

CABINET

20 DECEMBER 2016

THE CORN EXCHANGE, ROCHESTER

Portfolio Holder: Councillor Adrian Gulvin, Resources
Report from: Perry Holmes, Chief Legal Officer
Author: Des Andrews, Senior Valuation Surveyor

Summary

This report recommends that:

Cabinet grants delegated authority to the Chief Legal officer, in consultation with the Portfolio Holder for Resources and the Deputy Leader and Portfolio Holder for Housing and Community Services, to let the Corn Exchange on the best terms reasonably obtainable.

1. Budget and Policy Framework

1.1 As the rental value of the premises will be over £20,000 pa the letting of the property is a matter for Cabinet.

2. Background

2.1 The Corn Exchange is a listed building in Rochester High Street which includes two function rooms that the council hires out for functions.

2.2 The budgeted cost for 2016/17 is £9,685.

2.3 If this return is to improve then the council would need to invest in the facility.

2.4 The Corn Exchange is not one of the Council's core operational buildings where the council delivers statutory functions and it could be run by the private sector.

2.5 The premises are shared with the Register Office and it would be possible to let the Corn Exchange element, whilst retaining the Register Office.

3. Options

- 3.1 The council could retain the Corn Exchange as is, it could sell it and leaseback the Register Office or it could let the Corn Exchange excluding the part used by the Register Office.

4. Advice and analysis

- 4.1 It is considered that offering the Corn Exchange, excluding the part used by the Register Office, to let to the private sector is the best way to secure the continued use of the premises without the council having to invest in the premises.
- 4.2 Any lease will require the tenant to maintain the property.
- 4.3 If the property is let to the private sector, then Medway Council should aim to recover all existing and future budgeted costs via income from the tenant.
- 4.4 Consideration will be given as part of the tender process to reserving dates for Council events.

5. Risk Management

Risk	Description	Action to avoid or mitigate risk
A Lease to a third party is not agreed.	Negotiations cannot be concluded and the council continues to run the Corn Exchange.	Offer the property for let on the open market.
Concerned Customers.	Customers who have already paid deposits for future functions will be concerned that their function may not be able to go ahead.	Seek to require the tenant to honour future bookings.

6. Consultation

- 6.1 The Regeneration, Culture, Environment and Transformation directorate has been consulted and has no objections to this proposal.

7. Financial and legal implications

- 7.1 Financial implications are within the body of this report
- 7.2 There are 21 members of staff currently employed at the Corn Exchange that are made up of both permanent (3.5 FTE) and casual staff. If the tenant of the premises intends to use the premises for the same use as the current use and the council transferred the service as a sale of an undertaking, then these staff will have to be transferred to the tenant on their existing terms and conditions under the Transfer of Undertakings (Protection of Employment) Regulations 2006. If the tenant intends to use the premises for an alternative use, or does not accept a sale of undertaking, then the council will need either redeploy the staff or make them redundant.

7.3 As any letting will be for over 7 years, the council has a duty under s123 of the Local Government Act 1972 not to let the property for less than best consideration unless the consent of the Secretary of State is obtained.

7.4 Marketing and other costs of this exercise are being met from within existing service budgets.

8. Recommendation

8.1 That Cabinet agrees to delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Resources and the Deputy Leader and Portfolio Holder for Housing and Community Services, to let the Corn Exchange, High Street, Rochester, excluding the part used by the Register Office, on the best terms reasonably obtainable.

9. Suggested reasons for decision

9.1 To secure third-party investment in the facility.

9.2 To achieve budget savings and reduce the council's future liability for ongoing maintenance costs.

Lead officer contact

Des Andrews Senior Valuation Surveyor

Tel 01634 332084

des.andrews@medway.gov.uk

Appendices

None

Background Papers

None