

**17 September 2014**

**Asset & Enterprise Committee**

**Lease Expiries & Rent Review Update**

**Report of:** *John R Parling, Strategic Asset Manager*

**Wards Affected:** *None*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 This report provides an update in general terms on the progress that has been achieved in concluding outstanding lease expiries and rent reviews.

**2. Recommendation(s)**

**2.1 For Members to note the report.**

**3. Introduction and Background**

- 3.1 The key actions for 2014/15 set out in the Asset Management Strategy which was approved by the 15 July 2014 included:
- Asset Challenge Review
  - Delivery of Major Projects
  - Develop Housing for Social and Private Tenants
  - Maximise Revenue and Capital Receipts
- 3.2 The relevant key action relating to the subject of this report was that the Strategic Asset Management Team will identify opportunities for the Council to generate additional revenue by acquisition or better use of the existing portfolio.
- 3.3 Section 4 of this report provides an overview of the number of leases where tenants are holding over, outstanding rent reviews and vacant units. It is estimated that on the successful conclusion of these cases the Council will benefit from an additional £62,000pa of revenue.

3.4 The conclusion of the cases will be achieved over a 12 - 18 month period as in some cases legal action maybe necessary to resolve disagreements.

#### **4. Issue, Options and Analysis of Options**

4.1 The table below sets out the number of outstanding lease expiries and rent reviews as at 1<sup>st</sup> September 2014.

4.2 General Fund

Lease Renewals Outstanding (No.)	Average Holding Over Period (months)	Potential Additional Rent	Comments
7	40 months	£9,500 pa	Lease renewals may be delayed as a consequence of breach of covenants or other statutory reasons. Action: Currently being assessed to determine strategy

Rent Reviews Outstanding	Average Period Outstanding not Actioned	Potential Additional Rent	Comments
4	20 months	£7,500 pa	Rent Reviews may not be implemented for strategic reasons. Action: Assessment being undertaken to determine action to be taken

#### 4.3 HRA

Lease renewals may be delayed as a consequence of breach of covenants or other statutory reasons

Lease Renewals Outstanding	Average Holding Over Period	Potential Additional Rent	Comments
23	106 months	£20,000 pa	Lease renewals may be delayed as a consequence of breach of covenants or other statutory reasons. Action: Comprehensive review being rolled out to ensure current situation appropriately dealt with.

Outstanding Rent Reviews	Average Period Outstanding not Actioned	Potential Additional Rent	Comments
n/a	n/a	n/a	Rent Reviews may not be implemented for strategic reasons. Position to be monitored

#### General Fund

Vacant Properties	Average Period Vacant	Potential Additional Rent	Comments
1	24 months	£15,000 pa	Property as identified for sale

#### HRA

Vacant Properties	Average Period Vacant	Potential Additional Rent	Comments
3	36 months	£10,000 pa	Action being taken to re-let units

#### **5. Reasons for Recommendation**

- 5.1 To record the progress report having been received.

#### **6. Consultation**

- 6.1 None at this stage

## **7. References to Corporate Plan**

7.1 Corporate Plan 2013 –16, specifically:

- a) A Prosperous Borough
- b) Set planning policy that supports discerning economic growth and sustainable development
- c) Promote a mixed economic base across the Borough, maximising opportunities in the town centres for retail and balanced night time economy

## **8. Implications**

### **Financial Implications**

**Name & Title: Jo-Anne Ireland, Acting Chief Executive**

**Tel & Email: 01277 312712 / jo-anne.ireland@brentwood.gov.uk**

8.1 The report identifies a number of rental income streams available to the Council. Steps must be taken to receive this income, which can be included within the MTFP.

### **Legal Implications**

**Name & Title: Chris Potter, Monitoring Officer and Head of Support Services**

**Tel & Email: 01277 312860 / christopher.potter@brentwood.gov.uk**

8.2 This information report reflects the progress made in furtherance of the Council's general statutory duty under section 3 of the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

8.3 None

## **9. Background Papers**

9.1 None

## **10. Appendices to this Report**

None

### **Report Author Contact Details:**

**Name:** John R Parling, Strategic Asset Manager  
**Telephone:** 01277 312690  
**E-mail:** john.parling@brentwood.gov.uk