

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	ARIADNE HOUSE, TOWN QUAY - RENEWAL OF LEASE TO THE COUNCIL		
<b>DATE OF DECISION:</b>	15 MARCH 2010		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING		
<b>AUTHOR:</b>	Name:	Sharon Bishop	Tel: 023 8083 2754
	E-mail:	sharon.bishop@southampton.gov.uk	

**STATEMENT OF CONFIDENTIALITY**

None

**SUMMARY**

The Council's Highway and Parking Division currently occupy offices at Ariadne House under a lease that has now expired. The Council have statutory rights to remain in the offices whilst new terms are being agreed. Terms have now been agreed for a renewal of this lease for a term of 10 years with break clauses. A Cabinet Decision is required as there are no delegated powers to agree a lease to the Council.

**RECOMMENDATIONS:**

- (i) To approve the renewal of the lease at Ariadne House on the terms set out in this report
- (ii) To delegate authority to the Head of Property and Procurement to finalise lease terms and to take all appropriate steps in consultation with the Solicitor to the Council to complete the lease.

**REASONS FOR REPORT RECOMMENDATIONS**

1. The future location of the Romanse facility is under consideration and the relocation of the Romanse facility for an intervening period would be expensive for the Council therefore the renewal of the lease with appropriate break clauses is considered to be the best option at present for the Council.

**CONSULTATION**

2. Consultation has been undertaken with the relevant officers within the Environment Directorate concerning the agreed lease terms.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. Not to renew the lease, however, as stated above the future location of the Romanse facility is under consideration and the relocation of the facility for an intervening period would be expensive for the Council therefore relocating the service for a short period was not preferred.

**DETAIL**

4. The Council currently occupies offices at Ariadne House as a base for the ROMANSE Team.

5. The current lease for a term of 10 years expired on 30 June 2009. The Council's position is protected as the lease is a secure tenancy under the Landlord and Tenant Act 1954.
6. Terms for a new lease have been negotiated and the following terms have been agreed.
  - Term - 10 years from 1<sup>st</sup> July 2009
  - Rent - £48,850 pa
  - Tenants Break options at the end of 3.5 years and after 7 years
  - The service charge provisions will exclude any costs relating to works to the structure of The Quay including the slab and anything beneath it.
  - Rent Review: At the 5<sup>th</sup> year to open market value
  - All other terms to remain the same as in the old lease.
7. The new rent is an increase of £2,450 pa over the rent previously payable of £46,400 however this was previously restricted to 95% of the market value (this was due to a premium being paid at the beginning of the previous lease).
8. No delegated powers exist for the grant of this lease to the Council and therefore Cabinet authority is required.
- 9.. The Council requires break clauses within the new lease. This is because the future delivery of the service is under consideration. The Council are currently considering a number of options in this respect. The landlord was not prepared to agree break clauses any more frequently than 3.5 and 7 years and therefore future proposals will need to take these dates into account.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

10. There are no capital implications for this transaction

### **Revenue**

11. The agreement will result in an additional rent of £2450pa being payable by the Council, for which sufficient budget provision has been made within the Highways Division account.

### **Property**

12. The agreed rent reflects the open market value of the premises. The Council have statutory rights to renew the lease but only on the same basic terms as their existing lease. The terms are the best achievable under the circumstances.

### **Other**

13. None

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

14. Section 120 Local Government Act 1972 gives the Council powers to acquire land (including by lease) by agreement for the purposes of any of their statutory functions.

**Other Legal Implications:**

- 15. The Council have statutory rights to renew their lease under the landlord and Tenant Act 1954

**POLICY FRAMEWORK IMPLICATIONS**

- 16. This proposal complies with the Medium Term Plan and the Local Transport Plan 2.

**SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

**Appendices**

1.	None
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**Documents In Members' Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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**Background documents available for inspection at:** N/A

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	Bargate
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