

CHESHIRE EAST COUNCIL

REPORT TO PORTFOLIO HOLDER – FINANCE

Report of: Property Services Manager

Subject/Title: Renewal of Lease for Telecoms Equipment located at Delamere House, Crewe.

Date of Meeting: 22nd December 2014

Portfolio Holder: Councillor Peter Raynes

1.0 Report Summary

- 1.1 The purpose of this report is to seek approval for the Council (as Landlord) to enter into negotiations and agree a new lease with Vodafone, now known as Cornerstone Telecommunications Infrastructure Limited (“CTIL”), in respect of the telecommunication equipment located at Delamere House, Crewe CW1 2JZ.

2.0 Decision Requested

- 2.1 To serve a Section 25 notice in accordance with the Landlord and Tenant Act 1954 (“LTA 1954”) terminating the current lease dated 30th November 2000 between the Borough of Crewe and Nantwich and Vodafone Limited, and to enter into negotiations to agree a new lease (of the current demise) for a further term of 9 years on terms and conditions to be determined by the Property Services Manager and Head of Legal Services and Monitoring Officer.

3.0 Reasons for Recommendations

- 3.1 The previous lease expired on 29th November 2009 and the tenant is holding over on the terms of this lease.
- 3.2 The tenant has approached the Council and requested a new lease, but has not served notice on the Council; therefore in order to formalise the position and to grant a new tenancy the existing tenancy must be determined in accordance with the Landlord Tenant Act 1954.
- 3.3 The tenant has the protection of the LTA 1954 and therefore has a statutory right to renew the lease. The Council can only oppose renewal of the lease if it can satisfy the grounds specified in the LTA 1954, however compensation may be payable to tenant in those circumstances.
- 3.4 Delamere House, Crewe is a key strategic site to CITL within Crewe Town Centre.
- 3.5 Granting a new lease to CITL will formalise the occupation and generate additional revenue to the Council.

4.0 Wards Affected

4.1 Crewe Central Ward

5.0 Local Ward Members

5.1 Irene Faseyi

6.0 Policy Implications including - Carbon reduction - Health

6.1 There are no Policy Implications in this matter

7.0 Financial Implications

7.1 The current rent of £5,845.95 is reviewed every 3 years (under the current agreement) in line with the Retail Price Index.

7.2 In granting a new lease and allowing CITL to upgrade the current equipment the Council can expect an increased rental. The new rental figure will be in the region of £10,000 per annum. This is calculated in accordance with the second schedule of the current agreement.

8.0 Legal Implications (Authorised by the Borough Solicitor)

8.1 The current tenant is holding over on the terms of its previous tenancy, which is a secure business tenancy. The tenancy needs to be formalised and the method to do this is to serve a s25 notice on the tenant for renewal of the lease and to specify in the notice the proposed heads of terms. This will allow the Council to enter into negotiations to agree a new lease. If heads of terms for a new lease cannot be agreed the Council can make an application to Court for determination of the terms.

8.2 s123 of The Local Government Act 1972 permits the Council to dispose of its land for the best consideration reasonably obtainable. The revised heads of terms will contain a provision to pay rent, which will be the market rent.

9.0 Risk Management

9.1 There are no perceived risk management issues

10. Alternative Options

- 10.1 Not to agree a new lease and to allow the tenant to continue to hold over on the terms of the previous tenancy. This would however remove the Council's protection of this being and remaining a contracted out lease.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

Name: Steve Plack

Designation: Senior Valuer

Tel No: 01270 686131

Email: steven.plack@cheshireeast.gov.uk