

Record of operational decision

Decision title:	To accept the early surrender of a leasehold interest in a retail property in the city centre due to business collapse
Date of decision:	22 nd September 2023
Decision maker:	Strategic Assets Delivery Director
Authority for delegated decision:	The Corporate Centrer Directorate Scheme of Delegation (August 2023) gives the Strategic Assets Delivery Director the authority to take this decision <i>Line 39 To accept the early surrender of any lease of Council owned or controlled property in the interest of good estate management, strategic asset management or economic regeneration purposes.</i>
Ward:	Central
Consultation:	This is an operational decision arising out of the management of the council's commercial and retail property portfolio. Internal consultations have been undertaken with the Head of Law – Corporate regarding this action.
Decision made:	To accept the surrender of a large retail unit in the city centre as detailed in Schedule 1 in the interest of good estate management.
Reasons for decision:	<ol style="list-style-type: none"> 1. The properties are owned by the council as part of its property investment portfolio held to deliver optimum commercial returns through rental income which is used to support the council's strategic objectives in line with the County Plan 2020 – 2024. 2. In August 2023, it became apparent that a major retailer had appointed an Administrator to try and sell its business as a going concern 3. The Administrator has confirmed that it had been unsuccessful in its plans, but had secured the future of a number of stores across the Country. It was confirmed Herefordshire Council's store was to permanently close to the public with effect from Thursday 21st September. 4. The Administrator has contacted the Authority's on site Centre Manager to arrange to hand the keys of the property over on Friday 22nd September and to surrender the lease.
Highlight any associated risks/finance/legal/equality considerations:	None – all costs associated with the Tenant's occupation of the store – rent, service charge etc – have been paid in full to 28 th September 2023. The surrender of the lease does result in a loss of revenue income for the retail centre, however, the early surrender will enable the Council's letting agents to remarket the property in as short a timeframe as possible in an effort to minimise the unavoidable void period which will result. The council's legal department will ensure that due legal processes – such as Land Registry formalities – are completed.
Details of any alternative options considered and rejected:	Due to the nature of the early surrender there are no other viable options. Refusing to accept the surrender would delay the Council's ability to remarket, and would not necessarily generate any more income after the store had been completed vacated, due to the Council then becoming an unsecured creditor of the failed business.
Details of any declarations	None

of interest made:	
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Signed..... Date: 22/09/2023

Sarah Jowett, Strategic Assets Delivery Director

Schedule 1

Unit	Town
Units 1 and 2 Skylon Place, Hursey Road, Rotherwas Industrial Estate	Hereford