

Single Member Cabinet Decision

**Executive
Forward Plan
Reference****E2644****Timber Drying Shed, Spring Gardens Road – Grant of lease at less than market value**

Decision maker/s	Cllr David Bellotti, Cabinet Member for Community Resources Cllr Paul Crossley, Leader of the Council
The Issue	To consider the grant of a lease to The River Regeneration Trust (TRRT) for a term of 16 years at less than best consideration
Decision Date	28 May 2014
The decision	The Cabinet Members agree that <ul style="list-style-type: none">• A tenancy of the building to The River Regeneration Trust (TRRT) for 16 years at an abated rent of £500pa be granted.• The abatement will be reviewed every 4 years only to ensure that the Articles of Association remain unchanged from those existing at grant of the lease.
Rationale for decision	The purpose for pursuing this approach is that the River Regeneration Trust will be able to increase its capacity to enhance understanding and usage of the river for the benefit of local residents and visitors. The Articles of Association of TRRT and the proposed use of the building fall within the General Consent detailing in 4.2 above.
Financial and budget implications	The proposal is to abate the rent during the period of the lease, 16 years, subject to periodic review. The open market rental value of the building is assessed at £14,770 pa, assuming the building is in good repair. The letting to TRRT is proposed at £500 pa, including a condition on the tenant to carry out substantial repairs to the building. The value of those works is £70,000 and can be rentalised and is a justifiable deduction from the annual rent. This has been calculated at £7,170pa, reducing the market rent to £7,600pa. The abatement of rent is therefore £7,100 pa totalling £113,600 over the period of the lease equivalent to a capital value of circa £62,000. Within the Revenue Estate income forecasting, no rent has been forecast for 2014/15 however an abated rent is an opportunity cost lost when considering future ability to generate income for the estate. The Council are providing a grant, of £100,000, to TRRT to assist them to fulfil their objectives. The grant fund is beyond the scope of

	this report.
Issues considered	Property; Other Legal Considerations
Consultation undertaken	Cabinet colleagues; Section 151 Finance Officer; Chief Executive; Monitoring Officer
How consultation was carried out	By correspondence

Signatures of Decision Makers	
Date of Signature	
Subject to Call-in until 5 Working days have elapsed following publication of the decision	