

APPENDIX D

Former Buddies Restaurant, Dychurch Lane, Northampton

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5. Report Background

- 5.1 The premises are held on a long leasehold interest by West Northamptonshire Council (WNC) from Fish Street Holdings Ltd for a term of 999 years from 11th of January 2018 at a peppercorn rent.
- 5.2 The sub tenant, Buddies New York Café Ltd, held a lease at a rental of £23,500 pa from the 1st of May 2014 for five years. During the term, the tenant vacated the premises and unfortunately went into liquidation. The lease was disclaimed on the 16th of June 2020.
- 5.3 WNC placed the property on the market through its appointed agent. The property was placed on the open market to seek to secure a new tenant. An offer was received from a restaurant operator on the terms set out below. Following discussions with the Council's agent, the following offer was recommended for approval by the council.
- 15-year lease
 - Full repair and insuring
 - 3 yearly rent reviews
 - £23,000 pa.
 - Four month's rent free and three month's rent deposit.
- 5.4 This report therefore seek authority from Cabinet to dispose of the asset on the terms contained within this report, or any minor modifications on these necessary or helpful to conclude the transaction.

6. Issues and Choices

- 6.1 Since the lease was disclaimed on 16th June 2020, NBC and now WNC has been responsible for the void costs and will continue to be responsible for these until such a time that the property is occupied. By implementing this decision WNC would remove its obligation for these costs, as well as benefitting from the rental income.

- 6.2 WNC could decide not to proceed with the proposed letting and place the property back on the market. Given the marketing that has already been undertaken, it is deemed unlikely that an alternative occupier would be forthcoming and that during any additional marketing period WNC would continue to incur holding costs and receive no income.
- 6.3 The unit could be sold but this would remove a source of income and as such it was agreed that the property would be placed on the open market with a view to securing a new tenant. Given the presence of the proposed tenant, a letting is the most beneficial outcome and a freehold sale is not recommended.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 The property has remained vacant since June 2020, during which time NBC, and now WNC, has not received any income and has been responsible for all vacancy costs. Approval of the proposed letting will allow WNC to generate an income. There will be no ongoing costs to WNC as the tenant will be responsible for all rates, utilities and the cost of repair will be passed from WNC to the tenant.
- 7.1.2 Each part to bear their own legal costs. WNC costs are mitigated by using an in-house legal team.

7.2 Legal

- 7.2.1 This would be a subletting as WNC holds a long leasehold interest. WNC would need to ensure that the terms of the sublease are in line with the head lease.

7.3 Risk

- 7.3.1 If the recommendation for the proposed letting is not approved there is a high risk the unit will remain vacant. WNC would remain responsible for the vacant unit costs.

7.4 Consultation

- 7.4.1 No consultation has been considered necessary.

7.5 Consideration by Overview and Scrutiny

- 7.5.1 None.

7.6 Climate Impact

- 7.6.1 No material impact on climate is anticipated as a result of this decision.

7.7 Community Impact

7.7.1 Brining the unit back into use should minimise adverse impacts from vacant property.

8. Background Papers

8.1.1 None.