

**South Ayrshire Council**

**Report by Head of Property and Risk  
to Leadership Panel  
of 23 August 2016**

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**Subject: Proposed Lease Renewal, 13 Whitfield Drive, Ayr**

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**1. Purpose**

- 1.1 The purpose of this report is to seek Panel consent to terminate the current lease for the unit at the above address by mutual consent and grant the existing tenants a new lease of 20 years to include an additional area of land shown hatched on the attached plan.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

- 2.1.1 agrees to terminate the existing lease of 13 Whitfield Drive, Ayr that still has 5 years unexpired ;**
- 2.1.2 agrees to the lease to Carrs Agricultural Limited of the area of ground and buildings as shown on the plan at Appendix 1 for a period of 20 years at a rent of £35,000 per annum, subject to 5 yearly review ; and**
- 2.1.3 grants delegated authority to the Executive Director – Resources, Governance and Organisation to conclude the lease on these and such other reasonable terms and conditions as appropriate.**

**3. Background**

- 3.1 The tenant, Carrs Agriculture Ltd, originally approached the Council in 2012 regarding their requirement for additional space as a result of the successful expansion of their business. After consultation with relevant services it had been agreed in principle to grant a minute of variation to their existing lease extending the area of ground occupied in order that they might construct additional warehousing on the leased subjects.
- 3.2 Planning consent was received for the erection of the warehouse however the company was forced to cancel construction as it was unable to reach agreement with Scottish Water on the issue of a water main which runs through the extended area.

3.3 Consequently the company's management team investigated the possibility of moving their operations out of Ayr however on 28 May 2015 they obtained planning consent for an amended proposal on their current site which suits their needs and is acceptable to Scottish Water.

#### **4. Proposals**

4.1 It is proposed to terminate the existing lease that covers the original smaller area of ground extending to approximately 6,500 m<sup>2</sup>.

4.2 It is proposed that a new 20 year lease be put in place for the expanded area of ground extending to approximately 7,900 m<sup>2</sup> that allows for the tenant's expansion proposals and gives them additional security in view of their significant financial investment, which is understood to be in excess of £300,000.

4.3 Following negotiations with the tenants it was agreed that there was no evidence to support an uplift in the previous passing rent of £30,000 per annum at the review date of 28 May 2016 and consequently the rent would have remained unchanged. It has however been agreed with the tenant that the rent at the commencement of the new lease will be increased to £35,000 per annum to reflect the additional land area covered by the new lease.

4.4 The new lease will be on the basis of a Full Repairing and Insuring (FRI) lease with upwards only rent reviews to market value at 5 yearly intervals. The tenant has secured planning permission for his proposed extension and will fund and proceed with this on agreement of the new lease. Rent reviews will therefore ignore the value of the new buildings in calculation of the appropriate review.

#### **5. Legal and Procurement Implications**

5.1 The recommendations in this report are consistent with legal requirements. Legal Services will be required to draft formal documentation.

5.2 There are no procurement implications arising from this report.

#### **6. Financial Implications**

6.1 The rental income stream will increase by £5,000 per annum and be extended for an additional 15 years beyond the period of the original lease.

#### **7. Human Resources Implications**

7.1 Not applicable.

#### **8. Risk**

##### ***8.1 Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

##### ***8.2 Risk Implications of Rejecting the Recommendations***

8.2.1 The business is unable to function effectively and is forced to relocate from its current premises thus losing an income stream for the Council.

## 9. Equalities

- 9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 2.

## 10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## 11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## 12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to the Council strategic objective of 'Improve the way that we work as a Council' and within that to the outcome 'Land and building assets that are well maintained, fit for purpose and affordable'. It also contributes to the Council strategic objective of 'Working in partnership to maximise the potential of our local economy' and within that to the outcome 'Businesses and social enterprises are supported to set up, thrive and expand'.

## 13. Results of Consultation

- 13.1 There has been no public consultation on the contents of this report.
- 13.2 Consultation has taken place with Councillor Robin Reid, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.

## 14. Next Steps for Decision Tracking Purposes

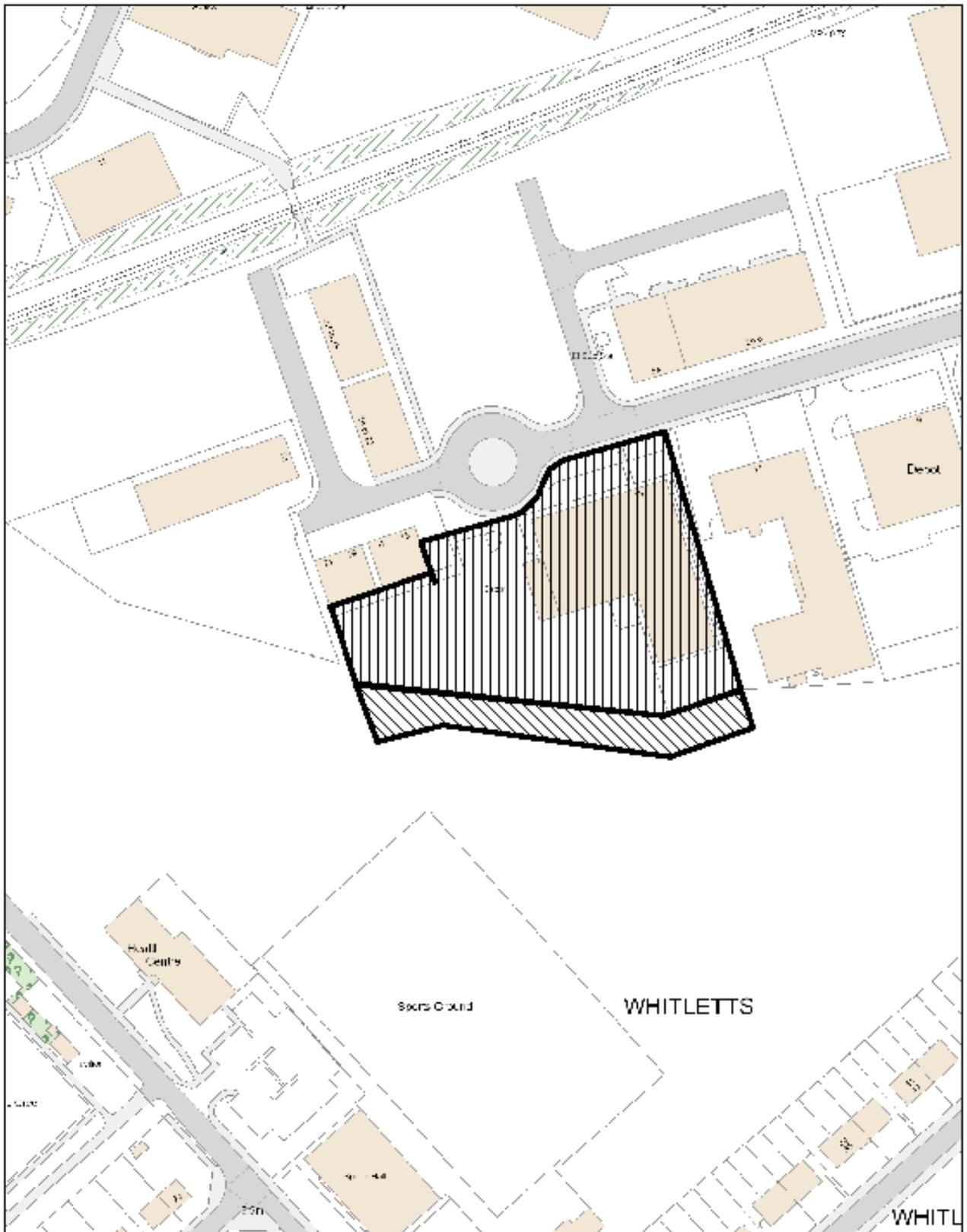
- 14.1 If the recommendations above are approved by Members, the Head of Property and Risk will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<b><i>Implementation</i></b>	<b><i>Due date</i></b>	<b><i>Managed by</i></b>
Existing lease to be terminated and new lease concluded	31 December 2016	Head of Property and Risk

**Background Papers**    **None**

**Person to Contact**    **Donald Gillies, Head of Property and Risk,  
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**Date:**    **15 August 2016**



Location Plan - 13 Whitfield Drive, Ayr

Scale 1:1500



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## 1. Proposal details

Proposal Title <b>Proposed Lease Renewal, 13 Whitfield Drive, Ayr</b>	Lead Officer <b>Donald Gillies</b>
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2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this proposal? Please indicate whether these would be positive or negative impacts

Community, Groups of People or Themes	Negative Impacts	Positive impacts
The whole community of South Ayrshire	No	No
People from different racial groups, ethnic or national origin.	No	No
Women and/ or men (boys and girls)	No	No
People with disabilities	No	No
People from particular age groups for example Older people, children and young people	No	No
Lesbian, gay, bisexual and heterosexual people	No	No
People who are proposing to undergo, are undergoing or have undergone a process to change sex	No	No
Pregnant women and new mothers	No	No
People who are married or in a civil partnership	No	No
People who share a particular religion or belief	No	No
Thematic Groups: Health, Human Rights, Rurality and Deprivation	No	No

3. Do you have evidence or reason to believe that the proposal will support the Council to:

General Duty and other Equality Themes	Level of Negative and/ or Positive Impact (high, medium or low)
Eliminate discrimination and harassment faced by particular communities or groups	-
Promote equality of opportunity between particular communities or groups	-
Foster good relations between particular communities or groups	-
Promote positive attitudes towards different communities or groups	-
Increase participation of particular communities or groups in public life	-
Improve the health and wellbeing of particular communities or groups	-
Promote the human rights of particular communities or groups	-
Tackle deprivation faced by particular communities or groups	-

## 4. Summary Assessment

<b>Is a full Equality Impact Assessment (EQIA) required?</b> (A full EQIA must be carried out on all high and medium impact proposals)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>Rationale for decision:</b> <p style="text-align: center;"><b>The proposal does not have a significant negative or positive impact on any particular group.</b></p>	
Signed : <b>Donald Gillies</b> Head of Service	
Date: <b>21 July 2016</b>	Copy to <a href="mailto:equalities@south-ayrshire.gov.uk">equalities@south-ayrshire.gov.uk</a>