

Agenda Item No:

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Report of : Land and Property Services

Report to : Chief Asset Management and Regeneration Officer

Date: 11 August 2014

Subject: Unit 6 Leodis Court David Street Leeds 11

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s):	City & Hunslet	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:	10.4(3)	
Appendix number:	1	

Summary of main issues

1. The Council acquired the freehold interest of Leodis Court industrial estate in April 2014.
2. The lease of the subject property has expired and in order to protect both the Council's rental income and interest in the future of the property, it is necessary to grant a further lease
3. Given that the Council has never previously let this unit, it is necessary for the terms for this initial agreement to be approved by the Chief Asset Management and Regeneration Officer. Thereafter, it is proposed that authority be delegated to the Head of Property Services in respect of future lease renewals or new lettings.

Recommendations

4. It is recommended that:
 - (a) The terms provisionally agreed for the renewal of the lease be approved and
 - (b) The Head of Land and Property be granted 'Delegated authority' to approve future lease renewals or new lettings.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to a recommendation that terms provisionally agreed for the renewal of the lease of the subject property be approved and that thereafter the Head of Land and Property be granted 'Delegated authority' to approve future lease renewals or new lettings.

2 Background information

- 2.1 The Council acquired the freehold interest of Leodis Court Industrial estate on 9 April 2014. The estate is comprised of 10 industrial units of varying sizes. At the date of purchase the estate was fully let except for one unit.
- 2.2 The tenant's lease has very recently expired. The terms of the expired lease are detailed in the confidential appendix. The tenant remains in occupation as a Tenant at Will.

3 Main issues

- 3.1 Following completion of the purchase of Leodis Court, Asset Management initiated negotiations with the tenant for the grant of a further lease given the imminent expiry of the lease.
- 3.2 Terms have been provisionally agreed and are detailed in the confidential appendix.
- 3.3 Under the Council's governance arrangements, where a property has never been let before by the Council, then the proposed lease terms are required to be approved by the Chief Asset Management and Regeneration Officer. Given that Leodis Court has only recently been acquired then this requirement applies to the subject unit and the proposed lease renewal.
- 3.4 It is proposed that for any subsequent lease renewals or new lettings, the authority to approve terms be delegated to the Head of Land and Property. This will enable future approvals in respect of Leodis Court to fall in line with the arrangements for the Council's existing portfolio of small industrial properties.

3.5 Options

Option 1 - Do nothing

This is not recommended as there is requirement to secure both Council's rental income stream and its future interest in the property.

Option 2 - Grant a further lease on the terms provisionally agreed

This is recommended as it will secure both a continued rental income and the Council's future interest.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 There has been no consultation with Ward Members as this is a Landlord and Tenant matter.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no equality and diversity / cohesion and integration issues arising.

4.3 Council Policies and City Priorities

- 4.3.1 Completion of the lease will ensure continuation of a rental income and therefore contribute to the Council's priority of income generation at a time of heavily restricted budgets. In addition, renewal on the terms proposed will protect the Council's position in respect of the future options for the property.

4.4 Resources and Value for Money

- 4.4.1 Completion of the proposed lease will allow the Council to continue to receive a rental income from this property.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 Under Part 3 Section 3E Paragraph 2(a) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of Executive Board in relation to the management of land (including valuation, acquisition, appropriation, disposal and any other dealings with land or any interest in land) and Asset Management.
- 4.5.2 The Chief Asset Management and Regeneration Officer has authority to take the decisions requested in this report under Executive functions 1 and 10 (specific to the Director of City Development) of the Director of City Development's sub delegation scheme.
- 4.5.3 The proposal constitutes a significant operational decision and is therefore not subject to call in.
- 4.5.4 The Head of Land and Property confirms that in his opinion the terms offered to the Council represent the best consideration that can reasonably be obtained under Section 123 of the Local Government Act 1972 (or under the Housing Act 1985).
- 4.5.5 The information contained in the Appendix attached to this report relates to the financial or business affairs of particular persons, or organisations, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information is to be used as part of one to one negotiations in respect of the leases of these properties in this report, it is not in the public interest to disclose this information at this point in time. Also it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions of other similar properties. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

4.6 Risk Management

- 4.6.1 If the terms are not approved then there is the risk that the tenant may decide to seek alternative premises.

5 Conclusions

- 5.1 It is considered that the proposed course of action is the most appropriate for the circumstances of this property.

6 Recommendations

6.1 It is recommended that:

- a) The terms provisionally agreed for the renewal of the lease be approved and
- b) The Head of Land and Property be granted 'Delegated authority' to approve future lease renewals or new lettings

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.