

Report of the Chief Executive

INCUBATOR HUB, BEESTON TOWN CENTRE – RENTAL PLAN1. Purpose of report

To propose the best method to let the 'Incubator Hub' in Beeston Square following its conversion to office use. A suitable balance needs to be struck between encouraging new businesses to grow, and ensuring a suitable rate of return for the Council.

2. Background and suggested approach

The conversion of three flats above the square into offices has now been completed, following the relocation of previous tenants. The first office shall be let in the usual way, and under the usual adopted procedures, and ensure an initial wave of activity that encourages collaboration and future site occupation. (Setting of rents at The Square, Beeston, up to £100 000, is delegated by Full Council to the appropriate officers).

The other two offices are being utilised as incubator space and as such it is proposed to let these in a different manner to usual, and as such Committee approval is sought.

The suggested approach would be outlined as follows:

Unit 2s and 3 – Utilise as incubation units on the basis of a four year rent return plan
Year 1 – Nominal charge that covers NNDR and utilities (so no net loss overall)
Year 2 – As year 1 plus 1/3 commercial rent
Year 3 – As year 1 plus 2/3 Commercial rent
Year 4 – As year 1 plus full commercial rent
End of Year 4 – Serve notice to the tenants

Any new occupiers within the incubator space will sign an appropriately drafted legal agreement in line with the terms outlined above, which will also include the exclusion of normal Landlord and Tenant Act business tenancy security.

The running and marketing of these units will be split between the Estates team and the Economic Regeneration team, assisted by the Commercial Manager. This project enables the Council to make progress towards encouraging business start-ups, which are key aims of the Economic Regeneration Strategy and the Commercial Strategy.

3. Financial implications

It is estimated that Unit 1 would yield a rent return of approximately £5,500 - £6,000 per annum (excludes business rates) that would assist in recouping the initial outlay for converting these units. Units 2 and 3 would yield some rent return in the longer term with a likely rent of £1,000 per annum, per desk initially to cover costs (year 1) then increasing accordingly. Staffing costs can be covered within existing resources.

Recommendations

The Committee is asked to RESOLVE to give permission to the Regeneration Manager and the Estates Manager to proceed on the basis suggested above, within the existing scheme of delegation for the letting of properties at The Square.

Background papers

Nil