



COUNCIL EXECUTIVE

LEASE OF 9 SCHOOL LANE, MID CALDER

REPORT BY HEAD OF FINANCE AND PROPERTY SERVICES

A. PURPOSE OF REPORT

To seek Council Executive approval for a three year lease of 9 School Lane, Mid Calder to Abby J's Cakes.

B. RECOMMENDATION

It is recommended that Council Executive:

1. Approves a new three year lease of 9 School Lane, Mid Calder to Abby J's Cakes (Chris and Gillian Liddle) at an initial rent of £8,400 per annum.
2. Authorises the Head of Finance and Property Services to agree to any changes required to the current terms in order to conclude the transaction, on the basis that any revised terms and conditions still represent best value for the council.

C. SUMMARY OF IMPLICATIONS

I	Council Values	Being honest, open and accountable and making best use of our resources;
II	Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Disposal of property governed by S74 (2) of the Local Government (Scotland) Act 1973 and the Disposal of Land by Local Authorities (Scotland) Regulations 2010.
III	Implications for Scheme of Delegations to Officers	None.
IV	Impact on performance and performance Indicators	Will contribute to the council's annual budget for rental income.
V	Relevance to Single Outcome Agreement	Our economy is diverse and dynamic, and West Lothian is an attractive place for doing business
VI	Resources - (Financial, Staffing and Property)	The annual rent received will be secured for three year.
VII	Consideration at PDSP	Not Applicable

VIII Other consultations

A copy of this report has been provided to the local elected members for information.

D.1 TERMS OF REPORT

The Council Executive approved 9 School Lane, Mid Calder as surplus at the meeting on 6 March 2018, with the intention of securing an income producing lease of the building and preserving community access. The location of the property is shown highlighted on the plan attached.

The property was marketed and a closing date set, with the highest offer accepted for a hairdressing business. However, the transaction did not conclude as the prospective tenant pulled out following local objections received as part of their planning application for change of use.

The property was remarketed and following interest from a number of enquirers a closing date in January 2019 was set with four offers received.

D2 Offers Received

Officers have carefully evaluated all offers received and information on the two highest offers received in terms of rental are outlined in the following sections.

D2.1 Proposed Offer for Acceptance

The offer proposed to be accepted is from Abby J's Cakes, who intend to use the property as a café and cheesecake shop. The company has advised within their submission that they are committed to enabling community access and events by utilising the hall and group space in a multi-function manner. The changing rooms will continue to be made available for use by the Mid Calder Colts.

The proposed use will require minimal works to be undertaken to the property to enable use as a café and cheesecake shop whilst remaining suitable for community use.

The lease of the subjects is proposed on the following terms.

1. Lessee: Abby J's Cakes (Chris and Gillian Liddle)
2. Initial Rent: £8,400 per annum (excluding VAT)
3. Use: Café, Cheesecake Shop and Community Use
4. Lease Term: three years.
5. Lease commencement date: To be agreed between the two parties.
6. Each party is to meet their own legal costs.
7. Repairing obligations - the lease will be on a full repairing and insuring basis, with the tenant being responsible for all repairs to the property.

8. Other conditions –

- a. Whilst it was not a criteria for offers, the proposals from this party will involve minimum changes to the current building layout
- b. The continued use by Mid Calder Colts will be enabled (subject to normal council letting charges and let conditions being applied if appropriate)

Officers believe this offer represents best value for the council taking into account all circumstances. Whilst it will not achieve the highest rental it would preserve the current building layout which reduces the risk of future liabilities for the council and also enables use by the community.

D2.2 Other Offer

The highest offer in terms of rental proposed is from an established company. However, research as part of the business plan appraisal process identified associated companies that have been subject to debt actions. This offer also does not provide a commitment to enable community access beyond that of Mid Calder Colts. Due to the historic nature of the property if circumstances resulted in business failure the council could be exposed to substantial reinstatement work costs.

The proposed offer from the party concerned was on the following terms.

1. Proposed Lessee: *Name Withheld*
2. Initial Rent: £10,200 per annum (excluding VAT)
3. Use – Beautician and Therapy Centre
4. Lease Term: three years, with possible extension to five years.
5. Lease commencement date: To be agreed between the two parties.
6. Each party is to meet their own legal costs.
7. Repairing obligations - the lease will be on a full repairing and insuring basis, with the tenant being responsible for all repairs to the property.
8. Other conditions –
 - a. The continued use by Mid Calder Colts will be enabled (subject to normal council letting charges and let conditions being applied if appropriate)

As part of the proposal significant internal alterations would be required to form treatment rooms and ancillary accommodation. The council's consent to the alterations if this offer were to be considered further would be predicated on the basis of a substantial reinstatement bond which would be prohibitive to the business plan submitted.

E. CONCLUSION

It is considered in the council's best interest to enter into the three year lease at 9 School Lane, Mid Calder to Abbey J's Cakes (Chris and Gillian Liddle) on the basis of the terms outlined in this report.

F. BACKGROUND REFERENCES

None.

Appendices/Attachments: Location Plan

Contact Person:

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Donald Forrest, Head of Finance and Property Services

Date of meeting: 26 March 2019