

CABINET

7 FEBRUARY 2017

SUPERMARKET PREMISES, BRITTON FARM SHOPPING CENTRE, HIGH STREET, GILLINGHAM

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, to let the above supermarket premises 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 is a matter for Cabinet.

2. Background

2.1 Due to circumstances beyond the council's control the above supermarket premises are likely to become vacant in the near future.

2.2 In order to mitigate the council losses and the period of time that the premises are likely to be vacant, delegated authority is being sought to re-let the premises as soon as possible.

2.3 In addition, the Leader made an urgent decision on 26 January 2017 to authorise the Chief Legal Officer to vote in favour of the Company Voluntary Agreement (CVA) in respect of these premises at the creditors' meeting to be held on 27 January 2017, and to take any other necessary steps to mitigate the Council's financial exposure in this matter.

3. Options

3.1 Cabinet can either grant the delegated authority or not.

4. Advice and analysis

- 4.1 In order to increase the council's chances of being able to re-let the premises as soon as possible, it is recommended that the delegated authority is granted.

5. Risk Management

Risk	Description	Action to avoid or mitigate risk
When the property becomes vacant it cannot be re-let.	The property cannot be re-let, as the necessary authorities are not in place.	Cabinet should grant delegated authority to let the premises in order to minimise the length of time when they are vacant.

6. Consultation

- 6.1 The Leader and the Portfolio Holder for Resources have been consulted regarding this matter.

7. Financial and legal implications

- 7.1 The property is currently let at a rent of £169,000pa and the council will lose some of this rental income as a result of the property becoming vacant. The council will also have to bear the costs of empty business rates (the NNDR liability is currently £85,000pa) and management costs whilst the property is empty.
- 7.2 Under S123 of the Local Government Act, 1972, the council is obliged to obtain best consideration for any lettings of over 7 years.

8. Recommendation

- 8.1 That Cabinet agrees to delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Resources, to let the supermarket premises, at Britton Farm Shopping Centre, High Street, Gillingham, on the best terms reasonably obtainable.

9. Suggested reasons for decision

- 9.1 To mitigate the council's losses as a result of the premises becoming vacant.

Lead officer contact

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Appendices

None

Background Papers

None