CHESHIRE EAST COUNCIL

REPORT TO PORTFOLIO HOLDER – FINANCE

Report of: Property Services Manager
Subject/Title: Renewal of Lease for Telecoms Equipment located at Grosvenor Centre Car Park, Churchill Way, Macclesfield SK11 6BU.
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 agreement with Vodafone (as tenant), now known as Cornerstone Telecommunications Infrastructure Limited ("CTIL"), for the telecommunications equipment located at Grosvenor Centre Car Park, Churchill Way, Macclesfield SK11 6BU.

2.0   Decision Requested

2.1   To serve a Section 25 notice in accordance with the Landlord and Tenant Act 1954 terminating the current lease agreement (lease dated 7th May 1998 between Macclesfield Borough Council and Vodafone Ltd) and to enter into negotiations for a new lease of the existing demise for a further term of 10 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 lease agreement with CITL, for the Grosvenor Centre Macclesfield, expired 6th May 2008 and the tenant is holding over on the terms of the previous tenancy agreement.

3.2   The Agent for 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 the new tenancy agreement, the existing agreement must be determined in accordance with the Landlord Tenant Act 1954 ("LTA 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   The site is considered to be a key strategic site to CITL within Cheshire East.

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   Macclesfield Central Ward

5.0   Local Ward Members

5.1   Cllr Ken Edwards
       Cllr Janet Jackson

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 £7,216 per annum is reviewed every 5 years, in line with the Retail Price Index.

7.2   In granting a new lease to CITL the Council will receive additional revenue. The new rental is in the region of £9,500 per annum and is calculated in accordance with the rent review provisions within the existing lease.

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:
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