

NOTICES OF MOTION

Executive Summary

At its meeting on 13 February 2019, the Council referred the following Notice of Motion to the Executive.

Councillor M Ali

Rents and Building Insurance for Local Businesses

“Increased rents for local business – despite our promises and pledges and claims of supporting local business we have seen many shut and now we have seen their rents and insurances gone up. As an example I have been informed by some council tenants that:

- a. The building insurance has been forced upon them which normally a landlord pays. But WBC has put it on them with no option to shop around and the cost is as much as approximately £800 / year
- b. The rent in some cases was increased by approximately 31% when the lease was renewed! This is exorbitant! Small business can't afford this. For some this means they must have almost 30 extra customers / month to enable them to pay for this. How can they cope? So in line with our claims let's review these increases and bring them in line with CPI.”

Officer Comment

“All the tenants within the shopping centres are charged buildings insurance, unless explicitly excluded within their lease. The Landlord within a shopping centre rarely pays for buildings insurance. Tenants are required to obtain their own insurance for contents and in a number of cases for the shopfront.

The circumstances of each lease agreement and prevailing market rentals all have to be considered and will differ from tenant to tenant. There are a large number of different approaches to rental calculations. For example, some tenants are on “turn over rents” whilst others are on a “stepped rent increase” year on year - it all depends on the basis of the original lease agreement. As no detail has been provided it is difficult to answer directly however, within the Shopping Centres, in a number of cases recently where there has been a lease renewal, the rent has decreased rather than increased (in some cases very significantly). For most rent reviews carried out within the centre this has been at a nil increase. A number of tenants have even been granted further rent concessions, recognising for instance the impact on Wolsey Walk West caused by the Victoria Square works. There has been year on year increase on the service charge, however this has mainly been due to the need to fund significant projects, and also changes to the apportionment within the centre. However, for the coming year this is being held largely at 2018/19 levels.”

Background Papers: None.

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