

Cabinet Meeting	
Meeting Date	2 March 2016
Report Title	Grant of a 25 year lease for hut at Minster Leas
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance
SMT Lead	Mark Radford, Director of Corporate Services
Head of Service	Anne Adams, Head of Property Services
Lead Officer	Anne Adams, Head of Property Services Charlotte Knowles, Commissioning Officer
Key Decision	No
Classification	Open Appendix II: Restricted – Appendix II is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as it contains information regarding the financial or business affairs of a particular person.
Forward Plan	Reference number:
Recommendations	1. To note and accept the recommendation of the report and grant a 25 year lease to Vintage Vending. 2. To delegate authority to the Head of Property Services to finalise the terms of the lease in consultation with the Cabinet Member for Finance.

1 Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to submit a proposal to offer Paul Weeks of Vintage Vending a 25 year full repairing lease to occupy the property at The Leas, Minster on Sea, Kent.

2 Background

- 2.1 On 24 April 2014, Swale Borough Council issued an advert and an Invitation to Quote (ITQ) inviting innovative proposals for the use of the property at The Leas, Minster. The property was an ex lifeguard hut that had predominately been used as storage in the previous months.
- 2.2 The building measures approximately 27.5 square metres. The opportunity was initially advertised for occupation from 1st June 2014 to 31st March 2016 as a trial because the property has a small hand washing basin but is not connected to a mains sewer or drainage system.

- 2.3 Two quotations were submitted which were evaluated on price and quality and a licence was subsequently issued to Vintage Vending for use as a sweet hut, subject to obtaining the appropriate planning permission for change of use and the licensee taking away any water discharge with him and disposing of it appropriately.
- 2.4 Planning Permission was granted for mixed use A1/A3 sweetshop serving tea/coffee, cakes to include the use of the area of concrete as a seating area as marked on drawing (Appendix I).
- 2.5 Please refer to 1.1 of appendix II (Restricted) for details of the current licence fee.
- 2.6 In preparation of the expiry of the current licence, the favoured option going forward was the intention to grant a 25 year lease. As a lease over 7 years is a disposal and must be for the best rent obtainable, an invitation for Expressions of Interest (Eoi) was advertised on the Swale Borough Council website from 22 December 2015 to 22 January 2016. It invited expressions of interest for a 25 year full repairing lease of the property to include the annual rent offered and/or the price offered for the long lease and the intended future use of the site. Paul Weeks of Vintage Vending submitted the only expression of interest to continue using the hut as a vintage sweet shop. Please refer to 1.2 of appendix II (Restricted) for the offered an annual rental amount.

3 Proposals

- 3.1 The proposal is to enter into a 25 year full repairing lease with Paul Weeks of Vintage Vending at the annual rent offered subject to rent reviews every five years. The occupier will be responsible for the business rates for the building. The rateable value of the premises is £5400 with the rating description: 'kiosk & premises'. The annual charge is £2592. However, the occupier has been entitled to 100% Small Business Rate Relief for the duration of the licence and it is anticipated he will continue to be eligible for the year 2016/17. He will also be expected to cover all other outgoings including building insurance and the cost of utilities if used (electricity, water and phone line).
- 3.2 It is proposed to delegate authority to the Head of Property Services to finalise the terms of the lease in consultation with the Cabinet Member for Finance. It is proposed that the lease will include a one-off break clause at year 10, whereby either landlord or tenant could terminate the lease.

4 Alternative Options

- 4.1 An alternative option would be to offer a longer or shorter lease. This option is not recommend because a 25 year lease with a break clause at 10 years was considered to be the most appropriate length to balance the wishes of the proposed tenant and the Council's desire to transfer the full repairing

responsibility. It will also give the Council continuity and the proposed tenant security for at least 10 years.

- 4.2 Another option is to not offer a lease at all. This option is not recommended because the Council would miss out on the opportunity for further income generation.
- 4.3 Another option would be to extend the existing arrangement, as this could potentially realise additional rental income. The reason for discounting this is that when we advertised the short term licence we specified that we would re-advertise the opportunity at the end of the licence term. Also, moving to full repairing terms means that the new arrangement will provide a higher net income than the current licence as maintenance costs will be transferred to the tenant.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has been undertaken between Leisure & Technical Services, Property Services and Mid Kent Legal Services regarding the proposed lease. Property Services have produced the draft Heads of Terms. Further consultation will be required between these services, the Cabinet Member for Finance and Vintage Vending to finalise the terms of the lease.

6 Implications

Issue	Implications
Corporate Plan	<p>Granting a 25 year lease of the property for use as a Sweet Hut will support the Council's corporate priority 'A Borough To Be Proud Of' as it will enhance the Borough's economic and tourism offer.</p> <p>It will also support the Council's corporate priority 'A Council To Be Proud Of' as it is an example of income generation.</p>
Financial, Resource and Property	The Council will retain normal landlord responsibilities for the site and the tenant will be responsible for maintaining the property in a good and substantial state of repair.
Legal and Statutory	Legal Services will be required to draft the lease to be agreed and signed by both parties. The rent offered is considered to be the best rent reasonably obtainable as offers for the rental amount were invited from the market.
Crime and Disorder	None identified at this stage.
Sustainability	None identified at this stage.

Health and Wellbeing	Local Authorities are expected to ensure effective working relationships with internal and external partners to promote wellbeing and to share information effectively. The use of the site for a Sweet Hut with a 25 year lease will ensure continued provision of community facilities for local residents with associated employment opportunities all of which have a positive impact on inter-related issues to improve mental health and physical wellbeing.
Risk Management and Health and Safety	The potential for a break clause at year 10 will manage risk by providing the opportunity for either party to 'break' the agreement if needed.
Equality and Diversity	None identified at this stage.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Plan (Open)
- Appendix II: (Restricted)

8 Background Papers

8.1 None.