

Business Tenant's Handbook

A Guide to Leasing Business Premises
from Sheffield City Council



About This Guide

The purpose of this booklet is to provide general guidance to tenants who are leasing business premises from Sheffield City Council.

The guide refers to several common features that are likely to feature in your Lease/Tenancy.

Sheffield City Council owns a commercial property portfolio with a range of property types including shops, offices and industrial units.

We offer a flexible letting approach to businesses looking for commercial property to rent. Short term, rolling periodic tenancy agreements are available, as well as traditional set term leases.

Sheffield City Council (SCC) Property Services

(SCC) Property Services should be your first point of contact for any matter relating to your lease or the property you occupy.

Independent Professional Advice

This guide is meant as a point of reference only and does not in any way alter any contractual obligations placed on either the City Council or you (the Tenant) in your Lease/Tenancy Agreement, which sets out the basis of your occupation of the property.

Whilst it is hoped that this guide is helpful, its purpose is only to provide general guidance and it should not, in anyway, be considered as a substitute for seeking your own personal independent advice.

Your Lease/Tenancy Agreement is a contract between the parties and contains obligations that are legally binding on you. Consequently, you are urged to seek independent legal advice before entering into it.

Before Moving In

Condition of Property

By completing an agreement you are accepting the property in its current condition. Depending on the terms of your agreement, you may be required to carry out works to bring the property into good repair and maintain in that condition. If you are in any doubt as to the condition of the property and your responsibilities as an incoming tenant, you should discuss this with (SCC) Property Services and seek professional advice from a surveyor or legal advisor.

Insurance

The insuring responsibilities will be set out in your agreement.

As a tenant, you are responsible to insure your own contents and goods that are held within the property and possess sufficient liability insurances to cover the business which you run. It is also likely that you will be responsible to insure any plate glass (windows and doors) that forms part of the property.

Depending on the type of agreement that you have, you may also be responsible to insure the property outright and the Council can request proof of this cover is required.

If you are uncertain as to your insuring responsibilities, you should check your agreement to clarify this. If you have any further queries, please contact (SCC) Property Services for additional information.

Energy Performance Certificate (EPC)

An EPC identifies the energy performance of a building and contains recommendations on how to improve the energy performance. (SCC) Property Services will provide you with an EPC when you move in. At the end of your occupation, you may be required to provide an updated certificate to (SCC) Property Services if the certificate is out of date or there have been changes to the property.

When you move in

Handover

Wherever possible, a Surveyor from (SCC) Property Services will attend the site to complete the handover process. This will include the completion of the agreement, exchanging utility meter readings and passing over keys.

It is not always possible for this process to take place (e.g. a formal lease that is completed by the Council's Legal department). In these circumstances, you may be required to obtain the meter readings and provide (SCC) Property Services with a note of these at the same time as informing the utility companies.

Utilities

In most circumstances, as the Tenant you will be responsible for the utility costs at the property. The City Council may have set up a Landlords contract with a utility provider while the property has been empty. If this is the case, (SCC) Property Services will contact the provider with a meter reading and cancel the contract. You will then be required to set up a service with a provider that is best suited to you.

Keys

On completion of the agreement, you will be passed all available keys for the property. Neither the City Council nor (SCC) Property Services retain any copies, however for own security purposes, you may wish to arrange for the locks to be changed. Please note that if you leave the property at a future date, you will be required to hand over all of the keys for the property.

Your responsibilities as a tenant

Your full responsibilities as a tenant are clearly set out in your agreement, however a few of the main ones are explained below.

Rent

You must pay your rent in accordance with the terms of your Lease/Tenancy. Invoices will be issued to you by the City Council and payment should be made immediately. Please note that rent must be paid by Direct Debit if the facility is available for your property.

Rent is usually payable in advance either quarterly on the “usual quarter days” or monthly from the commencement date of the agreement, by either 4 or 12 equal instalments, as the case may be. Unless you commence occupation on a rent payment date, the first payment will be a pro-rata payment from the date of occupation until the day before the next rent payment date. You should check the terms of your Lease/Tenancy Agreement and ensure that you are aware of the dates on which the instalments of the rent are payable before you enter into the Lease/Tenancy Agreement.

The “usual quarter days” is a long standing legal phrase and the specific dates are 25th December, 25th March, 24th June and 29th September.

Should you have any queries regarding payments, please contact the City Council’s Income Collection and Management Team (ICAM) whose details are provided on each invoice.

Failure to pay your rent when it becomes due may result in the City Council taking legal action against you for the recovery of the amounts owing and / or the termination of your lease/tenancy. If you are unable to pay the full sum by the due date, you should contact the ICAM team immediately.

If you find yourself facing financial or other difficulties in connection with the property you occupy, please discuss the matter as soon as possible with (SCC) Property Services. Any matter that is discussed will be treated with confidence.

Rent Reviews

The rental value of property can change over time and rent reviews give us the opportunity to ensure that the rent you are being charged is the correct amount.

Formal lease agreements, specifically where the lease term is over 3 years, will often contain a rent review clause. This will specify the time that a rent review is due to occur and the basis upon which the revised rent will be assessed. Before you enter into the Lease/Tenancy Agreement you should ensure that you are aware of the dates upon which the rent will be reviewed understand the basis upon which the revised rent will be assessed. Either the Surveyor from (SCC) Property Services that you have been dealing with or your own surveyor or legal advisor will be able to clarify this for you. You should note that, if the City Council misses the rent review date, it will not prevent it from reviewing the rent at a later date and backdating any increase to the review date.

If you occupy by way of a short lease or periodic tenancy (e.g. a quarterly tenancy or an annual licence) it is likely that it will not contain a rent review clause.

In the case of a short lease, the rent will be considered during the renewal process and set at an appropriate level if both parties wish to enter into a further lease.

For periodic tenancies, in the event that the Council wishes to review your rent, the agreement will need to be terminated. If both parties wish to enter into a further tenancy a new one will be granted at the revised rent and incorporating any other revisions that may be agreed by the parties. The Council will usually consider reviewing the rents of these agreements every 3-5 years, but reserves the right to review them at any time, should market conditions suggest a review would be appropriate.

The Council appreciates that receiving a termination notice can be distressing for a tenant, but it is a necessary step in this process and the covering letter with the termination notice will explain the basis on which this is being served, so you should ensure that you fully read the contents of the covering letter as well as the notice.

In the event that your rent is to be reviewed, (SCC) Property Services will contact you to explain the process.

Service Charges

Depending on the type of property and agreement that you have, you may also be required to pay a Service Charge in addition to the rent. This is typical when there are a block of buildings that share some facilities. Before you enter into the Lease/Tenancy Agreement you should ensure that you fully understand what is covered by the service charge and the basis upon which it will be charged. Either the Surveyor from (SCC) Property Services that you have been dealing with or your own surveyor or legal advisor will be able to clarify this for you. As the basis of the service charge varies from building to building it is not possible to provide any further details in this general guidance.

Should you have any queries regarding your service charge payments after your lease/tenancy has started, please contact (SCC) Property Services in the first instance.

Failure to pay your service charges will result in the City Council considering taking legal action against you for the recovery of the amounts owing and may result in an action to terminate your lease/tenancy.

Rates

As the occupant of a commercial property, you are also responsible for the payment of local authority rates (business rates) in connection with the property. The rateable value of your property can be obtained via the Valuation Office Agency website; www.voa.gov.uk

Any queries regarding the rateable value of the property should be directed to the Valuation Office Agency direct.

The rates payable are set by the Rating Authority and are based on the rateable value of the property. Any queries regarding your payments should be directed to the Council's Business Rates Section;

business.rates@sheffield.gov.uk

- Payments, Direct Debits or change of address, call (0114) 273 4318.
- Reminder or Summons, call (0114) 273 4325.
- Reliefs and allowances, call (0114) 273 4398.
- Valuation enquiries, call (0114) 273 4338.

Utility Bills

You are responsible for the payment of utility bills in connection with your occupation of the property. Depending on the property that you occupy and the wording of your agreement, this may be directly with the provider or included within the service charge element. If you have any queries regarding this, please refer to your agreement or alternatively contact (SCC) Property Services.

Repairs

The full details of your repairing responsibilities are set out within your agreement but it is the Council's standard practice to let their properties on a full repairing basis. This means that, unless your agreement states otherwise, you will be responsible for the repair and maintenance of your property.

If you occupy a property within a parade or estate and there are common areas shared with other tenants, the City Council could be responsible for the repair of any communal element. Depending on the wording of your lease, you may be responsible to make a contribution towards these repairs. This will often, but not always, be covered by a service charge.

Before you enter into the Lease/Tenancy Agreement you should ensure that you fully understand the extent of your repairing liability and what, if anything is the responsibility of the City Council. Either the Surveyor from (SCC) Property Services

that you have been dealing with or your own surveyor or legal advisor will be able to clarify this for you.

If you have any concerns regarding the current state of repair of your property, or you wish to report any repair or maintenance issues you should contact (SCC) Property Services.

Statutory Compliance

As a Tenant you are responsible for ensuring that all statutory compliance regulations are met. This includes the carrying out of electrical tests, gas safety tests and various other checks depending on the property you occupy and the equipment within it.

Asbestos

Asbestos can be found in any building that was built before 2000. There are several types, all of which are considered dangerous if damaged/disturbed.

At the start of your tenancy and if applicable, an Asbestos Survey will be provided to form part of the Asbestos Register which it will be your responsibility to maintain throughout your tenancy.

Electrical Safety

At the date of entry to your property, (SCC) Property Services will provide you with an Electrical Safety Certificate. You are then responsible for ensuring electrical safety in your property for the duration of the agreement. All buildings are required to have a full electrical test to comply with the regulations at the frequency stipulated which is dependent on the property type and usage but usually every 5 years. This also included any items identified as fixed wired such as hand dryers, extract canopies, kitchen equipment etc. A test certificate will need to be produced to evidence that the respective testing has been carried out. At the end of your occupation, you must provide a current certificate to (SCC) Property Services. This will be required regardless of whether or not you have carried out any works to the electricity at the property.

Gas Safety

If the property benefits from Gas then (SCC) Property Services will provide you with a Gas Safety Certificate. You are then responsible for ensuring gas safety in your property for the duration of the agreement. All gas appliances including kitchen equipment, are to have an annual gas service/safety check carried out by a competent contractor who is Gas Safe registered to comply with the Gas (safety and use) Regulations. At the end of your occupation, you must provide an updated

certificate to (SCC) Property Services. This will be required regardless of whether or not you have carried out any works to the gas at the property.

Water Management

Every building is to have a valid (L8) risk assessment carried out every 2 years. Any recommendations in respect of remedial works must be carried out. All on site testing/flushing and monitoring of water temperatures are to be carried out at the stipulated frequencies and recorded in the log book section of the risk assessment. In accordance with the water regulations, all hot water outlets which are accessible by the public are to be blended to prevent scalding and all pipework is to be insulated to prevent frost damage and cross heat transfer.

Fire Safety

As the occupier of a property, you are responsible for maintaining an up-to-date fire risk assessment. This should contain an evacuation plan and establish the requirements for an alarm, the provision of firefighting equipment and emergency lighting, all of which will need to be checked and serviced on a regular basis.

Landlord's Consent

In accordance with the terms of your agreement you will be required to obtain the City Council's consent, as landlord, should you wish to alter, change the use or transfer (assign or sublet) the property.

This consent is from the City Council as landlord only and does not remove the requirement to obtain any Planning consent, building regulation approval or any other consent or approval (e.g. from utility companies whose equipment is or may be affected) which may also be required separately.

Alterations

Agreements granted by the Council will usually contain a clause stating that you must not undertake any alterations of a structural nature without prior consent of the landlord. In some agreements this may also be the case for internal alterations. If you are considering making any alterations or carrying out any work at the property, you should first check the terms of your agreement and if consent is required you should contact (SCC) Property Services. In addition to Landlords consent, you will be responsible for obtaining any other consents that are required. Before starting any works you must ensure that ALL consents have been obtained. If you have any doubt about what consents are required you should obtain professional advice from an independent Surveyor, Architect or Lawyer.

Use

Your agreement will state the permitted use of the property. You may not use the property for any use other than that specified in your lease without the consent of the Council. If you want to change the permitted use, you should contact (SCC) Property Services in the first instance to discuss your proposals. In addition to Landlords consent, you are responsible for obtaining any other consents that are required. Before implementing a change of use you must ensure that ALL consents have been obtained. If you have any doubt about what consents are required you should obtain professional advice from an independent Surveyor, Architect or Lawyer.

Assigning (Transferring) your Agreement/sub-letting

Please note that some agreements are not transferrable or capable of sub-letting. Before you enter into the Lease/Tenancy Agreement you should ensure that you understand whether transfer or sub-letting is permitted and when the consent of the Council needs to be obtained. Either the Surveyor from (SCC) Property Services that you have been dealing with or your own surveyor or legal advisor will be able to clarify the position for you.

If transfer or sub-letting is permitted, you will need to obtain the Council's consent if you wish to transfer or sub-let your agreement to another party, unless the agreement permits sub-letting without consent. If you are in breach of any of the terms within your agreement (e.g. you are behind with your payments of rent or service charge), consent to the transfer will not be considered until the breach has been rectified.

Any requests to transfer or sublet the property should be directed to (SCC) Property Services who will outline the position to you.

Please note that the City Council will charge an administrative fee for considering consent. The fee will vary depending on the work required. For further information about these fees, please contact (SCC) Property Services.

Breach of Terms

Any breach of the terms and conditions of your agreement may result in the Council taking enforcement action against you. In the unlikely instance that a dispute arises, you will normally be invited to discuss this with (SCC) Property Services. If an agreement is not reached and the breach continues, the Council may have no option but to consider formal legal action, which may include an action to terminate your tenancy. Where possible, (SCC) Property Services will make attempts to resolve the matter before solicitors are instructed.

At the end of your agreement

Depending on the type of agreement that you have, there are various requirements at the end of the agreement.

Terminating the agreement

If you have a quarterly tenancy, it will continue to run until such time as either you or the Council serves notice to terminate. This is also the case for other “rolling” agreements which the Council occasionally grants. The notice period to terminate the agreement will be stipulated in the agreement, but in most tenancies it will be 3 months. Please refer to your agreement or contact (SCC) Property Services if you are unsure as to the notice period.

If you occupy by way of a formal lease, please refer to the relevant clause in your lease for further information. Please note that unless the lease includes a break clause which allows the tenant to terminate the lease early, the lease will be in effect until the full termination date stated.

Do not assume that you can surrender your agreement by simply returning the keys or abandoning the property. Your agreement is a legally binding contract and will continue regardless of these actions, until the correct termination procedure has been followed.

Before you enter into the Lease/Tenancy Agreement you should ensure that you fully understand how it may be terminated and the procedure to be followed. Either the Surveyor from (SCC) Property Services that you have been dealing with or your own surveyor or legal advisor will be able to clarify this for you.

Dilapidations

Dilapidations are any works which are required either during the term of a lease or at the expiry, to bring the property up to the standard required by the repairing obligations contained in the lease.

Unless your agreement states otherwise, you must leave the property in good repair and leave it in a clean and tidy condition and suitable for re-occupation. Before you vacate the property, (SCC) Property Services will arrange to inspect it to ensure that you have met all of your responsibilities. Where necessary, you will be issued with a Schedule of Dilapidations. All items outlined within this schedule must be completed

to the satisfaction of (SCC) Property Services, prior to the agreement being terminated.

All of the tenant's goods (including waste) and fittings must be removed. Please note in some instances (SCC) Property Services may agree for some fittings to remain if they are likely to be of benefit to a new tenant.

If any required work has not been completed within the specified time, (SCC) Property Services reserves the right to either agree a cash settlement in lieu of the works or arrange for the works to be undertaken and the costs recovered from you. Further penalties may also be imposed. Please note that any agreement for a cash settlement will be subject to the approval of the City Council.

In addition to your other obligations, you must provide the following documents to (SCC) Property Services prior to vacating the property;

- Electrical Safety Certificate
- Gas Safety Certificate
- Current Asbestos Register
- Energy Performance Certificate

*Some of these documents may not be relevant to your property. If you are unsure as to whether they are appropriate, please contact (SCC) Property Services to discuss this further.

*(SCC) Property Services reserve the right to request further documentation that is specific to elements of your property, if they deem it appropriate.

When you leave

On the date that you vacate the property, you are required to:

- Read all utility meters and notify PROPERTY SERVICES and suppliers of the readings
- Notify any service providers including telephone, internet, fire/safety alarm etc.
- Secure the property and return all keys to (SCC) Property Services. Please note that returning keys before the agreed termination date will not end your liabilities unless previously agreed with (SCC) Property Services.

Complaints

(SCC) Property Services is committed to providing a high quality service. If something goes wrong, or if you are dissatisfied with the service you have received, please tell us.

Our aim is to resolve complaints as quickly as possible. If the complaint cannot be resolved informally, then you can put it in writing to:

What to expect:

- Upon receipt of your complaint we will acknowledge you within 7 working days
- When we have investigated your complaint we will aim to provide you with a full response within 10 working days but in any case no later than 15 working days

(SCC) Property Services have a documented complaints handling procedure, copies of which are available upon request)

Useful contact details

(SCC) Property Services

Sheffield City Council Planning

Telephone: 0114 2039183

Email: planningdc@sheffield.gov.uk

Building Control

Telephone: 0114 2734168

Email: buildingcontrol@sheffield.gov.uk

Non-Domestic Rates

Telephone:

Payments, Direct Debits or change of address: 0114 273 4318

Reminder or Summons, call 0114 2734325

Reliefs and allowances, call 0114 2734398

Valuation enquiries, call 0114 2734338

Email: business.rates@sheffield.gov.uk

Gas Emergencies

Telephone: 0800 111 999

Electrical Issues (Local Number – Northern Powergrid)

Telephone: 0800 375 675

Water Issues

Telephone: 0800 573 553