

Lease of Commercial Investment Property

Executive Member: Lead Member for Economic Development, Planning & Assets

Lead Officer: Alyn Jones, Executive Director - Resources, Strategy & Transformation

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Summary / Background

- 1.1** Somerset Council owns a portfolio of 42 commercial investment properties with 82 tenants. The benefit to the council is improved and the commercial risk reduced where the council is able to improve the value and income of a property by agreeing lease arrangements with new tenants for void spaces. This report seeks a decision to approve the grant of a lease to a new tenant on one of the properties.

Recommendations

- 2.1** That the Executive: -

1. Authorises the recommendation regarding a lease on terms identified in Appendix 1
2. Agrees the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached Appendix 1 in confidence, as it contains commercially sensitive information, and the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.
3. Delegates the authority to make all necessary arrangements and agreements to conclude arrangements for the lease to the Executive Director for Resources, Strategy and Transformation in consultation with the Lead Member for Economic Development, Planning and Assets

Reasons for recommendations

- 3.1** See Confidential Appendix A

Other Options Considered

- 4.0** The option of not reletting this property and instead disposing of it vacant in order to generate a capital receipt was not considered appropriate in this case, as the capital value is depressed if sold with vacant possession. The property is intended to generate income towards the Medium-Term Financial Plan and disposal of the asset would be contrary to this goal.

The new lease secures occupancy and avoids exposure to a continued void period with no income and various outgoings.

Links to Council Plan and Medium-Term Financial Plan

- 5.1 The recommendations support the vision in the Somerset Council Plan, which states that: “*Somerset Council will build a flourishing and resilient Somerset*”. The investment portfolio produces a yield which supports the Medium-Term Financial Plan.

Financial and Risk Implications

- 6.1 The terms and rent proposed are considered by the Principal Investment Property Surveyor to be commensurate with the Market Rent of the property and terms generally being offered in the market.
- 6.2 If this property is not leased, Council will be required to continue to meet the running costs of the property, including potential NNDR contributions and utility bills, as well as Health and Safety requirements. This would require revenue funding.

Legal Implications

- 7.1 The appropriate officers under delegation will undertake all necessary actions and enter any necessary transactions to give effect to the above and any supporting documentation that may be required to give effect to the same.

HR Implications

- 8.1 There are no HR implications.

Other Implications

Equalities Implications

- 9.1 Due regard consideration has been paid and no disproportionate impacts have been identified for this decision.

Community Safety Implications

- 9.2 There are no community safety implications.

Climate Change and Sustainability Implications

- 9.3 There are none

Health and Safety Implications

- 9.4 There are no health and safety implications.

Health and Wellbeing Implications

- 9.5 There are none

Social Value

9.6 There are none

Scrutiny comments / recommendations:

10.1 This decision has not been considered by a scrutiny committee.

Background Papers

11.1 Confidential Appendix A - Lease Information

	Officer Name	Date Completed
Legal & Governance Implications	Scott Wooldridge	22/11/2024
Finance & Procurement	Nicola Hix	20/11/2024
Workforce (*)	N/A	
Asset Management (*)	Alyn Jones	12/11/2024
Executive Director	Alyn Jones	12/11/2024
Executive Lead Member	Cllr. Mike Rigby	11/11/2024
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson(s)	Cllr Sue Osborne for Economic Development, Planning & Assets	21/11/2024
Relevant Scrutiny Chair(s)	Cllr Bob Filmer – Scrutiny Committee – Corporate & Resources	14/11/2024