

Cabinet

30 July 2024

Broadside Office Lease Renewal

Portfolio Holder: Councillor Zoe Van Dyke, Portfolio Holder for Business Management

Report from: Sunny Ee, Assistant Director, Regeneration

Author: David England, Head of Service, Valuation and Asset Management

Summary

This report requests Cabinet to delegate authority to complete the lease renewal for the Broadside Office as the agreed rent is in excess of £20,000 per annum which is outside the employees delegated scheme.

1. Recommendations

- 1.1. The Cabinet is requested to delegate authority to the Director of Place, in consultation with the Portfolio Holder for Business Management, to sign and execute a new lease on the best terms reasonably obtainable as set out in the Exempt Appendix.

2. Suggested reasons for decision

- 2.1. To ensure the provision of suitable office accommodation for the Children's Service after the existing lease expires on the 5th of August 2024.

3. Budget and policy framework

- 3.1. The value of the proposed lease is in excess of £20,000 per annum and therefore is beyond officer and Portfolio Holder delegated limits contained in the Employee Delegation Scheme. Therefore this is a matter for Cabinet.

4. Background

- 4.1. Medway Council are a tenant by way of a lease which expires on the 5th August. The Council's internal solicitors served a s26 notice under the Landlord & Tenant Act 1954 on their current landlords Chatham Maritime K1 Developments Limited (Company No 03254705) MHS Homes Limited, Leviathan Way, Chatham, ME4 4LL.

4.2. Subsequent negotiations were undertaken by Head of Valuation and Asset Management with MHS to obtain the best terms which are now agreed. Although terms are agreed, the new lease will not be completed before the expiry of the existing lease, therefore an application to Court will be submitted by the Council's legal department to secure the continued protection of the Landlord and Tenant Act 1954.

4.3. The attached Exempt Appendix contains commercially sensitive information on the terms agreed.

5. Options

5.1. Option 1 – Authorise officers to instruct the Council's legal department to complete the new lease in excess of the permitted delegated threshold of £20,000 per annum. This option will secure the continued use of Broadside for Children's Services. **This is the recommended option.**

5.2. Option 2 – Refuse to authorise officers to instruct the Council's legal department to complete the new lease. This option will result in the loss of the Broadside office, the displacement of Children's Services into fragmented unsuitable locations and potentially a degraded service.

6. Advice and analysis

6.1. As above, the agreed terms are considered commercially sensitive so are included within the Exempt Appendix. By implementing Option 1, the Council will secure the continued use of Broadside for its Children's Services and ensure its stability.

7. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The new lease not being completed prior to the existing expiring	The Council's occupation is protected by the Landlord and Tenant Act 1954 which has strict timetables to maintain its rights to a new lease.	The Council's legal department will apply to Court to protect its security	CIII
Adverse reaction from Childrens Services if the lease is not renewed.	Service Users and staff reacting negatively to the service being fragmented to alternative premises.	Ensure the new lease is completed.	CIII

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

8. Consultation

- 8.1. The relevant service department and the Portfolio Holder for Housing and Property have been consulted and have no objections to the renewal of the existing lease.

9. Climate change implications

- 9.1. As this is an existing occupational property, there is no climate implication.

10. Financial implications

- 10.1. The cost of the lease, as set out in Exempt Appendix A is funded from existing Revenue Budgets.

11. Legal implications

- 11.1. The Council has the ability to enter into leases to provide suitable facilities to deliver it's services. As the current lease is protected under the provisions of the Landlord and Tenant act 1954 we have security of tenure and will be looking to enter into protective proceedings to secure the new lease whilst negotiations with the Landlord continue. We have already undertaken the initial step in this process by serving a notice under S26 of the Act which notifies the Landlord formally that we are requesting a new lease.

Lead officer contact

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Appendices

Exempt Appendix: Lease information.

Background papers

None.