

**20<sup>th</sup> November 2018**

## **Policy, Projects and Resources**

### **Delegated Authority for Leases and rents**

**Report of:** *Greg Campbell, Director of Operations*

**Wards Affected:** *All*

**This report is:** *Public*

#### **1. Executive Summary**

- 1.1 The Council is developing its commercial leasing activities and as such the size of this offering has increased partly due to the space which will be offered at the Town Hall. Therefore, leases and the amounts officers have the authority to enter have and will make the process difficult to deliver.
- 1.2 This restriction could affect the Council's ability to compete with other commercial letting agents in the market
- 1.3 Therefore, this report requests an increase and change to the delegated authority for leases to improve the effectiveness and competitiveness of the Council.

#### **2. Recommendation(s)**

- 2.1 **That delegated authority be granted to the Director of Operations in conjunction with the Section 151 Officer and Chair and Vice Chair of Policy, Projects and Resources Committee to grant leases of up to £200,000 (excluding VAT) per year on properties leased at market value.**

#### **3. Introduction and Background**

3.1 The current delegated authority approved by Policy, Finance and Resources Committee on the 15<sup>th</sup> December 2015 (Min. 294) gave authority to the Section 151 Officer in consultation with the Chief

Executive and Vice and Vice Chair of Policy, Finance and Resources Committee to approve leases up to £25,000.

- 3.2 This was introduced to ensure income was maximised by agreeing leases in a timely fashion to avoid an excessive number of operational reports going to Committee
- 3.3. It would also stream line the process and make the scheme of delegation fit for purpose.
- 3.4 The same principles apply now as they did in December 2015, however, the Council has moved on considerably and so have rental prices in relation to leases.
- 3.5 The Council are becoming more commercially active and within the next year will become landlords of commercial space that is far bigger than it has managed or leased before. To effectively manage these properties, as was identified in 2015, the delegated authority needs to be in line to reflect present commercial leases and the Council's ability to move quickly on commercial activities.
- 3.6 It is likely that the Council could be entering commercial 10-year leases with a 5-year break clause for some larger spaces at the Town Hall and potentially other sites as it moves forward with its commercial direction. This type of lease could see the Council enter into agreements that rise over £200,000 (Exc VAT) per annum.
- 3.7 For the Council to compete with other commercial agents who will be selling alternative space, the Council must be seen to have an effective process in place that is not seen as bureaucratic nor held up unnecessarily.
- 3.8 It is proposed that suitable delegated authority therefore be granted.
- 3.9 Having suitable delegated authority allows the Council to continue to operate efficiently with present leases and will assist in generating new lease income in the future. The original limit set at Committee on the 15<sup>th</sup> December 2015 for £25,000 is now considered inadequate in today's market. Therefore, £200,000 is proposed as a reasonable amount, given the current market conditions and size of space we as a council are able to offer. This delegation would also support the Council's continued work to review and update our present lease positions which has generated additional income.
- 3.10 Members should note that any lease at less than best consideration would still require Committee approval regardless of value.
- 3.11 Originally when this item went to committee in 2015 there was no overall manager of Assets, hence it was delegated to the 151 Officer. As there is

now a Director of Operations who oversees the Asset service, it would be appropriate for the delegation to go to their authority in conjunction with the 151 officer and Chair and Vice Chair of the P, P & R Committee.

- 3.12 It is therefore recommended that delegated authority be granted to the Director of Operations in conjunction with the Section 151 Officer and Chair and Vice Chair of Policy Projects and Resources to grant leases of up to £200,000 (excluding VAT) per year on properties leased at market value.

#### **4 Reasons for Recommendation**

- 4.1 To ensure the Council operates effectively it is important to have suitable delegated powers.

#### **5 Consultation**

- 5.1 Consultation was undertaken with the Assets Team and with Mass and Co an external property expert.

#### **6. References to Corporate Plan**

- 6.1 Value for Money.
- 6.2 This reflects the Council's priority of a Prosperous Borough.

#### **7 Implications**

##### **Financial Implications**

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- 7.1 There are no direct financial implications with this report. By increasing the Delegated Authority allows officers to agree leases in a timely fashion and increase efficiency. All leases must come through the Section 151 Officer to secure appropriate financial planning.

##### **Legal Implications**

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- 7.2 This Committee has powers to grant leases on behalf of the Council under Chapter 3, Part 3.1, paragraph 2.1.13 (b) of the Constitution.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 7.3 This will enable Asset Management to work far more effectively in its ability to deliver high level leases with a small team

**8 Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 8.1 None

**9 Appendices to this report**

None

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