



## Henley-on-Thames Town Council

HENLEY ON THAMES TOWN COUNCIL TOWN HALL MARKET PLACE  
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### **HENLEY-ON-THAMES TOWN COUNCIL'S STRATEGIC DIRECTION CONCERNING THE IMPLEMENTATION OF LEASES, RENTS, CONTRACTS, LOANS AND OTHER INCOME STREAMS**

#### **1. LEASES**

The list below covers the main topics that need to be addressed when the Council is considering granting a lease:

- Leases should always be excluded from the Landlord and Tenant Act 1954 to avoid security of tenure.
- Leases with a term of 7 years or greater need to be registered with the Land Registry therefore a maximum term of 5 years is recommended for commercial leases. This may be increased up to 20 years for sports clubs to enable them to secure third party funding.
- If the land/building is in good condition, the lease should have full repairing obligations.
- Where a full repairing lease is not appropriate, for instance for older or listed building where a potential liability may deter tenants, a full and comprehensive list of respective responsibilities should be drawn up. Typically the Council would be responsible for maintaining and repairing the external structure of the building including incoming services and utilities, integral plumbing and pipework and electrical wiring, with tenants being responsible for maintenance and repairs to the internal walls, floors, ceiling, equipment and windows.
- All potential tenants should be subject to analysis of their trading history/financial robustness by the RFO and good references obtained. The analysis would include obtaining signed accounts for at least the past two years.
- Break clause(s) may be included if appropriate. Although these clauses are rarely effected, it gives the Council an opportunity to recover possession of the property if circumstances/priorities alter.
- The lease should state that sub-letting is not allowed without the express written agreement of the Council. The lease should not state that such written agreement is '*not unreasonably withheld*'. Where sub-letting is permitted by the Council, then the Council must have sight of the intended sub-lease.
- Tenant should pay 100% of the Council's proper legal costs (but not ancillary costs e.g. production of EPC, agent fees etc.) unless expressly agreed by the Council.

- Leases MUST be drawn up or approved by the Council's solicitors prior to approval at the Finance Strategy & Management Committee (FS&M). It may be acceptable for the proposed tenant's solicitor to draw up the lease (to save on their costs) where a charity is involved and their legal work is carried out pro bono. However, approval of the resulting documentation by the Council's solicitor is still required and this cost would be re-charged.
- Renewals of leases to tenants that had a history of being difficult or resource-intensive would normally not be considered.
- A tenant occupying land under a farm based tenancy must be notified at least 12 months in advance of the tenancy terminating to avoid the right to renew. The FS&M Committee Administrator is expected to ensure that the appropriate notification is given in a timely fashion.
- Where a lease relates to a change in use consideration should be given as to any business rates implications on that property, and the relevant valuation authority notified, and any planning permissions that may be required. Normally the tenant would be responsible for the payment of business rates, contents insurance, and utilities. The Council normally insures the building.
- Having taken all the above into account, the RFO or other appointed officer should prepare for the relevant Standing Committee (normally FS&M) a report analysing all available information, and any specific representation(s) from potential tenants. The information would include comparable and/or previous rent values for the same or similar properties and an independent valuation. It should also include recommendations as to the main details to be included in the Heads of Terms (rent payable, length of lease, type of agreement e.g. full repair, deposit required or other security, start date etc.) for approval by Committee then Full Council.
- Once approved in principal officers should arrange for the draft agreement and Heads of Terms to be drawn up for review by the HR/Legal Group to report back to FS&M, followed by final approval by Full Council.
- Any complications or issues relating to new or existing lease are to be referred to the HR/Legal Group for discussion and recommendations submitted to FS&M.

## 1.1 **RENTS**

- The level of rent for new lease should be determined by Council with reference to an independent valuation. There will be occasions where an independent valuation is not cost effective (e.g. for a one year lease) and a commercial rent figure will be recommended by officers based on comparable sites and tenancies.
- The level of rent for a renewed lease may not need to be supported by an independent valuation if there is no indication of general market increases above the RPI.
- A commercial level of rent should always be set except where the Council has pledged ongoing support by way of non-commercial rent in the following cases:
  - A tenant that operates on a non-profit basis for the good of the local community, e.g. the CAB or Henley Volunteer Bureau.
  - A sports club leasing an area of land for activities particularly those with facilities for younger members of the community.
- Annual RPI rent increases are preferred for the above cases as it is a more cost effective use of time and also assists the tenant to budget expenditure.

## **2. CONTRACTS**

Contracts can include annual licences (e.g. for Market Place seating, parking at Upper Market Place, for Ice Cream vans) or ad hoc licences for filming, use of land at Mill Meadows for events and weekend specialist markets in the Town Centre. Annual licences are generally considered by the Town & Community Committee during the budget setting process. The Recreation & Amenities Committee considers requests for the use of Mill Meadows or other open spaces as they arise. The Town Clerk and RFO have delegated powers to consider one off charges for filming as they arise as they are usually at short notice, cause little disruption, and are for amounts no greater than £1,000 or so. Over the year filming licences prove to be a lucrative if unpredictable source of income for the Council and are charged based on the area and length of time the land is required.

## **3. LOAN INCOME (INTEREST)**

The Council recently reviewed its Loans Policy with a document being presented to FS&M on 13 December 2016 and approved by Full Council on 3 January 2017. The approved version detailing the guidelines (effective from 1 April 2017) has been published on the Council's website. Interest should be charged on loans at 2% above the Bank of England base rate.

## **4. OTHER INCOME STREAMS**

Other income streams include the following:

- Room/venue hire at the Town Hall, Old Fire Station Gallery and Barn – rates are considered by the Town & Community (T&C) Committee at the budget setting process;
- Weekly charter markets/Farmers markets – rates are again considered by the T&C Committee at the budget setting process;
- Parking and temporary mooring charges – rates are considered by the Recreation & Amenities (R&A) Committee at the budget setting process.
- Cemetery Income – rates are considered by the R&A Committee at the budget setting process;
- Feed In Tariffs are derived on the solar panels at three properties in accordance with rates applied by the respective energy companies;
- Permanent Moorings at River Terrace/White Hart/Mill Meadows are subject to an agreement which is to be reviewed prior to April 2018.

## **5. GENERAL**

The above guidelines are not to be regarded as prescriptive so not to prejudice the Council's negotiating position.

Reviewed by Finance Strategy & Management Committee: 18 April 2017

Approved by Full Council: 3 May 2017

Reviewed by RFO for FSM meeting 23 January 2018

Reviewed by RFO for FSM meeting 12 February 2019