

CABINET

19 APRIL 2011

LETTING OF EASTGATE ANNEX, HIGH STREET, ROCHESTER

Portfolio Holder: Councillor Alan Jarrett, Finance

Report from: Deborah Upton, Assistant Director Housing and Corporate Services

Author: David Howe, Valuation and Asset Management Surveyor

Summary

This report requests that Cabinet delegates authority to the Assistant Director of Housing and Corporate Services to grant a lease of Eastgate Annex on the best terms reasonably obtainable.

1. Budget and Policy Framework

1.1. As the annual rent for the letting is likely to be above £20,000, but below £1,000,000, this letting is a matter for Cabinet.

2. Background

2.1 With the departure of Medway Renaissance from Eastgate Annex in April the premises became vacant. As the Council does not have an immediate operational use for the building there is an opportunity to let the premises in the short to medium term.

3. Options

3.1 The Council does not have to let the premises, but if it does, it will generate additional income and remove the costs and risks involved in maintaining an empty property.

4. Advice and analysis

4.1 Cabinet is advised to give delegated authority to enable a lease to be granted and to generate additional income for the Council.

5. Risk Management

Risk	Description	Action to avoid or mitigate risk
Failure of occupier to comply with the letting terms.	For example not paying the rent. This risk is rated: E3	There will be safeguards in the letting agreement. A suitable rent bond and/or guarantees will be obtained.
Medway Council needs the premises and it is not available.	The space is let to a third party, but is needed by Medway. This risk is rated: E3	The Lease will be for the short term, incorporating suitable landlord breaks.

6. Consultation

- 6.1 Consultation has taken place with the relevant Portfolio Holder and no objection to the letting has been received.

7. Financial and legal implications

- 7.1 The Council has a duty under s123 of the Local Government Act 1972 to obtain best consideration, when it lets property, unless consent is obtained from the Secretary of State, or one of the general consents applies. The Council will need to ensure that any letting does not unduly restrict the Council's ability to obtain vacant possession for its own use if required in the future.
- 7.2 Any letting of the premises will generate additional income for the Council.

8. Recommendations

- 8.1 It is recommended that Cabinet delegates authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, to grant a lease of Eastgate Annex, Rochester on the best terms reasonably obtainable.

9. Suggested reasons for decision

- 9.1 Cabinet is requested to agree to the letting to increase income and reduce costs in maintaining an empty building.

Lead officer contact:

David Howe, Valuation and Asset Management Surveyor.
Telephone: (01634) 332494 Email: david.howe@medway.gov.uk

Background Papers: None.