

ROYAL BOROUGH OF KENSINGTON AND CHELSEA**CABINET – 22 JUNE 2011****REPORT BY THE DIRECTOR FOR PROPERTY****MARCHANTS HILL ACTIVITY CENTRE, TILFORD ROAD
HINDHEAD, SURREY, GU26 6RB
LEASE RENEWAL**

This report seeks Cabinet approval to the Council granting a lease renewal to PGL Travel Ltd of Marchants Hill Activity Centre.

FOR DECISION**1. INTRODUCTION**

- 1.1 The site (see site plan attached) is located in Hindhead in the county of Surrey between Petersfield (approximately 13 miles) and Guildford (approximately 14 miles).
- 1.2 The site area extends to approximately 40 acres and supports a number of buildings required for the operation of an activity centre.
- 1.3 The property is vested in the General Fund.

2. BACKGROUND

- 2.1 See Confidential Part B Appendix relating to confidential background information.

3. NEED

- 3.1 The letting of the premises would fulfil the objectives of the Council in maintaining revenue income from its commercial portfolio.

4. TERMS

- 4.1 Please refer to Confidential Part B Appendix.

5. FINANCIAL, LEGAL, PERSONNEL AND EQUALITY IMPLICATIONS

- 5.1 The Group Finance Manager, Corporate Services, has been consulted and concurs with the recommendation in this report.
- 5.2 The Director of Legal Services has been consulted and comments that the property was subject to a condition only to dispose of the property under certain conditions. That condition was removed by statutory instrument in March 1997.
- 5.3 There are no Personnel implications.
- 5.4 There are no Equality implications.

6. OPTIONS

- 6.1 The Council may choose not to accept the proposed letting. However, the tenant's lease is protected under the security of tenure provisions of the Landlord and Tenant Act 1954 Part II. The tenant can apply to Court to renew the lease and is entitled to compensation should the Council put forward statutory grounds for refusal of a new lease. The tenant would then be entitled to compensation which will include a contribution towards the tenant's improvements carried out on site.
- 6.2 By choosing to renew the lease the Council will benefit from rental income to the General Fund and the tenant will be responsible for the property costs including business rates, security, maintenance and insurance.

7. SUSTAINABILITY IMPLICATIONS

- 7.1 There are no sustainability implications.

8. RISK IMPLICATIONS

- 8.1 All threats and opportunities identified to the proposals in this report have been considered and risk mitigation actions addressed wherever possible.

9. RECOMMENDATION

- 9.1 Cabinet is recommended to approve the grant of a new lease at Marchants Hill Activity Centre, Tilford Road, Hindhead, Surrey GU26 6RB on the terms set out in Confidential Part B Appendix.

Michael Clark
Director for Property

Nicholas Holgate

Executive Director for Finance, Information Systems and Property