

**CAPITAL BUDGET FOR INCENTIVES FOR TENANTS TO BLOCK C
THE CRESCENT**

**REPORT OF DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)**



WARDS AFFECTED: ALL WARDS

1. PURPOSE OF REPORT

- 1.1 To inform Council of the need to obtain approval from Council of supplementary capital budget of £1,200,000 required to attract suitable tenants to retail / restaurant units.

2. RECOMMENDATION

- 2.2 Council approves the request for a supplementary capital budget for the current 2015/16 year of £550,000 to attract suitable tenants to retail / restaurant units. This will be financed from the Masterplan Reserve.
- 2.3 Council approves the inclusion of the remaining tenant incentive of £650,000 in the 2016/17 capital budget. This will be financed from the Masterplan Reserve.
- 2.4 The Chief Executive / Deputy Chief Executive (Corporate Direction) and the Executive Lead for Finance be given delegated authority to agree these incentives to a total level of £1.2m.

3. BACKGROUND TO THE REPORT

- 3.1 A previous report to request a supplementary budget for alterations to the ground floor of C Block was presented to Council and approved on the 10 November 2015. Within this report there was a recommendation –

2.2 That members note that a further report will follow to request the required supplementary budgets relating to the capital incentives negotiated with tenants.

This report now requests the budget to provide the necessary capital budget to attract key tenants to Block C.

- 3.2 Capital incentives are the norm for commercial lettings and are required to attract suitable tenants to retail / restaurant units. These incentives can take the form of reduced rent, reimbursement of relocation costs or rent-free periods or equivalent capital incentives. Officers have chosen to negotiate appropriate levels of capital incentives with minimal rent free periods as the Council has an established reserve to fund the capital incentives and this method accelerates the revenue generation for the general fund.

Negotiations continue to take place between the Council's letting agent Strutt and Parker and prospective tenants, under the direction of the Deputy Chief Executive (Corporate Direction).

4. FINANCIAL IMPLICATIONS [IB]

- 4.1 Assuming that the supplementary budgets of £550,000 for 2015/16 and £650,000 for 2016/17 are approved the balance for the Masterplan Reserve is forecast as follows:

Opening balance (1st April 2015)	Alterations and service charge committed	Capital Incentives	Opening balance (1st April 2016)	Capital Incentives	Closing balance (31st March 2017)
£	£	£	£	£	£
-1,626,387	117,000	550,000	-959,387	650,000	-309,387

5. LEGAL IMPLICATIONS [JB]

- 5.1 Each lease is being negotiated on a case by case basis.

6. CORPORATE PLAN IMPLICATIONS

- 6.1 Sustain Economic Growth by providing small business units at affordable rents with support from the Council in developing and managing business objectives.

Efficient, effective and proactive services by managing the commercial estate for small business and business start-ups.

7. CONSULTATION

- 7.1 No further groups or organisations have been consulted in the process of this report.

8. RISK IMPLICATIONS

- 8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 9.1 Retail premises provide support to both the rural economy and town centre locations. The Crescent development will also deliver a key Masterplan site within Hinckley town centre and provide further regeneration within the local area.

10. CORPORATE IMPLICATIONS

- 10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications

- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: None

Contact Officer: Malcolm Evans 5614
Estates & Asset Manager

Executive Member: Councillor M.J Surtees