

<b>Cabinet Meeting</b>	
<b>Meeting Date</b>	2 December 2015
<b>Report Title</b>	New Road Industrial Estate
<b>Cabinet Member</b>	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
<b>SMT Lead</b>	Mark Radford
<b>Head of Service</b>	Anne Adams
<b>Lead Officer</b>	Kent Parker
<b>Key Decision</b>	Yes
<b>Classification</b>	<b>Open</b>
<b>Forward Plan</b>	<b>Reference number:</b>
<b>Recommendations</b>	<ol style="list-style-type: none"> <li>1. That a budget is allocated from the Council's reserves to cover the settlement of the claim.</li> <li>2. That the Head of Property Services, in conjunction with the Head of Finance and the Cabinet Member for Finance, be delegated to agree the final amount required.</li> </ol>

## **1 Purpose of Report and Executive Summary**

- 1.1 This report seeks authority to allocate a budget from the Council's reserves to fund the claim for dilapidations at New Road Industrial Estate. It is recommended that delegated authority be granted to the Head of Property Services in consultation with the Head of Finance and the Cabinet Member for Finance to agree the final figure.

## **2 Background**

- 2.1 Members will recall that the Council's leases of Phase 1 and 2 of New Road Industrial Estate, Sheerness, expired on 10 August 2014 and 3 April 2015 respectively, and it was agreed by Cabinet at its meeting on 4 December 2013 that the Council would not enter into new leases. The Council continues to own the freehold interest in the land, and receives the ground rent under the two long term ground leases.
- 2.2 As advised in the previous report, the Council was responsible under the terms of its leases for all repairs and maintenance during the period of these leases. At the end of the lease the landlord is entitled to claim for any financial loss they incur as a result of the tenant's breach of its repairing liability. The claim is made by serving a schedule of dilapidations under the Law of Property Act 1925.

- 2.3 Claims for dilapidations have now been made by the landlord, and a specialist dilapidations surveyor has been engaged to deal with the claim on the Council's behalf. This is to ensure that the amount of the claim is minimised in accordance with the law of dilapidations.

### **3 Proposals**

- 3.1 It is proposed that an in principle decision be made for use of reserves to cover the settlement of the claim. It is also proposed that the Head of Property Services, in conjunction with the Head of Finance and the Cabinet Member for Finance, be delegated to agree the final amount required. The final amount remains subject to ongoing discussion, and it is therefore inappropriate to report potential figures at this stage in order to preserve our negotiating position.

### **4 Alternative Options**

- 4.1 The Council has a legal obligation to pay an agreed figure for dilapidations in accordance with the law. Given the nature of the claim the final figure will be one-off, and so the use of reserves is the most appropriate way to cover the claim. No other options would be sensible.

### **5 Consultation Undertaken or Proposed**

- 5.1 The Head of Finance and the Cabinet Member for Finance have been consulted on this proposal and support this action.

### **6 Implications**

<b>Issue</b>	<b>Implications</b>
Corporate Plan	This proposal supports the Council's corporate priority of 'a Council to be proud of' through appropriate management of its financial resources to ensure that it complies with its legal and financial liabilities.
Financial, Resource and Property	A budget will be allocated from the Council's reserves to cover the settlement of the claim. Agreement of the final amount required will be delegated to the Head of Property Services, in consultation with the Head of Finance and the Cabinet Member for Finance.
Legal and Statutory	The final claim is to be settled in accordance with the law of dilapidations, which is a combination of statute, contract and common law.
Crime and Disorder	None identified at this stage
Sustainability	None identified at this stage

Health and Wellbeing	None identified at this stage
Risk Management and Health and Safety	None identified at this stage
Equality and Diversity	None identified at this stage

## **7 Appendices**

7.1 None

## **8 Background Papers**

8.1 Yes – ‘Expiry of Leases – New Road Industrial Estate, Sheerness’ – report submitted to Cabinet on 4 December 2013.

<http://services.swale.gov.uk/meetings/CeListDocuments.aspx?MID=318&RD=Notice%20of%20Meeting&DF=04%2f12%2f2013&A=1&R=0>