

Report to: Lead Member for Resources and Climate Change

Date of meeting: 27 June 2023

By: Chief Operating Officer

Title: Rent review of Pebsham Waste Transfer Station and Hastings Household Waste Recycling Site, Freshfields, Bexhill Road, St Leonards-on-Sea.

Purpose: To agree settlement of the rent review for Pebsham Waste Transfer Station and Hastings Household Waste Recycling Site dated 1 April 2023 in accordance with the terms of the lease

RECOMMENDATIONS

The Lead Member for Resources and Climate Change is recommended to:

- 1) Approve settlement of the rent review for Pebsham Waste Transfer Station and Hastings Household Waste Recycling Site dated 1 April 2023 which has been reviewed in accordance with the rent review provisions contained in the lease, as detailed in paragraph 1.4;
 - 2) Delegate authority to the Chief Operating Officer to document the increase in the form of a rent review memorandum, and take any other actions considered appropriate to give effect to the recommendations in this report; and
 - 3) Delegate authority to the Chief Operating Officer to approve and document future rent reviews due to occur under the existing Lease, in line with the terms of the existing Lease.
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1 Background

- 1.1 Pebsham Waste Transfer Station (WTS) operates as the main delivery point for waste and recycling collected by Hastings Borough Council, Rother District Council and to a lesser degree, Wealden District Council. Hastings Household Waste Recycling Site (HWRS), which is adjacent to Pebsham Waste Transfer Station, is the busiest recycling site in East Sussex and receives around 247,000 visits from the public every year.
- 1.2 East Sussex County Council (the Council), jointly with Brighton & Hove City Council (BHCC), currently holds the land used for Pebsham Waste Transfer Station (WTS) and Hastings Household Waste Recycling Site (Hastings HWRS) under a lease from Hastings Borough Council (HBC) (the "Lease").
- 1.3 The Lease is dated 25 March 2010 and is for a term of 50 years from 1 April 2008. It provides for the rent to be reviewed every five (5) years according to a formula based on the increase in the Retail Price Index (RPI) over five (5) years. An additional 5% is added to RPI every tenth year, with the next time this is due to be applied being 2028.
- 1.4 In accordance with the rent review provision in the Lease, the rent is to be reviewed at each review date, on an upwards only basis. The Initial Rent is to be multiplied by the "all items" index figure of the Index of Retail Prices for the month preceding the review date. The result is then divided by the Base Figure (defined as the December

2007 RPI figure, being 212.1). Detailed financial information is included in an exempt report in a later agenda item.

- 1.5 The rent increase has been budgeted for within the Waste Service budget for 2023/24.

2 Supporting information

- 2.1 Hastings HWRS is under-let to South Downs Waste Services Ltd (part of the Veolia group), the Subtenant, on a sub lease for a term of 25 years from April 2008. This lease forms part of the Integrated Waste Management Services Contract (IWMSC). This is a Private Financing Initiative (PFI) arrangement to provide essential waste disposal services and infrastructure in East Sussex and Brighton & Hove. The rent is reviewed annually in accordance with the increase in RPI.
- 2.2 Although both the Council and BHCC are named on the leases, responsibility for rental income paid or received at Pebsham WTS and Hastings HWRS lies solely with the Council. This is established by a Joint Working Agreement (JWA) the Council has entered into with BHCC governing how the two local authorities work together on the IWMSC.

3 Conclusion and reasons for recommendations

- 3.1 The Lease is a legally binding contract and the rent review provision forms part of the obligations the Council has entered into as the tenant.
- 3.2 The Lead Member for Resources and Climate Change is therefore recommended to:
 - 1) Approve settlement of the rent review for Pebsham WTS and Hastings HWRS dated 1 April 2023, which has been reviewed in accordance with the rent review provisions contained in the Lease, as detailed in paragraph 1.4;
 - 2) Delegate authority to the Chief Operating Officer to document the increase in the form of a rent review memorandum, and take any other actions considered appropriate to give effect to the recommendations in this report; and
 - 3) Delegate authority to the Chief Operating Officer to approve and document future rent reviews due to occur under the existing Lease, in line with the terms of the existing Lease.

Ros Parker
Chief Operating Officer

Contact Officer: John Tripp
Email: john.tripp@eastsussex.gov.uk

Assistant Director – Property: Nigel Brown
Email: nigel.brown@eastsussex.gov.uk

LOCAL MEMBER
Councillor Matthew Beaver

BACKGROUND DOCUMENTS
None