

Decision Maker: Resources Portfolio Holder

Date: **For Pre-Decision Scrutiny by the Executive and Resources Policy Development and Scrutiny Committee on Thursday 14 May 2015**

Decision Type: Non-Urgent Executive Non-Key

Title: **THE WALNUTS, ORPINGTON - PROPOSED ALTERATIONS**

Contact Officer: Heather Hosking, Head of Strategic Property
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Chief Officer: Director of Regeneration & Transformation

Ward: Orpington;

1. Reason for report

The head -leaseholder has requested the Council's consent, in its capacity as freeholder of the Walnuts Shopping Centre, to the addition of an extra floor at Walnuts House as part of its development of a Premier Inn Hotel.

2. **RECOMMENDATION(S)**

The Executive and Resources Policy Development and Scrutiny Committee is requested to consider the proposed decision of the Resources Portfolio Holder and

The Resources Portfolio Holder is recommended to agree to the grant of a licence to Garden Property Investments Ltd to allow the alteration of the property to enable the development of a hotel.

Corporate Policy

1. Policy Status: Existing Policy: Maximising the Council's assets.
 2. BBB Priority: Excellent Council:
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Financial

1. Cost of proposal: No Cost:
 2. Ongoing costs Additional rental income will be generated from the development
 3. Budget head/performance centre: Rental income
 4. Total current budget for this head: Cr £8.2m
 5. Source of funding: N/A
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Statutory Requirement Non-Statutory - Government Guidance None:
Further Details
 2. Call-in: Applicable:
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Yes
2. Summary of Ward Councillors' comments: Any comments received will be reported at the meeting.

3. COMMENTARY

3.1 The Council owns the freehold interest in the Walnuts Shopping Centre, which is let to Garden Property Investments Ltd on a 99 year lease from 2.12.1994, with a right to extend the lease for a further 50 years.

3.2 Garden Property Investments has obtained planning permission for the development of a hotel by the conversion of two floors of accommodation and the addition of an extra floor at Walnuts House, in the open section of the shopping centre opposite the cinema and retail scheme. Under the terms of the head-lease the Council's consent is required to any structural alteration or addition to the demised premises. It is, therefore, required for the additional floor of accommodation. This consent cannot be unreasonably withheld or delayed.

3.3 Under the terms of the lease the Council will receive its rent share (10% of the rental income less approved expenses) from this additional accommodation, although it is not required to contribute to the cost of development.

3.4 Garden Investments has agreed a pre-let of the hotel to Premier Inn. This development is part of its improvement scheme for the Walnuts, complimenting the cinema, gym, restaurants and retail units currently under construction on the site of the former Crown House. It is, therefore, recommended that the requested consent should be given.

3.5 Additionally, minor amendments to the terms of the lease will be required to enable the development of the hotel. The hotel use will be added to the uses permitted under the lease and a prohibition on sleeping on the premises will be lifted in respect of the hotel.

4. POLICY IMPLICATIONS

4.1 The Council's aims include being an authority which manages its assets well.

5. FINANCIAL IMPLICATIONS

5.1 The Council is not required to contribute to the capital cost of the development, but will benefit from the additional income generated through its rent share. The head-leaseholder will reimburse the Council's legal and surveyor's costs for dealing with this matter.

5.2 The increase in income to the Council resulting from the new hotel scheme will be known when the head-leaseholder provides its annual rent share calculation once the hotel is open, trading and paying rent. It is anticipated that the hotel scheme will have a positive impact on activity in the Walnuts and that this, together with the increased floor area to be constructed, will improve the Council's rent share.

6. LEGAL IMPLICATIONS

6.1 It will be necessary to grant a licence for the proposed alterations and a deed of variation to cover the changes required to the head lease.

Non-Applicable Sections:	Personnel considerations
Background Documents: (Access via Contact Officer)	