

Executive – 6 September 2007

10 NEW MILLS, MODBURY – GRANTING OF A SUPPLEMENTARY LEASE

Report of the Head of Property Services

Statutory Powers: Local Government Act 2000

Financial Implications: If approved, the Council will receive a premium as set out in Appendix 1 to this report.

Purpose

The Head of Property Services has exercised his delegated authority to vary the terms of the Headlease, whereby the Tenant has agreed to give up a right to pass over two small areas of the Headlease, and then, subject to Members' approval, to take a supplementary lease of the two areas to be co-terminous with the Headlease for No. 10 New Mills, Modbury - see Appendix 2. Such action will remove uncertainty on the status of the two land parcels and allow business leases to proceed which will support Council Priority CP2.

RECOMMENDATION

That the Executive RESOLVES that approval be given to the grant of a supplementary lease of two parking areas at 10 New Mills, Modbury as set out in this report.

Background

1. On the 23 August 2001 the Council granted a 125 year lease of Unit 10 New Mills which required the Tenant, a Limited Company, to build a 2 storey office block extension to the Unit. The extension was duly built, but the Tenant's business subsequently failed and went into liquidation. The Lease was later assigned to a new Tenant, trading as Modbury Investments, who wishes to fragment the space into a number of smaller units and to lease them away on under-leases and this has also been approved by the Head of Property Services under his delegated authority.
2. To achieve this Modbury Investments has approached the Council to negotiate a change in the Title to two small areas of the forecourt to No. 10. Whilst the Lease grants the Tenant rights over the subject areas, it is unclear if this includes parking thereon. To rectify this, the proposal is that the Tenant gives up the existing right over the two areas, and then takes a new supplementary lease including parking rights, co-terminous with the Lease, which it can then sublet to the under-tenants. For this, a premium as reported in the Confidential Appendix 1 to this report has been agreed, subject to Member approval.

Value for Money

3. As a result of these proposals, the Council will receive a release of Capital that otherwise would not be available.

Risk Assessment

Risk	Mitigation
Council refuses the request from Modbury Investments and the employment space remains underused.	Approval to the proposals be given.
Council refuses the request from Modbury Investments and the employment space remains underused and the Council's reputation is at risk from poor publicity.	Approval to the proposals be given.

Conclusion

4. By the granting of approval to these proposals, which will unlock a legal anomaly, the vacant employment space in No. 10 can be leased to waiting under-tenants in accordance with Council Priority CP2.

Paul Abrey
Principal Valuer

Executive
6 September 2007

Nick Hodgson
Head of Property Services

Background Documents:
Property Services File M-35/11/10