

DATA LABEL: PUBLIC



COUNCIL EXECUTIVE

ABBOTSFORD RISE, DEDRIDGE, LIVINGSTON HEAD LEASE RENT REVIEW

REPORT BY HEAD OF FINANCE AND PROPERTY

A. PURPOSE OF REPORT

To seek Council Executive approval to a settlement of the head lease rent review in respect of Abbotsford Rise Business Units, Dedridge, Livingston.

B. RECOMMENDATION

It is recommended that Council Executive:

1. Approves the settlement of the scheduled rent review for Abbotsford Rise Business Units at a figure of £90,000 per annum for the council's lease of the business units;
2. Delegates authority to the Head of Finance and Property Services to execute any further terms and conditions or changes to those outlined in the report on the basis that these continue to represent the achievement of Best Value for the council.

C. SUMMARY OF IMPLICATIONS

I Council Values	Focusing on our customers' needs; being honest, open and accountable; providing equality of opportunities; making best use of our resources; working in partnership.
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	The report seeks approval to delegate authority to the Head of Finance and Property to execute and deliver any further terms and conditions or changes to those outlined in the report on the basis that these shall continue to represent the achievement of Best Value.
IV Impact on performance and performance Indicators	This leased in property shall continue to support rental income streams contributing towards the council's revenue budget targets for the commercial property portfolio.

V	Relevance to Single Outcome Agreement	The proposal will support the delivery of Single Outcome Agreement objectives including: Our economy is diverse and dynamic and West Lothian is an attractive place for doing business; and we make the most efficient and effective use of resources by minimising our impact on the built and natural environment.
VI	Resources - (Financial, Staffing and Property)	There is an increase in rental due to the Head Landlord. The council as sub-landlord; will receive income from tenants. The council's contractual obligations under the existing head lease will continue to be managed within existing staff resources whilst backdated rental will be managed via existing rental income budgets.
VII	Consideration at PDSP	None.
VIII	Other consultations	The elected members for the ward have received a copy of this report for their information.

D. TERMS OF REPORT

D.1 Background

Abbotsford Rise is located at the Williamston Interchange on the A71 and comprises ten small business units of varying size, with a total lettable area of 16,572 sq ft. The council's predecessor Livingston Development Corporation agreed to enter a 35 year head lease commencing 10 June 1981 and the council assumed responsibility for the lease in 1996. The lease included a landlord's option to extend the term for a further 25 years from 10 June 2016, which was exercised by the landlords in 2008.

The head lease between Wayridge Limited (c/o Blair Estates Limited) and Livingston Development Corporation (now vested in West Lothian Council) comprises an expiry date of 9 June 2041 with a passing rental of £75,500 per annum. The head rent review mechanism assesses the total market value of the units assuming all are let individually at the date of the review. A 12.5% discount was applied to reflect the council's cost and risk of managing the whole development.

Since the last head rent review in June 2016, there has been a general increase in the rental levels agreed with sub-tenants mirroring greater demand in the wider industrial market over the last few years. Implications resulting from the Covid-19 pandemic hindered efforts to conclude longstanding negotiations with the head landlord's agent. To avoid a lengthy Arbitration process with an uncertain outcome for the council a settlement figure of £90,000 per annum has been provisionally agreed in principle subject to Council Executive approval.

D.2 Proposed Lease Terms

The main terms and conditions of the proposed rent review settlement include the following;

- Rent Review Date: Effective from 10 June 2021.

- Proposed Rental: £90,000 per annum.

It is proposed that the Head of Finance and Property Services is authorised to carry out any further negotiations with the proposed tenant in respect of the lease conditions on the basis that any revised terms continue to represent the achievement of Best Value for the council.

E. CONCLUSION

It is considered to be in the council's best interests under the existing lease terms to agree to the proposed rent review for the premises at Abbotsford Rise, Dedridge, Livingston in accordance with the terms and conditions set out above.

F. BACKGROUND REFERENCES

None.

Appendices/Attachments: Appendix 1 – Location Plan.

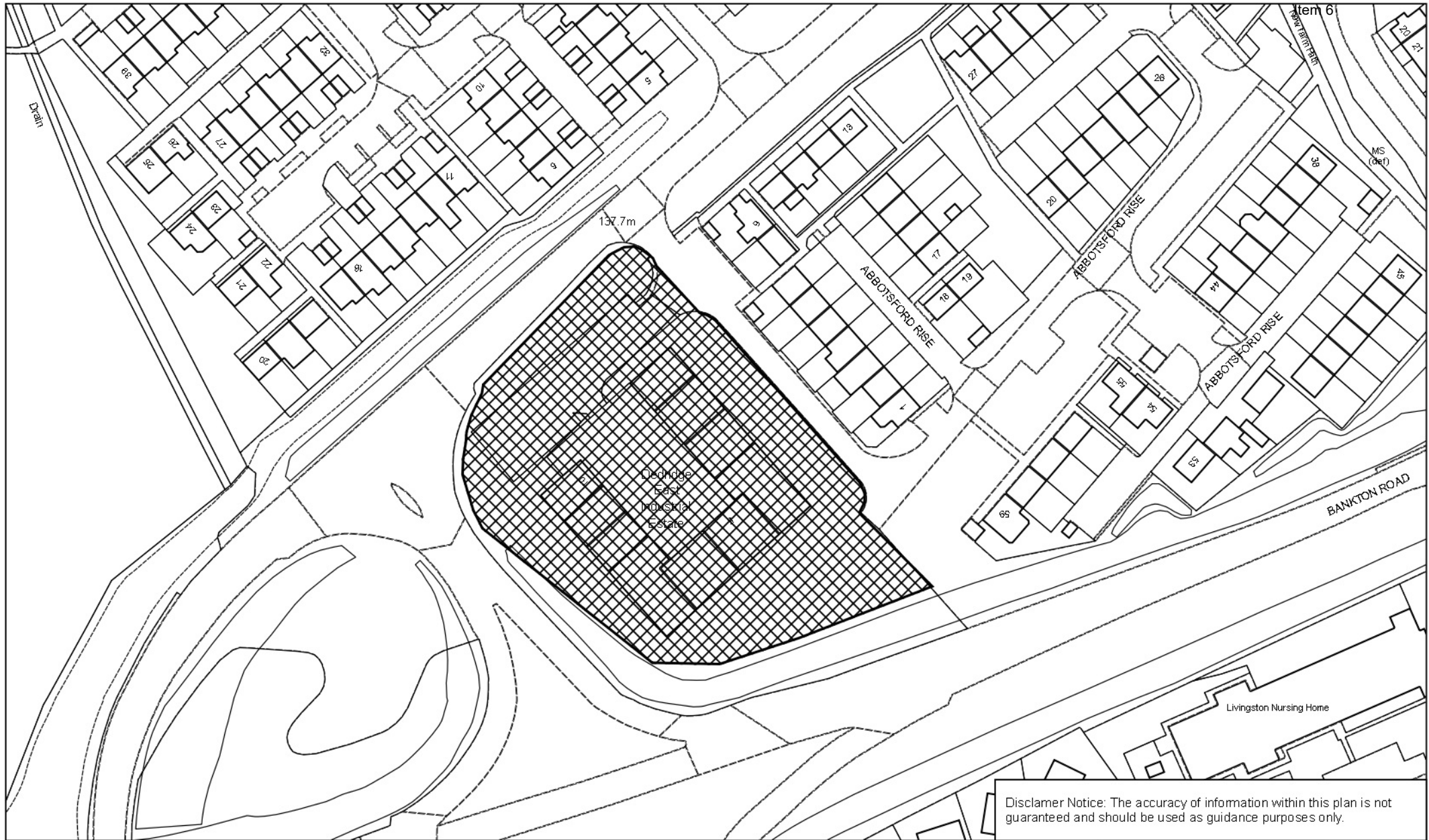
Contact Person: Heather-Ann Ross, Commercial Property Surveyor, Finance & Property Services.

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Donald Forest
Head of Finance and Property Services

Date of meeting: 7th February 2023

Appendix 1: Location Plan



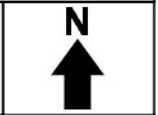
Disclaimer Notice: The accuracy of information within this plan is not guaranteed and should be used as guidance purposes only.



Dedridge East Industrial Estate, Abbotsford Rise, Livingston

Not to Scale

A4



Property Services, West Lothian Civic Centre, Livingston, EH54 6FF

20/1/2023

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