

If you are a first time tenant the procedure is as follows:-

1) Viewing of the Property:

- We will arrange a convenient time between the hours of 9.00 a.m. and 3.30 p.m. Monday to Friday

2) Agreeing Lease Terms:

- If the premises are suitable, the “Heads of Terms” for the Lease will be discussed and agreed, “subject to contract”, i.e. to the completion of the Lease itself.

3) Head of Terms:

These include:

- **Demise:**

This refers to the actual area of land or buildings to be let.

- **Rent:**

Quoted on an annual basis but is due quarterly on 25 December, 25 March, 24 June and 30 September of each year.

- **Rent Deposit:**

A rent deposit is likely to be required. This sum paid at the beginning at the Lease may be required as “Security”. The money, usually equivalent to six-month’s rent is held by the Council and returned to the tenant at the end of the Lease if there are no monies owing to the Council.

- **Rent Review:**

If the Lease is longer than 3 years a review of the rent will usually be included.

- **Use:**

The use to which the premises can be put will be agreed at the outset (the "User" Clause in the Lease). This use may be very flexible and only restricted by planning, i.e. an industrial unit with planning permission for such use cannot be used for retail sales and vice versa.

However sometimes the Council may need to restrict the use in view of the businesses being carried on by its adjoining tenants, e.g. shops in a parade on a Housing Estate.

Often "A3" use, i.e. as a restaurant or take-away is difficult to obtain, usually for estate management and planning reasons.

- **Type of Lease:**

This may be a Lease granted under the Landlord and Tenant Act 1954 which gives the tenant statutory rights to renew the lease at the end of the term subject to certain conditions being fulfilled. The Lease may however be "contracted" out of the Landlord and Tenant Act. This means that the tenant has no automatic rights to be granted a further Lease at the end of the term but may do so with the agreement of the Council.

- **Length of Lease:**

This will be agreed between the parties.

- **Break Clauses:**

These may be included allowing either or both parties to "break" the Lease on giving a certain period of notice.

- **Repairs and Maintenance:**

Usually the tenant is responsible for all repairs and maintenance to the property, both inside and outside, except for those areas in common use.

- **Non Domestic Rates (NDR):**

In almost all cases the tenant will pay the rates. The “Rateable Value” (RV) is determined by the District Valuer (part of the Inland Revenue). To find out the rates to be paid annually the RV is multiplied by the annual rate in the £ (e.g. Rateable Value £ 5,000 p.a. x £xxx (rate in £ for year 2005/2006) = £ rates payable, annually.

The rates are collected on behalf of another Council Department, the Borough Treasurers Department, on behalf of Central Government. Corporate Property does, however, regularly monitor the RV's of all the properties it owns to ensure they are not higher than they should be.

- **Alienation:**

This refers to whom you can share the premises with. Usually, for reason of good estate management your Lease will not permit you to:

- Share the premises with anyone else
- Sublet
- “Assign”, i.e. transfer the Lease to anyone without the Council's permission which will be by way of a formal legal document

- **Alterations:**

Usually your Lease will permit you to carry out alterations of a “non-structural” nature. If they are structural the Council's consent as landlord will be required. Sometimes drawings showing the alterations will be required and you will be asked to enter into a “Licence for Alterations”. This authorises the agreed works. It may require you to put the premises back at the end of the Lease as they were before the alterations were carried out. This is known as “reinstatement”.

- **Insurance:**

Usually the Council insures the premises under its block insurance policy. Insurance Premiums are then recharged on an annual basis to the individual tenants. Tenants are responsible for arranging contents insurance and for shop premises, also plate glass insurance. They are also responsible for public liability and other employees insurance.

- **Service Charges:**

For some properties a service charge is payable to cover maintenance, etc. of common areas.

- **Other Outgoings:**

Running costs of water/sewage, electricity and gas will be paid by the Tenant.

- **Costs:**

Usually the ingoing tenant is asked to pay the Council's legal and surveyor's fees as well as their own. Estimated figures for these costs can be given.

- **References:**

The grant of the Lease will be subject to satisfactory financial/bank/trade//personal references as appropriate. These will be taken up as soon as the Heads of Terms are agreed.

4) Agreeing the Lease:

After the "Heads of Terms" are agreed between the parties, Corporate Property will obtain Council authority to proceed with the letting and when obtained will instruct the Borough Solicitor to prepare the draft Lease. The Tenant will instruct a solicitor and once both parties have agreed the form of Lease, it will be "signed and sealed" by both parties.

At this point it will become a legal binding document and no longer "Subject to Contract". You are strongly advised to seek professional advice and employ a solicitor to act on your behalf.

5) Moving into the Premises:

This is not normally possible until the Lease is completed except for viewing purposes.

6) Completion of the Lease:

The keys will be handed over, the meters read and the statutory authorities (water, gas, electricity) advised as well as for the collection of Business Rates.

What should you expect from the Council as Landlord?

- To provide a contact number for general and specific enquiries.
- To deal with any issues arising fairly and courteously and as quickly as possible.
- To insure the buildings (where appropriate) and process any claim made by a tenant as quickly as possible.
- Carry out repairs to any parts of the property for which the Council is responsible under the terms of the Lease.

What should Council expect from you as the Tenant?

- To pay your rent in full and on time.
- To keep to your Lease Terms.
- To let us know immediately if you cannot do either of the above for any reason, to see if the situation can be resolved.
- Not to change the use of the premises or let anyone else use it without the Council's permission as landlord (it may **not** be possible to give this).