



GOSPORT
Borough Council

**Investment Buildings and Land
Leasing Policy**

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Contents

Section	Title	Page
1.0	Scope and Definition	3
2.0	Policy Context	3
3.0	Aims and Objectives	4
4.0	Responsibilities	4
5.0	Standard Lease Terms	6
6.0	Assessment of bids	7
7.0	New Lease, lease renewal or lease variation process	8
8.0	Decision and Approval	8
9.0	Completion of Agreement	8
10.0	Leasing Fees	8
11.0	Property Compliance	8
12.0	Monitoring and Review	9
Appendix 1	List of current buildings with Investment status	11
Appendix 2	Example Heads Of Terms	12

Gosport Borough Council is committed to equal opportunities for all:

If you need this document in large print, on tape, CD, in Braille or in other languages, please ask.

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1.0 Scope and Definition

- 1.1 This policy will apply to all leases granted to any Commercial Applicant leasing Investment Buildings and Land owned by Gosport Borough Council (Herein referred to as GBC)
- 1.2 The definition of a Commercial Applicant covered within the terms of this policy is: "Typically a business, organisation or individuals alike running a business"
- 1.3 The definition of Investment Buildings and Land covered within the terms of this policy is: "Buildings and Land identified by GBC as not currently being used for community or operational use. Such buildings and land occupied uses are not primarily supporting GBC core or statutory services." The current list is shown in Appendix One.
- 1.4 GBC holds the discretion to amend both the policy terms and Investment Buildings and Land list as deemed necessary at any time.
- 1.5 Any request for a lease from a community organisation (non-profit), for the benefit of the Gosport community and residents, for a Community Building or Land within the ownership of GBC, will not fall within the remit of this policy and will be dealt with by the GBC Community Buildings and Land Leasing Policy.

2.0 Policy Context

- 2.1 The policy gives guidance on how to fairly manage interest from Commercial Applicants in a fair, open and transparent way leading to the successful leasing of Investment Buildings or land owned by GBC. The policy assists GBC in supporting Commercial Applicants to offer their activities, products and services operating from a council owned premises or land.
- 2.2 All leases offered will be considered in the context of GBC policies, strategies, and plans. More information about GBC plans can be found on our website at <http://www.gosport.gov.uk>

3.0 Aims and Objectives

- 3.1 The overall aim of the policy is to enhance opportunities for businesses operating in Gosport out of GBC owned buildings and land, whilst ensuring GBC receive the Highest and Best Market Rental Value for Investment Buildings and Land to fund council services.
- 3.2 The definition of Highest and Best Market Rental Value covered within the terms of this policy is: "Where possible, the highest bid offered through a fair and transparent bidding process to the open market leased between GBC and a willing lessee on appropriate market lease terms in an arm's length transaction, after marketing and where the parties had acted knowledgeably, prudently and without compulsion.'
- 3.3 Investment Buildings and Land are not being occupied for the requirements of GBC core and statutory services, as such, the purpose of their ownership is to primarily provide additional income to the council to support council services.
- 3.4 This policy aims to:
 - 3.4.1 ensure a fair, transparent, and consistent approach to granting leases, which is co-ordinated through the appropriate procedures for planning, marketing, and management.
 - 3.4.2 ensure that GBC adopts a proactive approach in enabling leasing activity which is at Highest and Best Market Rental Value.
 - 3.4.3 encourage increased business activity across the Borough which provides a beneficial fit for Gosport.
 - 3.4.4 ensure transparency in the way new rents, lease terms, and lease renewals are agreed with Commercial Applicants.

4.0 Responsibilities

- 4.1 Decisions regarding the granting of community leases vests with the P&O Board, but for leases of up to a total value of £100,000 over the term of the lease, decisions can be taken by the Housing Services Manager consultation with the relevant Board Chairman and the Borough Solicitor, and in the interests of good management, under the scheme of delegation set out in GBC constitution.
- 4.2 The Property Team will be responsible for negotiating and agreeing terms for new leases, lease renewals and any lease variations

5.0 Standard Lease Terms

- 5.1 The standard Investment Buildings and Land lease terms are as listed below. Any variations to this are to be agreed by negotiation depending on the nature of the business. Please also refer to example Heads of Terms in Appendix Two.
- 5.1.1 Term: Up to 10 years, at which point the lessee will be remarketed, with no guarantee of renewal.
 - 5.1.2 Rent: Highest and Best Market Rental Value, to be paid quarterly in advance.
 - 5.1.3 Rent Review: Offered depending on the type of asset and lease term
 - 5.1.4 Break Option: Offered depending on the type of asset and lease term
 - 5.1.5 Security of tenure: Contracted outside the Security of Tenure provisions contained in the Landlord and Tenant Act 1954 part II
 - 5.1.6 Repairs: Typically, FRI lease. Any demised outdoor space to be maintained by the lessee.
 - 5.1.7 Condition: Property schedule of condition arranged in some cases by GBC at the lessee's request. Cost to be borne by the lessee.
 - 5.1.8 Alienation: Subletting or assigning with landlord permission only, consent not to be unreasonable withheld.
 - 5.1.9 Use: Specifically defined as the business being offered and compliant with planning use.
 - 5.1.10 Outgoings: Lessee responsible for all utility costs, telecoms, insurance, business rates and property statutory compliance costs.
 - 5.1.11 Insurance: Building insurance arranged by lessee and proof provided annually to GBC, or in the case of GBC block insurance, recharged to the lessee.
 - 5.1.12 Statutory Property Compliance: Relevant checks arranged by the lessee and proof provided annually to GBC.
 - 5.1.13 Alterations: written permission from GBC required.

5.1.14 Planning: If any other consents are required such as planning permission the lessee will need to obtain this prior to lease commencement.

5.1.15 Legal Fees & Surveyors Fees: £350 for GBC legal costs and £350 surveyors fees to be paid by the lessee to GBC prior to completion of the new lease or renewed lease or lease variation.

6.0 Assessment of bids

6.1 This sets out the process for agreeing leases, including lease renewals and new leases, with Commercial Applicants leasing GBC Investment buildings and land.

6.2 The aims are to increase transparency and consistency in the way that leases are awarded; and to ensure Commercial Applicants leasing the buildings are financially viable, sustainable, and governed appropriately.

6.3 Under the process, Commercial Applicants will be invited to make a bid to GBC demonstrating the following:

6.3.1 Statement of activities and services proposed

6.3.2 Financial rental offer per annum, and proposed lease terms if they deviate from the Standard Lease terms for Investment Buildings and Land outlined in this policy.

6.3.3 Financial viability - including but not limited to trading history, business plan, credit references, and guarantor if required.

6.3.4 Sustainability.

6.3.5 Governance.

6.3.6 Statement of public liability insurance and any other statutory business requirements

6.4 The information provided by the bid will be used to support negotiations related to the lease renewal or agreement of a new lease, as decided by a case put forward to senior officers, and in some cases, P&O Board. The leasing decision will predominately be based upon the highest rental bid if all other information is compliant with the use of the building and planning.

6.5 Once a bid is accepted, the GBC Property Team will negotiate the specific terms of that lease in line with the terms outlined in clause 5.1 and the example Heads of Terms in Appendix Two.

6.6 GBC will seek to apply this approach where possible when existing leases come up for lease renewal or when they approach GBC to take on a new lease.

6.7 With regards to renewals, GBC has identified circa 37 properties currently leased to Commercial Applicants and of those, circa 15 with leases either

expired, or expiring within 12 months that would be prioritised for review under this policy.

6.8 Review of the existing leases referenced in clause 6.7 above will consider what automatic renewal rights, lease terms or rent level the lessee may already be entitled to as a prerequisite to approaching negotiation.

6.9 This process is an effective way to ensure consistency and transparency in how commercial leases are negotiated, to receive the Highest and Best Rental Value for funding council services.

7.0 New Lease, lease renewal or lease variation process

6.1 GBC has identified a current list of Investment Buildings and Land in Appendix One to this policy. This is subject to change with either additions or subtractions to this list.

6.2 Upon an Investment building or land becoming available it will be advertised with interest invited for bid submission to the GBC property team.

6.3 Submission of bid to GBC Property Team

6.4 Assessment of bid by GBC Property Team

6.5 GBC Property Team make case for approval to senior offices, and in some cases, P&O Board putting forward the highest bidder

6.6 Agree final terms of the lease as per officer delegations

8.0 Decision and Approval

8.1 All interest will be assessed based on the bid, giving maximum consideration to the level of rent per annum, as income to fund GBC services through Investment Buildings and Land.

8.2 A decision will be made by P&O Board or the appropriate senior officer with delegated authority giving due consideration to a report setting out the bidder with the Highest and Best Rental Value and heads of terms of the new lease.

9.0 Completion of Agreement

9.1 The successful Commercial Applicant will be advised by the responsible officer from the Property Team who will confirm what documentation the applicant is required to provide for their lease to be completed.

10.0 Leasing Fees

10.1 The Leasing Fee to cover legal fees and administration for all commercial leases will be fixed at £350 legal fees per lease required in advance of the start date of the lease.

11.0 Property Compliance

- 11.1 Annual Building Insurance will be arranged by the lessee with documentation proof provided to GBC annually.
- 11.2 Annual property compliance will be arranged by the lessee with documentation proof provided to GBC annually. This includes fire safety, electrical safety, gas safety, water safety, asbestos management, air conditioning, and other government safety requirements as required
- 11.3 Property compliance is to be carried out in line with statutory requirements for the lessee business and type of building or land occupied. Currently this includes the following: -
- 11.3.1 Fire: Ensuring that the building conforms to all fire safety legislation. Ensuring all fire systems are inspected and checked regularly to comply with relevant British Standards, fire risk assessments are carried out, staff are trained, and fire emergency evacuation routes planned.
 - 11.3.2 Electrical: Every business must abide by the Electricity at Work Regulations 1989 which requires that all electrical systems be maintained safely in a manner that will prevent danger. This includes regular inspections and tests to ensure systems are safe. This includes carrying out portable appliance testing on all portable equipment (any electrical item that can be moved, from computers to kettles).
 - 11.3.3 Gas: The Gas Safety Regulations 1998 states that all gas systems must be checked regularly (at least annually) to ensure they are safe. This includes safe installation, servicing, inspection, and certification for all types of gas equipment.
 - 11.3.4 Water: All water systems must have a valid Legionella Risk Assessment (valid for 2 years), to ensure that the risk of legionella is reduced. Many businesses are also required to carry out monthly testing of water temperatures to check that water is kept at an optimum temperature to avoid any water borne diseases.
 - 11.3.5 Asbestos: Staff working in a building with asbestos must be trained to deal with it and notified of its presence.
 - 11.3.6 Air Conditioning: Under the Energy Performance of Buildings Regulations 2007, air conditioning systems must undertake energy inspections at intervals of no more than 5 years.

11.3.7 Fgas regulations: require inspection and certification. The regularity of these depends on the weight and number of units. The inspections must be carried out by an approved inspector.

12.0 Monitoring and Review

12.1 The policy is a live document and it will be regularly reviewed. Any significant amendments to the policy will be made subject to approval from the P&O Board.

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Appendix 1

Current List of Buildings and land under Gosport Borough Council Ownership not currently utilised for operational use or community use

No	Name	Type
1	Alverbank Hotel	Hotel and grounds
2	Alver Valley Toilet and Café	Building
3	Bayside Cabin	Land and management area land
4	Roz Freeman Dog Agility	Land (former tennis courts) at Anglesey Gardens, ANGLESEY ROAD
5	Cemetery Lodge - ANNS HILL ROAD	Residential detached property
6	84 Crown House, North Street PO12 1DJ	Residential flat
7	84a Crown House, North Street PO12 1DJ	Residential flat
8	Crewsaver development, MUMBY ROAD c	Land at former factory site, Mumby Road
9	Lakeside Café - WALPOLE PARK	First Floor retail unit, Compass Point
10	80 South Street, Gosport	Children's nursery and land
11	Fitness Gym	Gymnasium and land, Monks Walk
12	Dolphin Boat Charter	Land at Gafirs Car Park
13	Grange Garden Centre	Land at Alver Valley
14	Huhtamaki	Land at Rowner Road
15	Haslar Marina Car Park	Land at Haslar Road
16	Ice Rink, Holbrook	Land at building at Holbrook
17	Kingfisher Caravan Park	Buildings, campsite, and land
18	Olympia Amusement Arcade	Amusement Arcade
19	Olympia Amusement Arcade additional land	Land on which snooker room extension is built
20	St George Chapel - ST GEORGES WALK	Former chapel building and land
21	Pebble Beach	Restaurant building and land
22	Stokes Bay Golf Club	Golf course (part)
23	Police Offices	Office suite, ground floor Town Hall
24	Police Counter	Counter and office
25	Clarenco Telecoms	Roof space, Town Hall
26	EE/H3G Telecoms	Roof space, Town Hall
27	CTIL Telecoms	Roof space, Town Hall
28	Home Park	Mobile Home Park of 56 homes
29	Leon's Café	Buildings and land
30	White Horse Pub	Public House and land
31	Asda Sign	Site location for directional sign on open space
32	Brick Beach Huts, Stokes Bay	29 Beach Huts for hire plus 1 seasonal hut for disabled hire
33	Wooden Beach Huts, Lee-on-the-Solent	17 Beach Huts for hire plus 3 privately owned
34	Ice-cream concession Stokes Bay	Concession to trade in Stokes Bay sea-front car parks
35	Ice-cream concession Lee	Concession to trade in Beach Road Car Park, Lee
36	Rooms at the Town Hall, High Street, Gosport	Hire of rooms at the Town Hall
37	Parking Spaces at Jamaica Place Car Park	Two parking spaces

Appendix 2

Example Heads of Terms

A	LANDLORD:	Gosport Borough Council
B	TENANT:	Name of business/person
C	TERM	A term of [up to] 10 years from [start date]
D	DEMISE	Building and/or land address and detail
E	RENT	Annual rent
F	RENT REVIEW:	[Negotiated depending on term and asset type]
G	RENT DEPOSIT	[tenant specific]
H	BREAK OPTION	[Negotiated depending on term and asset type]
I	SECURITY OF TENURE:	Contracted outside the Security of Tenure provisions contained in the Landlord and Tenant Act 1954 part II
J	OUTGOINGS:	All utilities and business rates for the premises
K	REPAIRS:	FRI and external areas
L	USE:	Defined as per business and building use
M	ALIENATION	Subletting or assigning authorised with consent, not to be unreasonably withheld.
N	ALTERATIONS:	None authorised without written permission from Gosport Borough Council
O	INSURANCE:	Arranged by tenant and proof provided annually to GBC, or in the case of GBC block insurance, recharged to the lessee
P	STATUTORY COMPLIANCE	Arrange by tenant
R	LEGAL FEES	£350 for council legal costs
	SURVEYOR FEES	£350 for council surveyor costs
T	LANDLORD'S SOLICITOR	Borough Solicitor - Gosport Borough Council
U	TENANT'S AGENT	
V	TENANT'S SOLICITOR	
W	Offer Subject To	[ED board approval] [senior officer approval]

SUBJECT TO CONTRACT

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