Report To:	Cabinet
Date:	11 November 2025.
Subject:	Draft South Holland District Council Industrial Unit Letting and Management Policy, 2025-2030.
Purpose:	To consider revision to the Council's current Industrial Unit Lettings Management Policy.
Key Decision:	No
Portfolio Holder:	Councillor Henry Bingham, Portfolio Holder for Assets and Strategic Planning
Report Of:	Andy Fisher, Deputy Chief Executive and Assistant Director - General Fund Assets
Report Author:	Marc Whelan, Strategic Operational & Property Manager
Ward(s) Affected:	(All Wards);
Exempt Report:	N

Summary

The draft Industrial Unit Letting and Management Policy presented out at Appendix A is presented as an update to the Council's current policy adopted by Cabinet in 2020. At its meeting held on 23 September 2025, Policy Development Panel considered the draft attached and resolved to recommend its adoption by the Cabinet.

Recommendations

That Cabinet:

1 - adopt the draft Industrial Unit Letting and Management Policy 2025 – 2030 presented at Appendix A,

2 - delegate making and effecting minor and inconsequential amendments to the draft presented at Appendix A to the Deputy Chief Executive and Assistant Director in consultation with the Portfolio Holder.

Reasons for Recommendations

To strengthen the existing policy position of the Council together with adding further clarity for tenants and prospective tenants.

Other Options Considered

Do nothing. Continue to use existing policy – not recommended.

1. Background

1.1 The Council has had an Industrial Unit Lettings and Management Policy in place since 2005; it has been reviewed periodically. Prior to developing the draft set out at Appendix A, the 2020 adopted Policy was last reviewed by the Council's Policy Development Panel (PDP) in 2023 although no amendments to it were felt necessary at the time with none therefore being recommended to Cabinet. Policy Development Panel reviewed an officer redraft of the adopted version at its meeting on 23 September 2025 where it resolved to recommend adoption of that draft, now presented here to Cabinet at Appendix A.

2. Report

2.1 The draft Policy presented at Appendix A is drafted as a 'framework' that gives strategic direction when dealing with the letting of Council industrial units. The draft includes relevant legislative updates and adds further clarity for current or prospective tenant about the criteria for and permissible use of the units.

2.2 Appendix B provides the existing Policy purely for reference.

2.3 Policy Development Panel reviewed an officer redraft of the adopted version at its meeting on 23 September 2025 where it resolved to recommend adoption of that draft that is now presented here to Cabinet as Appendix A.

3. Conclusion

3.1 The draft presented at Appendix A is recommended to Cabinet for adoption; it is further recommended that Cabinet delegate authority to the Deputy Chief Executive and Assistant Director, General Fund Assets, in consultation with the Portfolio Holder to make any minor and inconsequential that may be required throughout the life of the Policy of adopted.

Implications

South and East Lincolnshire Councils Partnership

None

Corporate Priorities

None

Staffing

None

Workforce Capacity Implications

None

Constitutional and Legal Implications

The updated policy gives clarity to tenants and strengthens the Council's position in terms of granting leases and the usage of the units.

Data Protection

None

Financial

None

Risk Management

None

Stakeholder / Consultation / Timescales

None

Reputation

None

Contracts

None

Crime and Disorder

None

Equality and Diversity / Human Rights / Safeguarding

None

Health and Wellbeing

None

Climate Change and Environment Impact Assessment

None

Acronyms

None

Appendices

None

Background Papers

APPENDICES	
Appendix A	*Draft South Holland District Council Industrial Unit Letting and Management Policy, 2025 – 2030.*
Appendix B	*2020 Letting and management of the South Holland District Council's commercial property assets policy.*

Chronological History of this Report

Name of Body	**Date**
SHDC PSP	23 September 2025

Report Approval

Report author:	Marc Whelan, Strategic Operational & Property Manager Marc.whelan@sholland.gov.uk
Signed off by:	Andy Fisher, Andy.fisher@boston.gov.uk
Approved for publication:	Henry Bingham Portfolio Holder for Assets & Strategic Planning

Appendix A

SOUTH HOLLAND DISTRICT COUNCIL INDUSTRIAL UNIT LETTING AND MANAGEMENT POLICY 2025-2030 - DRAFT

Replaces: South Holland District Council Industrial Unit Letting and Management Policy adopted by Cabinet in 2020.

Executive Summary

This policy replaces the South Holland District Council Industrial Unit Letting and Management Policy adopted by Cabinet in 2020 and runs from 2025 to 2030.

Key Points

- The purpose of the industrial units is to encourage the growth of both new and existing local businesses in line with the council's Asset Management Strategy.

- The units are let mainly for light industrial use and tenants' businesses need to comply with all statutory requirements including the appropriate planning classification.

- Tenants may in some cases be permitted to apply to widen the planning use of a unit. From Autumn 2020 the User Classes act was updated. Class E was introduced, which replaced A1, A2, A3, B1a, B1b and B1c (services), D1 and D2

- Categories accepted by the Council are:

  B8 – Storage or Distribution or
  B2 – anything not covered under Class E.

- Class E allows for a wide range of uses. The Council would determine on an individual basis as user class E covers Office use, Research & Development, Gymnasiums, Clinics, Health centres and Creches and Day Centres. It also covers industrial process that can be carried out in any residential area without causing detriment to the amenity of the area

- The terms of new leases are determined by the Asset Management Team on commercial terms with the lease term can be subject to negotiation however ordinarily for a term up to a maximum of 6 years before a renewal takes place.

- At renewal, a new EPC (if applicable) will be undertaken by the authority before lease renewal / completion depending on the legislation criteria at that particular time. In certain circumstances, a 'Tenancy at Will' may be issued to enable the Estates Officer to monitor the stability of a new tenant. This is mainly applicable to new starter businesses to ensure a flexible approach is maintained to assist new business to the South Holland area. The Authority may apply a break clause at any point if trading history is short to allow flexibility for both parties and hopefully will lead to an amicable end of tenancy if the unit doesn't work well for the tenant or the Council

- A small service charge is levied to contribute to the maintenance and repair of the common parts of the estate such as car park lining, landscaping and gate maintenance etc. This also helps to cover admin costs and quarterly visits from the Estates Officer

- Leases have an ‘effective’ full repairing and insuring liability to eaves height. Tenants are responsible for internal repairs including external fascia and equipment and for those elements not covered by the service charge. For the avoidance of doubt, the Authority will repair and replace above eaves (roof) under the service charge

- Statutory testing relating to internal / external FM & Compliance is the full responsibility of the tenant.

- The council insures the buildings and recharges the tenants through the rent figure. Contents’ insurance cover is the sole responsibility of the tenant and must cover the all fixtures and fittings up to but excluding the roof and actual structure

- Rent, business rates, utilities’ costs and any other related outgoings are payable by the tenant.

- Leases are outside the part II provisions of the Landlord and Tenant 1954 Act, i.e. the tenants have no Right to Renewal or Security of Tenure

- Non-structural alterations are permitted subject to landlord’s consent (not to be unreasonably withheld). If relatively minor, a standard letter licence should be used to document alterations, alternatively the matter will be documented in a licence to alter. Reinstatement back to original keeping is the responsibility of the Tenant.

- Structural alterations are strictly prohibited.

- Tenants will be permitted to assign leases subject to landlord / Estate officer consent. Due diligence by the Council may be applied

- Subletting in whole or part is strictly prohibited.

- Due diligence by the Estate Officer will be undertaken and signed off (where appropriate) by the Strategic & Operational Property Manager prospective tenants and their financial suitability tested.

- Rent arrears are pursued in accordance with the Debt Recovery policy.

Marketing

Ordinarily the Estates Officer will exhaust the waiting list first for that particular estate, then advertise via the Council’s social media platforms to keep costs under control. External agents will only be instructed to market vacant units that have for whatever reason, not been let by in house means at the Estates Officers discretion. “To Let” boards may be erected and advertising undertaken on the agent’s website and in the local media as deemed necessary.

New Applicants

Applicants are normally asked to provide a bank reference and two trade references to assist the Council's Estates Officer completing the due diligence process at the Council's discretion. The Authority reserves the right to not grant a lease to a tenant and does not need to provide a reason. A Tenant may be required to pay a rent deposit, (minimum of at least three months' rent, but no more than 12 months) at the Council's discretion, which will be held by the Council and used if the tenant defaults on rent, service charge (or other payment due) or to offset any dilapidations liability at lease expiry.

Rent and Rent Reviews

Rents are generally based on an Estimated Rental Value (ERV) basis. The rent levels are reviewed as specified in leases, but generally on a three-yearly review pattern. At certain points the Council may commission an overall Market Valuation of the asset to determine where Market Conditions are at that point

Incentives

A small rent-free period, in lieu of fit-out works may be granted by the Asset Management Team where appropriate

Agreeing a new lease

A standard form of lease will be drawn up and will be replicated for each new letting so amendments can be kept to a minimum and legal work can be completed quickly and economically. New leases will be reviewed on a regular basis to ensure it reflects the most recent legislative changes, commercial practice and strategic aims of the Council. Incoming Tenants will be asked to contribute to the Authority's legal costs. This figure will not exceed £750 plus VAT. The Asset team have also included a disclaimer on the Estate Officers Email to ensure that potential Tenant's understand that the Authority applies a priority need to turn units over quickly to maintain the rental income.

The Disclaimer reads:

PLEASE NOTE: Industrial units are termed as 'Under Offer' until the standard contracts have been signed. South Holland District Council reserve the right to operate to a 10 working day window for leases to be signed. If the lease hasn't been signed by the agreed date, the unit will be made available again to the Council waiting list or other potential tenants.

Yield up

A schedule of dilapidations will be undertaken by the Council prior to the termination of the tenancy, outlining the items of disrepair the tenant is responsible for remedying.

Rent Arrears

The Council has a corporate Debt Policy and a Write-Off Policy which are complied with in dealing with tenant arrears. Management of tenant arrears includes the following:

Liaising with Accounting Services and where appropriate agreeing a strict timetable for the repayment of arrears. Using Commercial Rent Arrears Recovery (CRAR). This legislation means that 7 days' notice needs to be served on the tenant prior to enforcement agents being instructed to distrain upon goods. CRAR only applies to principal rent, VAT and interest (it cannot be used to pursue unpaid service charges or rates).

Implementation and review

The Asset Management Team is responsible for implementing this policy and for its regular review. The next review on minor adjustments can be completed within any reasonable timeframe. Major changes will be reviewed extensively in 2030

The Council has the right to vary any of the above guidelines in line with their current strategic aims and legislation if required.

Appendix B

September 2020

Letting and management of the South Holland District Council's commercial property assets

Replaces 2005 policy

Executive Summary

This policy is to replace the letting and management of the Council's portfolio of industrial property adopted in 2005.

Key Points

- The purpose of the industrial units is to encourage the growth of both new and existing local businesses in line with the council's Asset Management Strategy.

- The units are let mainly for light industrial use and tenants' businesses need to comply with all statutory requirements including the appropriate planning classification.

- Tenants may in some cases be permitted to apply to widen the planning use of a unit. For example a tenant could apply to for B1, B2, B8 and D1 use; however tenants will not be permitted to narrow the planning classification of a unit for example to another non-industrial use.

- The terms of new leases are determined by the Asset Management Team on commercial terms with the lease term to be subject to negotiation however ordinarily for a term of 3 years.

- A service charge is levied to cover the maintenance and repair of the common parts of the estate and the external parts of the units (but not exhaustively).

- Leases have an 'effective' full repairing and insuring liability. Tenants are responsible for internal repairs and for those elements not covered by the service charge.

- Ordinarily the landlord will be responsible for external repairs with the costs recharged to the tenant via the service charge.

- Statutory testing relating to internal FM to be the responsibility of the tenant statutory testing for external items to be the responsibility of the landlord with the costs recharged to the tenant via the service charge.

- The council insures the buildings and recharges the tenants. Contents' insurance cover is the responsibility of the tenant.

- Rent, business rates, utilities' costs and any other related outgoings are payable by the tenant.

- Leases are outside the provisions of the Landlord and Tenant 1954 Act, i.e. the tenants have no statutory renewal rights.

- Non-structural alterations are permitted subject to landlord's consent (not to be unreasonably withheld). If relatively minor, a standard letter licence should be used to document alterations, alternatively the matter will be documented in a licence to alter.

- Except in exceptional circumstances structural alterations will not be permitted and in those cases they will be subject to the landlord's consent, which is not to be unreasonably withheld.

- Tenants will be permitted to assign leases subject to landlord's consent.

- Subletting in whole or part is to be prohibited.

- Application forms need to be completed by prospective tenants and their financial suitability tested.

- Rent arrears are pursued in accordance with the Debt Recovery policy.

Marketing

Ordinarily external agents will be instructed to market vacant units. "To Let" boards will be erected and advertising undertaken on the Council's website and in the local media as necessary.

New Applicants

All applicants are asked to provide a bank reference and two trade references. Applicants, who have an existing business, are required to provide three years' audited accounts and a landlord's reference.

Tenants are ordinarily required to pay a rent deposit, equal to at least three months' rent, which will be held by the Council and used if the tenant defaults on rent, service charge (or other payment due) or to offset any dilapidations liability at lease expiry.

Rent and incentives

Rents are generally on an open market rent (ERV) basis. The rent levels are reviewed as specified in leases, but generally on a three-yearly review pattern. A rent-free period, either as an incentive or in lieu of fit-out works can be granted by the Asset Management Team where appropriate.

Agreeing a new lease

A standard form of lease will be drawn up and will be replicated for each new letting so amendments can be kept to a minimum and legals can be completed quickly and economically. It will be reviewed on a regular basis to ensure it reflects the most recent legislative changes, commercial practice and strategic aims of the Council.

Yield up

A schedule of dilapidations will be undertaken by the Council prior to the termination of the tenancy, outlining the items of disrepair the tenant is responsible for remedying.

Rent Arrears

The Council has a corporate Debt Policy and a Write-Off Policy which are complied with in dealing with tenant arrears. Management of tenant arrears includes the following:

- Liaising with Accounting Services and where appropriate agreeing a strict timetable for the repayment of arrears.

- Using Commercial Rent Arrears Recovery (CRAR). This legislation means that 7 days' notice needs to be served on the tenant prior to enforcement agents being instructed to distrain upon goods. CRAR only applies to principal rent, VAT and interest (it cannot be used to pursue unpaid service charges or rates).

Implementation and review

- The Asset Management Team is responsible for implementing this policy and for its regular review.

- The Council has the right to vary any of the above guidelines in line with their current strategic aims and legislation.

Policy Approval	**Reviewed by and Approved**
Policy Development Panel	September 2020
Cabinet	October 2020

Related Policies and Strategies

Asset Management Strategy

Corporate Debt Recovery Policy

Write-off Policy