Havering
LONDON BOROUGH

Notice of NON KEY Executive Decision containing exempt information.

This Executive Decision Report is part-exempt and Appendices A is not available for public inspection as it contains or relates to exempt information within the meaning of paragraph 1 and 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to financial and business affairs of the Tenant and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Subject Heading:	43 High Street, Romford, Essex RM1 1JL. Tenancy at Will / New Lease.
Decision Maker:	Paul Walker - Interim Director of Housing & Property.
Cabinet Member:	Robert Whitton - Cabinet Member for Housing & Property.
SLT Lead:	Neil Stubbings - Strategic Director of Place.
Report Author and contact details:	London Borough of Havering (LBH) Dale Wilkins Commercial Property Manager Property Services Town Hall Main Road Romford RM1 3BD Tel: 01708 433 669 E: dale.wilkins@havering.gov.uk
Policy context:	Asset Management Plan.
Financial summary:	The financial aspects for the transaction are detailed in the EXEMPT Appendix A to this Report.

Non-key Executive Decision

Relevant Overview & Scrutiny Sub Committee:	Place.
Is this decision exempt from being called-in?	The decision will be exempt from call in as it is a Non key Decision.

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents ( )
Place - A great place to live, work and enjoy (x)
Resources - A well run Council that delivers for People and Place ( )

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To approve the exercise of delegated authority by the appropriate Property Officer to grant a tenancy at will, followed by the preparation of a new lease in accordance with the details in Exempt Appendix A.

AUTHORITY UNDER WHICH DECISION IS MADE

Havering Council's Constitution Part 3.3 Scheme 3.3.5 (2 April 2024 - current).

8.1 To be the Council's designated corporate property officer, responsible for the strategic management of the Council's property portfolio, including corporate strategy and asset management, procurement of property and property services, planned and preventative maintenance programmes, property allocation, security and use, reviews, acquisitions and disposals, and commercial estate management.

8.6 To dispose of any property of asset of the Council provided that the value of the property or asset is less than £1,000,000. The delegation is subject to the following requirements:

- **a)** complying with the Code of Practice on the Disposal of Surplus Property .
- **b)** in cases where the Cabinet has already approved the principle but not the terms of a property disposal without the invitation of competitive bids, the provisionally agreed terms of any disposal exceeding £1,000,000 shall be reported to Cabinet for approval before the transaction is concluded.
- **c)** in cases that have not been the subject of competitive bids but are below £1,000,000 in value, the provisionally agreed terms of disposal shall be reported to the Strategic Director of Resources, before the transaction is concluded.

d) complying with relevant Council policy on property transactions.
e) referring a matter for Member decision where it is proposed to recommend other than the best financial bid.

The above powers are the subject of a sub-delegation from the Strategic Director of Place to the Interim Director of Housing and Property, as notified to the Monitoring Officer on 3 April 2024.

STATEMENT OF THE REASONS FOR THE DECISION

Background

New Lease

The Property comprises a ground floor lock up retail unit. It has been offered to let on the open market through the Council's appointed agent and, following that marketing exercise, the Council has agreed terms for a new letting.

After considering the lease proposals and tenant covenants received during the marketing, the best overall lease and occupier package has been selected to progress. The proposed tenant intends to operate a pilates studio (use class E) from the premises. A guarantor has been provided to support the tenant's covenant, and a rent deposit equal to 3 months' rent has also been secured to further protect the Council's position.

Tenancy at Will

In order to accelerate early occupation, it is proposed that the tenant takes the Property on a tenancy at will basis whilst the lease is drafted and completed. We will receive the 3 months' rent deposit prior to the completion of the tenancy at will. The issuing and completing of the tenancy at will agreement will be led by Property Services.

Recommendations

Tenancy At Will

It is recommended that the Council agrees that the Senior Estates Surveyor, London Borough of Havering - Property Services prepares the tenancy at will on the rental terms detailed in Exempt Appendix A.

New Letting

It is recommended that to formalise the new letting, the Council agrees that the Senior Estates Surveyor, London Borough of Havering - Property Services instructs the Council's Legal team to draw up a new Lease and Rent Deposit Deed as per the details in Exempt Appendix A.

OTHER OPTIONS CONSIDERED AND REJECTED

Option: Not to proceed with the Tenancy at Will and the new letting of the Property.

Rejected: There is no reason not to agree the new letting. The letting will provide the Council with a new rental income stream bringing the retail unit into active use, and end the Council's void costs including utilities and business rates liability.

PRE-DECISION CONSULTATION

The Property has been fully marketed, and the tenant has proposed the best lease terms along with a good market rent.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Dale Wilkins
Designation: Commercial Property Manager

Signature:
Date: Wednesday 19th August 2026

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The recommendation of this report is to grant a new lease in accordance with the terms set out in Exempt Appendix A. The Lease will be contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954, meaning that the tenant will have no automatic right to renew the Lease at the end of the contractual term and will be required to vacate the Property upon expiry. The proposed Tenancy at Will shall facilitate the tenant's early occupation pending completion of the Lease. Care must be taken to ensure that the arrangement remains a tenancy at will and does not inadvertently confer security of tenure or other tenancy rights. The Lease will therefore be completed as soon as reasonably practicable.

Pursuant to section 123 of the Local Government Act 1972, the Council may dispose of land in a variety of ways, including by granting a lease provided that it obtains the best consideration reasonably obtainable, unless an exception applies or the consent of the Secretary of State is obtained. It is noted that the proposed rent is consistent with the independent valuation obtained for the Property and is therefore considered compliant with this statutory requirement.

The Council also has a general power of competence under section 1 of the Localism Act 2011, which enables local authorities to do anything that an individual may do, subject to any statutory limitations. This power enables the Council to grant the proposed 15-year lease in accordance with the relevant statutory framework.

Overall, the legal and commercial risks associated with the transaction are considered low. Any risks relating to tenant default are mitigated through the provision of a guarantor, a rent deposit equivalent to three months' rent, and the completion of the Lease and Rent Deposit Deed. The recommendation is therefore considered consistent with the Council's statutory powers and property management objectives.

FINANCIAL IMPLICATIONS AND RISKS

The new lease will generate additional rental income for the Council during the lease term, helping to alleviate pressure on the commercial rent income budget. VAT is not chargeable on the rent. This tenancy will also save the Council future void costs, including utilities and business rates, as the property will no longer be vacant.

A one month rent free period has been negotiated to assist the tenant in purchasing initial fixtures and fittings, and to help the tenant get their business off the ground.

The three-month rent deposit will allow the council to recover costs in the event that the tenant becomes unable to pay the rent, giving the council more security against loss of income.

The legal costs associated with drawing up the new lease will be paid by the incoming tenant. The tenant will also be liable for the repairs and redecoration of the property, except for structural works which will remain the responsibility of the Council.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

No human resources implications and risks have been identified.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

(i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
(ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
(iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a proposed or planned activity is likely to affect staff, service users, or other residents.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

There are no equalities and social inclusion implications and risks associated with this decision.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

No Environmental and Climate Change implications identified.

<u>Non-key Executive Decision</u>

BACKGROUND PAPERS
None.

APPENDICES	
Exempt Appendix A	Landlord's Proposals for New Letting.

Non-key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed

Name: Paul Walker

Position: Interim Director of Housing & Property

Date: 27th August 2026

Lodging this notice

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on ______________________________

Signed ______________________________