

Deed for underletting

Summary: The Council leases office accommodation to a tenant that is seeking to under let part of the building and grounds. The lease includes a provision that allows this subject to the Council providing consent.

Options considered: Not applicable

Conclusions: A tenant is seeking to underlet part of the office accommodation it occupies, which it is entitled to do under the term of the lease. The tenant requires the Councils written consent which cannot be unreasonably withheld or delayed.

Subject to satisfactory due diligence including an independent valuation to assess the rent terms, it is intended to appoint solicitors to give consent so that the underletting can complete 1st October 2022.

Recommendations: **Officers recommend to Cabinet to endorse the proposal as outlined in the Exempt Appendix.**

Reasons for Recommendations: To enable the building that has been refurbished and improved to be fully utilised by tenant occupiers.

Cabinet Member(s) Cllr E Seward	Ward(s) affected Holt
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1. Introduction

1.1 The Council has office accommodation that is let by way of a lease for a 15 year period. The lease includes a provision to enable the tenant to underlet part of the property with written consent from the landlord and such consent should not be unreasonably withheld or delayed.

1.2 This report informs Cabinet of the tenant's intention to underlet.

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2. Under letting proposal

- 2.1 The existing tenant is seeking to underlet approximately part of the office building and some external space for car parking. Further terms can be found in the exempt appendix.

3. Corporate Plan Objectives

- 3.1 This proposal indirectly supports the Councils Financial Sustainability and Growth as the rent as outlined in the exempt appendix will be paid to the tenant and not the Council.

4. Medium Term Financial Strategy

- 4.1 The rent as outlined in the exempt appendix will be paid to the tenant and not the Council, however an additional occupier will offer greater security to Council.

5. Financial and Resource Implications

- 5.1 The tenant will pay the Councils reasonable costs involved in this transaction.
- 5.2 An independent valuation is being obtained to ensure the rent proposed is at a current market value.

6. Legal Implications

- 6.1 Legal advice is being obtained as part of the due diligence.
- 6.2 The terms of the proposed under letting align with the existing lease.
- 6.3 The underletting will be formally documented by a deed.

7. Risks

- 7.1 Typical asset management risks remain with the proposal.

8. Sustainability

- 8.1 There are no direct sustainability issues with this proposal.

9. Climate / Carbon impact

- 9.1 The tenant undertook improvement works to the building to improve energy performance including installing some new windows, new boiler, electric car charging point and LED lighting.

10. Equality and Diversity

- 10.1 There are no direct equality and diversity matters relating to this proposal.

11. Section 17 Crime and Disorder considerations

11.1 There are no Section 17 Crime and Disorder considerations.

12. Conclusion and Recommendations

12.1 A tenant is seeking to underlet part of the office accommodation it occupies, which it is entitled to do under the term of the lease. The tenant requires the Councils written consent which cannot be unreasonably withheld or delayed.

12.2 Subject to completion of due diligence including an independent valuation to assess the rent terms, it is intended to appoint solicitors to give consent so that the underletting can complete 1st October 2022.

12.3 Officers recommend to Cabinet to endorse the proposal as outlined in the Exempt Appendix.