



To: Planning & Property Policy Board

On: 12th May 2015

Report by: Director of Finance & Resources

Heading: Update Report Re-provision of shops at Hallhill Road Johnstone

1. Summary

- 1.1 This report seeks to update the Board on progress with the construction of the replacement shops at Hallhill Road, Johnstone and to seek consent to grant 10 year leases to the existing three tenants, who will be relocated to the new units once constructed.
-

2. Recommendations

It is recommended that the Board:-

- 2.1 Notes that Building Services has been appointed to undertake the construction of the 3 replacement shop units and that this has started with a scheduled hand over date of 17 July 2015.
- 2.2 Authorise the Head of Corporate Governance to conclude the three respective leases for the shop units with Mr Hussain, Mr Salwan and Mr Ali on the terms and conditions detailed in this report.
- 2.3 Note that should any of the three prospective tenants fail to conclude their respective offer of lease the Head of Property Services will seek to advertise the availability of the relevant unit on the open market.

3. Background

- 3.1. The Council at its meeting on the 1 May 2014 allocated a budget of £400,000 to provide for the re-provision of three retail units on the site of the former library at Hallhill Road, Johnstone. This was to be the replacement for the existing retail units at this locality, which are scheduled to be demolished as part of a regeneration of this part of Johnstone, following a decision by the Housing & Community Safety Policy Board of 29 November 2011.
- 3.2. The Director of Development & Housing was authorised to prepare a design and tender for the replacement shop units and to report the outcome to the Procurement Sub Committee of Finance & Resources.
- 3.3. The Head of Property Services secured assistance from external consultants to work with the Council officers to design the replacement shop units and to ensure that it could be completed within budget. Consultation was undertaken with the local community on the design and appropriate statutory consents obtained. 14/0796/pp on 19 December 2014 and 14/1765/ST on 11 February 2015.
- 3.4. The Council's Building Services expressed an interest in undertaking this build project. Following an in house evaluation, that the development cost was within budget and would enable an earlier start on site, the build contract was allocated with a site start date of 9th March 2015 with scheduled completion date of 17 July 2015.
- 3.5. Work is progressing on site and it is anticipated the project will be delivered on time and within budget.
- 3.6. Negotiations with the three existing tenants, Mr Hussain, Mr Salwan and Mr Ali has resulted in the following provisional terms and conditions of lease being agreed with each:-

4. Lease Terms and Conditions

Mr Hussain

- a. Has been allocated unit 1, and it is proposed that he is granted a 10 year lease on the Council's standard full repairing and insuring lease, with a rent review at the end of year 5, at an initial rent of £12,500 (twelve thousand five hundred pounds sterling) per annum.
- b. The date of entry shall be the 18 July, 2015 or such other mutually agreed date following the completion of the construction of the unit.
- c. Mr Hussain shall trade as per his existing lease as a licensed grocer, albeit he is in discussion with the post office about the possibility of incorporating a post office within the new unit and should discussions prove fruitful he will offer this service.

- d. Recognising the Council is providing a shell unit , Mr Hussain, will be granted a rent free period of 2 months to undertake his own internal fit-out
- e. Mr. Hussain will require, to obtain all necessary licences and consents for his proposed use and the transfer of his existing Off -sales licence to the new unit.
- f. Mr Hussain shall meet the Council's reasonable legal expenses in concluding the new 10 year lease.

Mr Salwan

1. Has been allocated Unit 2, and it is proposed that he is granted a 10 year lease on the Council's standard full repairing and insuring lease, with a rent review at the end of year 5, at an initial rent of £7,500(seven thousand five hundred pound sterling) per annum.
2. The date of entry shall be the 18th July, 2015 or such other mutually agreed date following the completion of the construction of the unit.
3. Mr Salwan shall trade as per his existing lease as a Pharmacy and for no other use without the landlords consent.
4. Recognising the Council is providing a shell unit, Mr Salwan, will be granted a rent free period of 2 months to undertake his own internal fit-out.
5. Mr Salwan will require to obtain all necessary consents for the proposed use of the premises and the transfer of his existing pharmacy licence to the new unit.
6. Mr Salwan shall meet the Council's reasonable legal expenses in concluding the new lease.

Mr Ali

- Has been allocated Unit 3, and it is proposed that he is granted a 10 year lease on the Council's standard full repairing and insuring lease, with a rent review at the end of year 5, at an initial rent of £12,500(twelve thousand five hundred pound sterling) per annum.
- The date of entry shall be the 18th July, 2015 or such other mutually agreed date following the completion of the construction of the unit.
- Mr Ali shall trade as per his existing lease as a Grocer and Newsagent and for no other use without the landlords consent.
- Recognising the Council is providing a shell unit, Mr Ali, will be granted a rent free period of 2 months to undertake his own internal fit-out.
- Mr Ali will require to obtain all necessary consents for the proposed use of the premises and the transfer of his existing pharmacy licence to the new unit.
- Mr Ali shall meet the Council's reasonable legal expenses in concluding the new lease.

Implications of the Report

1. **Financial** – Three new lets will generate an income £32,500 per annum to meet the prudential borrowing costs for the new units.
2. **HR & Organisational Development** – None.
3. **Community Planning** –
Wealthier & Fairer – The new units will assist retaining a retail provision within this part of Johnstone and enable the early demolition of the existing properties for the benefit of the area.
4. **Legal** – Grant of three leases to be concluded.
5. **Property/Assets** – As per this report.
6. **Information Technology** – none.
7. **Equality & Human Rights** -
(a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because no groups or individuals have any involvement currently at the property. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – none.
9. **Procurement** – none.
10. **Risk** – Should any of the existing tenants fail to conclude the offer of lease, then there is a risk that there will be a longer void period as the Head of Property Services advertises the new units' availability. This is a low risk as all three existing tenants have expressed a keen interest to remain in the area.
11. **Privacy Impact** – none.

Author: Frank Hughes, tel. 0141 618 6175,
email frank.hughes@renfrewshire.gov.uk

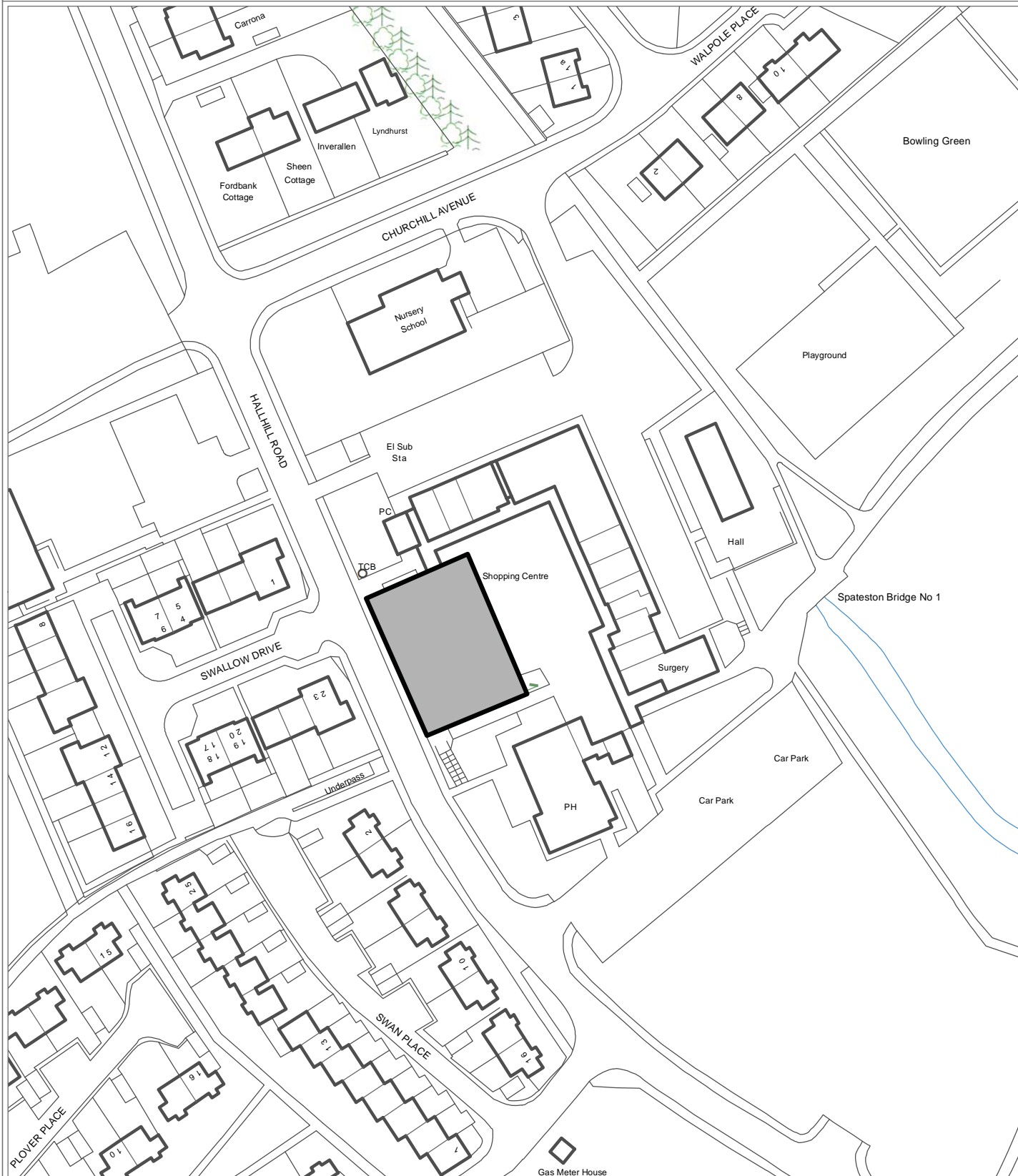
Hallhill Road, Johnstone

Indicative site of Replacement Shops

Report Plan Ref. E1945

User: howardhaughj2

Date: 11/04/2014



Notes:
Please enter notes here