeguarding policies.

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

The utilities including gas and electricity serve only the unit in question, this is payable by the tenant and not included in the Council's own carbon footprint.

10 Appendices

10.1 EXEMPT Appendix 1 - Heads of Terms

10.2 EXEMPT Appendix 2 – Current Lease

10.3 Appendix 3 – Lease Plan

Report Timeline:	Call-in deadline (where applicable)	Not applicable
	Date decision effective (subject to call-in)	Not applicable

Signed by: **Richard Wyles**

16 November 2022

Date:
