

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	CAR PARKING SPACES AT SECOND AVENUE, MILLBROOK -TO GRANT AN OPTION TO LEASE		
<b>DATE OF DECISION:</b>	15 MARCH 2010		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING		
<b>AUTHOR:</b>	Name:	Tina Wright	Tel: 023 8083 3403
	E-mail:	Tina.wright@southampton.gov.uk	

**STATEMENT OF CONFIDENTIALITY**

None

**SUMMARY**

This report seeks approval to grant Selex an option to lease the 150 car parking spaces for a term of 9 years from February 2013, on expiry of the existing lease to NXP Semiconductors. The rental will be determined in 2013 and will be based on open market levels at that time but will not fall below the existing rental of £52,850 per annum.

**RECOMMENDATIONS:**

Having complied with the requirements of Paragraph 15 (General Exception) of the Access to Information Procedure Rules, it is recommended:

- (i) That approval be given to grant Selex an option to lease the car park at Second Avenue, Millbrook, for a term of 9 years from 26 February 2013 at an open market rental to be determined in February 2013, the detailed terms and provisions of such lease to be approved by the Head of Property and Procurement and the Solicitor to the Council.

**REASONS FOR REPORT RECOMMENDATIONS**

1. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the relevant Scrutiny Panel and the Public. The matter requires a decision as the proposed tenant requires an urgent decision for commercial reasons, which cannot be deferred for inclusion in the next Forward Plan.
2. Under the Council's Scheme of Delegation, the Head of Property and Procurement is authorised to approve leases at rents up to £50,000 per annum. Above that figure, the Cabinet Member for Resources and Workforce Planning is authorised to agree such leases. In addition, there are no delegated powers for granting an option to lease.
3. To allow the site to be continued to be used for car parking as opposed to an alternative use. Selex require the site as the main car parking provision for their main facility on the Millbrook Technology Campus. If Selex are not able to secure a certain future for this car parking this will have a major impact on

their main building function.

## **CONSULTATION**

4. No external consultations have been undertaken as the option to lease will be between the Council as Landlord and the proposed Tenant, Selex.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

5. That the option is not granted. This car park is very important to Selex in supporting their future continued operation at the company's main manufacturing facility on the Millbrook Technology Campus.
6. That the option is not granted in order for an alternative use to be considered on the site. Due to the configuration of the site the alternative uses are limited and car parking is the best use for the site in the medium term.

## **DETAIL**

7. The site is currently let to NXP Semiconductors UK Ltd for a term of 20 years from 26 February 1993 expiring on 25 February 2013. The rent is to be reviewed every 5 years to the open market rent for the property. The passing rental of £52,850 per annum was determined at the review on 26 February 2008.
8. Selex are currently in occupation of the site by virtue of a sublease from NXP for the remainder of their term to 25 February 2013. Selex occupy a large industrial manufacturing building on the Millbrook Technology Campus under a lease from NXP. Selex are keen to extend their lease on the main campus but require confirmation of the continued use of the car parking before they commit to extend their lease on their building.
9. Selex have therefore approached the Council to request whether an option to lease this car parking area can be granted to Selex from February 2013 for a further term of 9 years to tie in with their lease extension on their Campus building. This new lease will offer Security of Tenure within the Landlord and Tenant Act.
10. The rental on the new lease will be determined to either the greater of the passing rental of £52,850 per annum or the open market rental value in February 2013.
11. The option will be expressed to expire if not exercised by notice in writing to the Council by no later than 26 February 2013.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

12. None

### **Revenue**

13. The existing rental of £52,850 per annum was determined at review in 2008 and will be revised again on the granting of the new lease in 2013. The rental on the new lease will be based on the greater of either £52,850 per annum or the open market rental value in February 2013. The existing and future rental incomes will form part of the Resources Portfolio Investment Property Account.

## **Property**

14. In the unlikely event that NXP decided to renew their lease in 2013 the Selex option agreement would fall away. However NXP does not have lease renewal powers under the Landlord and Tenant Act and so the Council would still be free at that time to let the site to Selex or, if Selex chose not to exercise the option, to whom else it chooses.
15. The Council's asset valuation will be enhanced by any increase and longer term security of rental income from strong tenant covenant.
16. The freehold of this property is held for strategic purposes along with numerous other interests on the Millbrook Trading estate. Retention by the Council is deemed important and piecemeal disposal would not normally be recommended. This is to enable the Council to control/influence what happens to support planning or highway powers or to shape any potential re-development and retention of business uses.

## **Other**

17. None.

## **LEGAL IMPLICATIONS**

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

18. S.123 Local Government Act 1972.

### **Other Legal Implications:**

19. Negotiations between the landlord and the tenant for setting the rent in 2013 will be based on open market levels at that time but will not fall below the existing rental of £52,850 per annum.

## **POLICY FRAMEWORK IMPLICATIONS**

20. The proposal is not contrary to the Policy Framework.

**SUPPORTING DOCUMENTATION**

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

**Appendices**

1.	Plan V2369
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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>	Redbridge Ward
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