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**REPORT OF STRATEGIC DIRECTOR OF PLACE**

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**TO PROPERTY/REGENERATION BRIEFING**

**26<sup>TH</sup> SEPTEMBER 2022 – FOR DECISION**

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**TITLE: Rent review relating to premises owned by Salford CC and leased to Greater Manchester Waste Disposal Authority - Land at Lester Road, Little Hulton, Salford**

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**RECOMMENDATIONS: The Deputy City Mayor is recommended to note the proposal detailed below on the terms set out in the body of this report.**

Approve a back-dated increase in rent received from the tenant as calculated in accordance with the terms of the lease agreement.

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**EXECUTIVE SUMMARY:**

The report outlines the proposal to approve the rent payment adjustments relating to the lease of land at Lester Road, which have been calculated in accordance with the review provisions contained within the respective lease agreement.

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**BACKGROUND DOCUMENTS:** Lease plan



Plan Lester Rd.pdf

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**KEY DECISION: NO**

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**DETAILS:**

Greater Manchester Combined Authority (the statutory successor to the now abolished Greater Manchester Waste Disposal Authority) have a lease agreement from the Council for a term of 30 years with effect from 30 January 2009 at a base rent of £12,500 pa for the use of the land, as shown edged red on the attached plan amounting to 0.92 acres or thereabouts, for a Civic Amenity Site (restrictive user clause).

GMWDA in partnership with Viridor Laing Ltd developed the site, as a household waste recycling centre but following a review of similar sites across the Greater Manchester area a decision was made to close the site in 2013.

In 2015 the Council gave landlord's consent for GMWDA to enter into a 3-year sub-lease with Kenny Waste Management Ltd which expired on the 10/11/2018. In 2018 GMCA requested a further landlord's consent to renew the sub-lease on the same lease terms apart from the new term would be for 5 years with a tenant break option at year 3. Approval to this request received Director approval dated 22/8/2018. DDN reference UV2018-188 Confirmed legal completion.

Following advice from the Councils planning team Kenny Waste Management Ltd submitted a planning application for change of use from waste management /disposal site to parking of vehicles and storage of plant equipment. Date of the application was the 6/4/2015 and permission was granted on 3 July 2015. Ref 15/66214/FUL.

## Rent Review

30-year term from 30 January 2009 at starting base rent of £12,500 subject to annual RPI reviews.

- Lease dated 30<sup>th</sup> January 2009.
- RPI annual review
- Base index value figure as published for the calendar month next preceding the term commencement date
- Base rent is £12500
- Review date is each anniversary of the term commencement date
- Rental value rounded up to nearest £10
- Rent Review RPI Clause - Schedule 1, 1.1

Year	Base Rent	A, RPI prior to RR Date (Dec)	B RPI Dec 2008	Multiplier = A/B	Reviewed Rent	Rounded up to nearest £10	Accumulated Arrears
2010	£12,500.00	218	212.9	1.0239549	£12,799.44	£12,800.00	£300.00
2011	£12,500.00	228.4	212.9	1.0728041	£13,410.05	£13,410.00	£910.00
2012	£12,500.00	239.4	212.9	1.1244716	£14,055.89	£14,060.00	£1,560.00
2013	£12,500.00	246.8	212.9	1.1592297	£14,490.37	£14,490.00	£1,990.00
2014	£12,500.00	253.4	212.9	1.1902302	£14,877.88	£14,880.00	£2,380.00
2015	£12,500.00	257.5	212.9	1.209488	£15,118.60	£15,120.00	£2,620.00
2016	£12,500.00	260.6	212.9	1.2240488	£15,300.61	£15,300.00	£2,800.00
2017	£12,500.00	267.1	212.9	1.2545796	£15,682.25	£15,680.00	£3,180.00
2018	£12,500.00	278.1	212.9	1.3062471	£16,328.09	£16,330.00	£3,830.00
2019	£12,500.00	285.6	212.9	1.3414749	£16,768.44	£16,770.00	£4,270.00
2020	£12,500.00	291.9	212.9	1.3710662	£17,138.33	£17,140.00	£4,640.00
2021	£12,500.00	295.4	212.9	1.3875059	£17,343.82	£17,350.00	£4,850.00
2022	£12,500.00	317.7	212.9	1.4922499	£18,653.12	£18,660.00	£6,160.00
<b>Total</b>							<b>£39,490.00</b>

Annual RPI increases for the period 30/1/2009 (RPI date Dec 2008) to 30/1/2021 (RPI date December 2020) inclusive is calculated as above, with an increase in January 2022 to the sum of £18,660 pa. A back-dated uplift totals £39,490 due from the tenant.

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**KEY COUNCIL POLICIES:**

Best value from non-operational property holdings.

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**EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:**

N/A

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**ASSESSMENT OF RISK:**

The risks of the proposed transaction are low.

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**LEGAL IMPLICATIONS Supplied by:**

The proposal is in accordance with the content of the lease agreement previously signed by the Council.

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**FINANCIAL IMPLICATIONS Supplied by:**

Enhancement to current income stream, increase from £12,500 per annum to £18,660 per annum, and the receipt of the back dated uplift amounting to £39,490

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**PROCUREMENT IMPLICATIONS Supplied by:**

N/A

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**HR IMPLICATIONS Supplied by:**

There are no HR implications arising from this transaction.

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**CLIMATE CHANGE IMPLICATIONS Supplied by:**

N/A

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**OTHER DIRECTORATES CONSULTED:**

N/A

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**WARDS TO WHICH REPORT RELATES: Little Hulton**