

Decision by Portfolio Holder



Report reference: AED-001-2017/18

Date of report: 11 October 2017

**Epping Forest
District Council**

Portfolio: Asset Management and Economic Development

Author: Karim Pabani (Ext 4123)

Democratic Services: J Leither

Subject: Lease Renewal and two associated licences for works – BP Petrol station at the junction of Chigwell Lane, The Broadway and Torrington Drive

Decision:

- (1) **Approval of Lease Renewal with BP Oil UK Limited (“BP”) at an annual rent of £120,000 for a term of 15 years, subject to a Landlord’s break option at the end of the tenth year in accordance with the requirements of the Landlord and Tenant Act 1954, as per the terms outlined in this report.**
- (2) **Approval to two associated licences for works at the property (one related to a new access and one related to improvements to the property).**

ADVISORY NOTICE:

***A Portfolio Holder may not take a decision on a matter on which he/she has declared a Pecuniary interest.
A Portfolio Holder with a non-pecuniary interest must declare that interest when exercising delegated powers.***

I have read and approve/~~do not approve~~ (delete as appropriate) the above decision:

Comments/further action required:

Signed: Councillor A Grigg

Date: 11th October 2017

Non-pecuniary interest declared by Portfolio Holder/ conflict of non-pecuniary interest declared by any other consulted Cabinet Member:

None

*Dispensation granted by Standards Committee:
Yes/No or n/a*

N/A

Office use only:

Call-in period begins: 20th October 2017

Expiry of Call-in period: 26th October 2017

After completion, one copy of this pro forma should be returned to Democratic Services IMMEDIATELY

Reason for decision:

To maximise the potential of the Council’s Assets.

**Initialed as original copy by
Portfolio Holder:**

Options considered and rejected:

If EFDC do not agree to a lease renewal then BP have a statutory right to renew and would refer the matter to court.

Background Report:

1. BP operates a petrol filling station and associated retail shop located at the junction of Chigwell Lane, The Broadway and Torrington Drive. Since the expiry of their lease in late September 2011 BP have been employing delaying tactics on their statutory right for a lease renewal. It is believed this was done so as to take advantage of the contracted rent of £87,000 per year being below the market rent.
2. Due to the road widening works on Chigwell Lane the access to the petrol service station has been materially adversely affected in 2016 and consequently BP have requested two licences for alterations, the details of which are given below.
3. Further the time pressure on BP to undertake the alterations has allowed lease renewal discussions to be expedited.
4. The principal terms of the new Lease to be as follows:
 - (a) New 15 year lease from date of execution.
 - (b) Landlord break option at year 10 upon giving 6 months prior written notice, subject to provisions of the Landlord and Tenant Act 1954.
 - (c) Rent of £120,000 per annum exclusive.
 - (d) Upwards only rent reviews every 5 years.
5. Licence for the creation of a new exit:
 - (a) Alterations for works to facilitate access as a result of road changes.
 - (b) "Creation of a new exit, re-alignment of the kerbs in the vicinity of the new exit and make good the surfacing to match existing", specifically:
 - i. Cut back shrubs and realign Kerbs. New sub-base, base and forecourt paving;
 - ii. New linear Birco 100 drainage channels with 300mm concave collar;
 - iii. Adjustment to boundary Kerbs to form new egress.
 - (c) No reinstatement requirement
 - (d) Works to be in accordance with planning approval reference EPF/1820/16
6. Licence for Alterations - fuel infrastructure, refit the shop and undertake ancillary works
 - (a) Shop extension and internal works along with minor external works – replacement of shop front as required to suit new door position, installation of new doors, walls and glazing to suit the shop extension. Minor works to modify kerb positions and surfacing around the shop front and the removal of landscaped area to form a goods delivery pathway. Removal of some landscaping and installation of pedestrian rails. Removal and installation of new internal walls to suit the new internal layout. Creation of a concrete slab for the new air conditioning and refrigeration plant equipment. Removal

of the jet wash and modifications to the kerbs and surfacing to amend car parking bays with relocated air and water plus vac units.

(b) Fuel system replacement – Permanent decommissioning of the underground storage tanks to the satisfaction of the petroleum licensing authority, removal of the underground pipework, above ground vents, offset fill pipes and pumps along with removal of the block paviour forecourt surfacing. Replacement with new underground storage tanks, new pipework, new offset fill pipes and pumps to include stage 1B and stage 2 Vapour Recovery along with new forecourt surfacing as required.

(c) No reinstatement requirement

Resource Implications:

No investment on the part of EFDC is required to secure this rental increase of £33,000 per annum. Applying a conservative valuation yield of 4.5% to this additional income would result in a valuation uplift when compared to the 2017 valuation of approximately £700,000, or in the region of a 50% increase in value.

Legal and Governance Implications:

Terms as outlined in the report.

Safer, Cleaner and Greener Implications:

Given the tenant has a statutory right to renew their lease there are not deemed to be any additional environmental concerns resulting from this decision. Should BP decide to vacate at a future date and alternative use be considered, then the same environmental review with potential remediation and clean up works would be required as would be the case were they to vacate today.

Consultation Undertaken:

With BP Management Agents.

Background Papers:

Copy of draft lease and licences.

Risk Management:

No specific risks identified in relation to the proposal

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.

Key Decision Reference (Y/N): N