STATUTORY INSTRUMENTS

2024 No. 1139

LOCAL AUTHORITIES, ENGLAND

The Local Authorities (Rental Auctions) (England) and Town and Country Planning (General Permitted Development) (Amendment) Regulations 2024

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The Secretary of State makes these Regulations in exercise of the powers conferred by sections 59, 60(1), and 61(1) of the Town and Country Planning Act 1990(**a**) and sections 203(3) to (8), 205(6), 206(7), 214, 215 and 252(1) of the Levelling-up and Regeneration Act 2023(**b**).

PART 1

Introduction

Citation, commencement, extent and application

1.—(1) These Regulations may be cited as the Local Authorities (Rental Auctions) (England) and Town and Country Planning (General Permitted Development) (Amendment) Regulations 2024.

(2) The Regulations come into force on 2nd December 2024.

(3) The Regulations extend to England and Wales, and apply to England.

PART 2

Rental Auctions

Interpretation

2. In this Part of these Regulations—

"the Act" means the Levelling-up and Regeneration Act 2023;

"auction period", in relation to particular qualifying high-street premises(**c**), is the period of 12 weeks starting with the first day on which the conditions in section 203(1) of the Act are satisfied in relation to those premises, and references in this Part to a week by reference to its ordinal number are to that week in the auction period;

"the premises" means the premises which are to be the subject of the rental auction(**d**);

"working day" means a day other than—

(a) a Saturday or Sunday,

(b) Christmas Day or Good Friday, or

(**a**) 1990 c. 8. Section 59 has been amended by paragraph 4 of Schedule 1 to the Growth and Infrastructure Act 2013 (c. 27). There are other amendments which are not relevant to these Regulations.
(**b**) 2023 c. 55.
(**c**) "Qualifying high-street premises" is defined in section 192(2) of the Levelling-up and Regeneration Act 2023 (c. 55) ("the 2023 Act").
(**d**) "Premises" are defined in section 218(3) of the 2023 Act. "rental auction" is defined in section 203(2) of the 2023 Act.

(c) a day which is a bank holiday under the Banking and Financial Dealings Act 1971(**a**) in England and Wales.

Designation of high streets and town centres

3.—(1) This regulation applies where a local authority wishes—

(a) to designate—

(i) a street in its area as a high street under section 191(1) of the Act, or

(ii) an area within its area as a town centre under section 191(2) of the Act, or

(b) to vary or withdraw an existing designation under section 191 of the Act.

(2) The local authority must publish a designation proposal in such a way as will, in the opinion of the local authority, bring it to the attention of—

(a) members of the local community in relation to the high-street or area concerned, and

(b) any other person who may, in the opinion of the local authority, be affected by the designation, or by the variation or withdrawal of the designation.

(3) The designation proposal must include the following information—

(a) where the local authority proposes to designate—

(i) a street, the address of that street;

(ii) an area, the borders of that area;

(b) where the local authority proposes to vary a designation, the effect of the changes proposed;

(c) where the local authority proposes to withdraw a designation, details of the street or area which will no longer be designated under the local authority's proposals;

(d) the local authority's reasons for making the designation proposal, or for varying or withdrawing an existing designation, as the case may be;

(e) a period of not less than 28 days within which representations may be made to the local authority in relation to the proposal;

(f) an e-mail address, and a postal address, to which representations may be sent.

(4) A designation proposal published under this regulation may include the local authority's proposals to designate, vary, or withdraw a designation in relation to more than one street or area.

Letting notices and counter notices

4.—(1) An initial letting notice served by a local authority(**b**) under section 195 of the Act must be in the form set out as Form 1 in Schedule 1, and contain the information required by that form.

(2) A final letting notice served by a local authority under section 198 of the Act must be in the form set out as Form 2 in Schedule 1, and contain the information required by that form.

(3) A local authority serving an initial letting notice or a final letting notice must—

(a) use reasonable endeavours to determine whether any person—

(i) has an interest in the affected premises which is superior to that of the landlord(**c**), or

(ii) is a mortgagee(**d**) of the affected premises, and

(b) serve a copy of the initial letting notice or final letting notice on that person.

(4) A counter notice given by a landlord under section 201 of the Act must be in the form set out as Form 3 in Schedule 1, and contain the information required by that form.

(**a**) 1971 c. 80.
(**b**) "Local authority" is defined in section 218(2) of the 2023 Act.
(**c**) "Landlord" is defined in section 218(6) of the 2023 Act.
(**d**) "Mortgagee" is defined in section 218(10) of the 2023 Act.

Preliminary steps for a rental auction

5.—(1) Where a local authority intends to arrange for a rental auction(**a**) to be carried out in respect of qualifying high-street premises under section 203(1) of the Act it must instruct a qualified person to enter and survey the premises, for the purpose of preparing a schedule of works required to raise the premises to the minimum standard to be provided for under paragraph 1(4)(a) of Schedule 2.

(2) For the purposes of paragraph (1), a "qualified person" means a person who appears to the local authority to be qualified to carry out the survey referred to in paragraph (1).

Rental auction: first week

6.—(1) Where a local authority intends to arrange for a rental auction to be carried out in respect of qualifying high-street premises under section 203(1) of the Act, the local authority must—

(a) before the end of the first week, serve notice of its intention on the landlord, and

(b) as soon as possible after serving that notice, undertake the following searches in relation to the premises—

(i) local authority enquiries, as set out on conveyancing form CON29(**b**), but without including the optional enquiries in conveyancing form CON29O(**c**);

(ii) an official search of the local land charges register;

(iii) the standard commercial drainage and water enquiries on conveyancing form CON29DWCom(**d**);

(iv) a flood risk search.

(2) The notice served under paragraph (1)(a) must—

(a) inform the landlord that the local authority intends to arrange a rental auction;

(b) identify the premises;

(c) set out an email address of the local authority that the landlord may use to contact the local authority in connection with the auction process;

(d) require the landlord to provide an email address which the local authority may use to contact the landlord in connection with the auction process.

Rental auction, second week: obligations on the local authority and landlord

7.—(1) The local authority must before the end of the second week serve on the landlord—

(a) a notice containing requirements under section 210(2) of the Act for the landlord to give the local authority the information specified in paragraph (2) in relation to the premises before the end of the third week,

(b) the terms of the proposed tenancy contract(**e**), which must comply with paragraph (4), and

(c) the proposed terms of the tenancy which must comply with paragraph (5).

(2) The local authority must require the landlord to give the following information, unless the local authority considers that information specified in any sub-paragraph is not necessary or relevant for the exercise of its functions in relation to the premises in question—

(**a**) "Rental auction" is defined in section 203(2) of the 2023 Act.

(**b**) Enquiries of local authorities (2016). A specimen of each of forms CON29, CON29O and CON29DWCom is available on www.gov.uk and may be obtained from the Department for Levelling-up, Housing and Communities, at 2 Marsham Street, London, SW1P 4DF.

(**c**) Optional enquiries of local authority (2016).

(**d**) Standard commercial drainage and water enquiries (2021).

(**e**) "Tenancy contract" is defined in section 204(3) of the Act.

(a) full and accurate responses to general pre-contract enquiries for commercial property transactions, including any supplemental pre-contract enquiries relevant to commercial property on the grant of a tenancy;

(b) proof of the landlord's title to the premises—

(i) where the landlord's title is registered, in the form of official copies of the entries relating to the landlord's title at His Majesty's Land Registry, with the title plan;

(ii) where the landlord's title is unregistered, evidence of title to the premises in the form of—

(aa) an abstract of title or an epitome of title with photocopies of the documents referred to, and

(bb) production of every document or an abstract, epitome or copy of it with an original marking by a conveyancer either against the original or an examined abstract or an examined copy;

(c) the following certificates, if available—

(i) a current electrical installation testing certificate;

(ii) a current energy performance certificate;

(iii) a current water safety certificate;

(iv) a current gas safety certificate;

(v) a current fire safety certificate;

(vi) a test certificate for any mechanical, electrical or life safety systems present in, or which serve, the premises;

(d) if available, a fire risk assessment, and

(e) if available, an asbestos survey, and where relevant, an asbestos management plan.

(3) The information provided on the proposed tenancy contract and the proposed terms of the tenancy served under paragraph (1) must state that the landlord may make representations before the end of the third week on the terms of the tenancy contract and the tenancy, including—

(a) the description of the premises, and where the premises form part of a building, on the description of the building;

(b) where the premises concerned comprise a unit in a shopping centre, on the definitions of "the Centre", and the "tenant's plant";

(c) the length of the term;

(d) what, if any, service charge provisions are to be included;

(e) what rights need to be granted for the use and enjoyment of the premises by the tenant;

(f) what title guarantee is to be given;

(g) whether the contract should, where the landlord fails to complete the landlord's works within the period required in the tenancy contract—

(i) provide for liquidated damages as set out in paragraph 6(1) and (2) of Schedule 2, or

(ii) give the tenant the right to complete the landlord's works at the tenant's own cost, as set out in paragraph 6(3) of Schedule 2.

(4) A proposed tenancy contract to be entered into under section 204 of the Act—

(a) must, subject to paragraph (6), include the terms specified in paragraphs 1 to 5 and 7 to 22 of Schedule 2 or terms having substantially the same effect as any of those terms,

(b) may include the terms specified in paragraph 6(1) and (2) or in paragraph 6(3) of Schedule 2 or terms having substantially the same effect as any of those terms, and

(c) must include the terms of the tenancy as an annex to the tenancy contract.

(5) The proposed tenancy must, subject to paragraph (6), contain the terms set out in Schedule 3, so far as they apply to the premises or terms having substantially the same effect as any of those terms.

(6) The local authority may amend any of the terms of the tenancy contract or the terms of the tenancy if the landlord proposes, or agrees to, the amended term.

(7) A notice served by the local authority under section 210(2) in accordance with this regulation or otherwise in connection with the exercise of the local authority's functions under Part 10 of the Act in respect of the premises must contain a statement that if the person on whom the notice is served—

(a) fails without reasonable excuse to comply with a requirement in the notice, or

(b) provides false information which that person knows or should reasonably know to be false,

that person commits an offence and is liable on summary conviction to a fine.

Rental auction, third week: landlord's representations

8.—(1) If the landlord wishes to make any representations in relation to the matters set out in regulation 7(3) or (4), the landlord must serve those representations on the local authority before the end of the third week.

(2) The local authority must take any representations made by the landlord into account in finalising the terms of the tenancy contract and the tenancy.

(3) Where the landlord serves representations or information on the local authority by email, the local authority may use the email address used by the landlord for the purposes of the auction process, whether or not the landlord has provided such an address in response to the notice referred to in regulation 6(1).

Rental auction, fourth week: the auction pack

9.—(1) The local authority must before the end of the fourth week serve on the landlord the following documents ("the auction pack")—

(a) the tenancy contract, and the terms of the tenancy, revised, where appropriate, to take account of any representations made by the landlord;

(b) a brief explanation as to how the landlord's representations have been taken into consideration;

(c) the information requested under regulation 7(2)(a) given by the landlord, so far as it is available;

(d) the evidence of the landlord's title to the premises provided by the landlord as requested under regulation 7(2)(b), so far as is available;

(e) a marketing brochure;

(f) the results of the searches undertaken under regulation 6(1)(b), so far as they are available;

(g) the certificates and other information requested from the landlord under regulation 7(2)(c), (d) and (e), so far as they are available;

(h) any survey of the premises carried out on behalf of the local authority.

(2) The local authority must include the following information in the marketing brochure—

(a) the postal address for the premises;

(b) the suitable high-street use for the premises determined by the local authority;

(c) the contact details for the local authority or for the person who is acting on behalf of the local authority in relation to the rental auction.

(3) The local authority must also use its reasonable endeavours to include the following information in the marketing brochure—

(a) a plan showing the location of the premises;

(b) photographs of both the internal and the external parts of the premises;

(c) the floor areas of the premises;

(d) the business rates liability for the premises;

(e) the business improvement district levy applicable to the premises, if any;

(f) where available, the service charge payable for the premises for the last service charge year, and the service charge proposed for the current service charge year;

(g) the insurance premium payable in relation to the current insurance policy for the premises;

(h) whether supplies made to the tenant pursuant to the tenancy are exempt from value added tax.

Rental auction, fifth to tenth weeks: the marketing period

10.—(1) As soon as reasonably practicable in the fifth week, the local authority must begin to market the premises by arranging for details of the premises, with a link to the auction pack to be included—

(a) in a prominent position on the local authority's website;

(b) on a website which appears to the local authority to be one of the leading websites advertising commercial properties for rent.

(2) The local authority must continue to market the premises as provided in paragraph (1) from the fifth week to the end of the tenth week (the "marketing period").

(3) The local authority must serve all bids received which satisfy the conditions in paragraph (4) ("valid bids") on the landlord as soon as reasonably practicable after the end of the ninth week, and in any event by the end of the tenth week.

(4) For the purposes of this regulation, a "valid bid" must—

(a) specify an annual rental bid, exclusive of value added tax;

(b) include a description of the bidder's proposed use of the premises, which must be within the suitable high-street use specified by the local authority in the marketing brochure;

(c) be submitted with—

(i) the tenancy contract, validly signed by the bidder, and with the name and address of the bidder correctly entered on the contract;

(ii) proof of the bidder's identity, where this is reasonably required by the local authority;

(d) be made by a person who is not the landlord or a subsidiary undertaking of the landlord, within the meaning of section 1162 of the Companies Act 2006(**a**), read with Schedule 7 to that Act;

(e) be received by the local authority before the end of the tenth week.

(5) Neither the local authority nor the landlord may disclose any information in relation to a valid bid to any other bidder or prospective bidder.

(6) The local authority may liaise with any bidder or prospective bidder during the marketing period to assist the bidder or prospective bidder to submit a valid bid.

(7) The local authority must—

(a) serve any valid bids received after the end of the ninth week ("late bids") which have not been served on the landlord under paragraph (3), or

(b) serve notice on the landlord that no late bids have been received,

as soon as reasonably practicable after the end of the tenth week, and at the latest before the end of the eleventh week.

(**a**) 2006 c. 46.

Rental auction: the successful bidder

11.—(1) The landlord may choose to accept any of the valid bids as the successful bid.

(2) The landlord must serve notice on the local authority of the successful bidder before the end of two working days after the day on which the landlord received the late bids, or the notice, referred to in regulation 10(7).

(3) If the landlord fails to serve notice as required by paragraph (2), the local authority may choose not to accept any bid offered.

(4) If the local authority choose to accept a bid, it must choose the bidder offering the highest annual rental value for the premises as the successful bidder, unless paragraph (5) applies.

(5) If it appears to the local authority that it is not reasonably practicable to enter into a contract with the successful bidder chosen under paragraph (1) or (4), the local authority may choose the bidder offering the highest annual rental value for the premises with whom it is reasonably practicable to enter into a contract as the successful bidder.

Rental auction: conclusion

12. The rental auction is concluded on the exchange of the tenancy contract.

Auction costs

13.—(1) The local authority may require the successful bidder to pay the following costs as part of the consideration for the grant of a tenancy—

(a) the legal costs incurred by the local authority in the preparation of the auction pack referred to in regulation 9(1), including the preparation of—

(i) the tenancy contract, and

(ii) the tenancy agreement;

(b) the search fees incurred by the local authority under regulation 6(1)(b);

(c) the costs of carrying out a survey required under regulation 5.

(2) The local authority may not require the successful bidder to pay any costs associated with the auction process except for the costs listed in paragraph (1).

Service of documents

14.—(1) Subject to paragraph (2), a document may be served on a person or given to a person under these Regulations—

(a) by being delivered personally to the person;

(b) by being left at the appropriate address of the person;

(c) by being sent to the appropriate address of the person—

(i) by a registered post service (as defined in section 125(1) of the Postal Services Act 2000)(**a**), or

(ii) by a postal service which provides for the delivery of the document to be recorded;

(d) by being transmitted to the person by email to the address—

(i) provided by the local authority under regulation 6(2)(c), in the case of documents served on the local authority, and

(ii) provided by the landlord in response to regulation 6(2)(d) or used by the landlord to send representations or information to the local authority under these Regulations.

(2) An initial letting notice and a final letting notice must be served on the landlord by—

(**a**) 2000 c. 26. There are amendments to section 125(1) which are not relevant to these Regulations.

(a) being left at, or

(b) sent to, in accordance with paragraph (1)(c),

both the premises and the appropriate address of the landlord.

(3) The "appropriate address" of a person is—

(a) in the case of a body corporate, the address of the registered office, or principal place of business of the body;

(b) in the case of a partnership, the address of the principal office of the partnership;

(c) in any other case, the last known address of the person.

(4) Where a document is served or given as described—

(a) in paragraph (1)(b) or (d) or (2)(a), it is to be taken to have been received—

(i) on the day of delivery, provided that it is left at the address, or in the case of email, transmitted, before 16:30 on a working day, or

(ii) in any other case, on the first working day after the day of delivery,

and for these purposes "day of delivery" includes the day on which an email was transmitted;

(b) in paragraph (1)(c) or (2)(b), it is to be taken to have been received 48 hours after it is sent unless the contrary is shown.

(5) For the purposes of section 214(4) of the Act, the local authority is to be treated as having taken the last step required to serve a letting notice—

(a) in the case of delivery by hand, on the day on which the letting notice is left at the address concerned;

(b) in the case of delivery by post, on the day on which the letting notice is entrusted by the local authority to the registered post service, or postal service.

PART 3

General Permitted Development: consequential amendment

Amendment to the Town and Country Planning (General Permitted Development) (England) Order 2015

15. In Part 4 of Schedule 2 to the Town and Country Planning (General Permitted Development) (England) Order 2015(**a**), after class DA, insert—

"Class DB: Use of qualifying high-street premises changing to a suitable high-street use

Permitted development

DB. Development consisting of a change of use of a building which is a qualifying high-street premises within the meaning of section 192(2) of the Levelling-up and Regeneration Act 2023 ("the 2023 Act") and any land within the curtilage of that building to a suitable high-street use (as defined by section 192(4) of the 2023 Act) for the duration of a tenancy granted following a rental auction of the premises held under Part 10 of the 2023 Act.

Development not permitted

DB.1 Development is not permitted by Class DB if the premises form part of a site which is, or forms part of—

(**a**) S.I. 2015/596. Class DA was inserted into Part 4 by S.I. 2020/330 and amended by S.I. 2021/814. There are other amendments to Part 4 of Schedule 2 which are not relevant to these Regulations.

(a) a military explosives storage area, or

(b) a safety hazard area.

Conditions

DB.2 Development is permitted by Class DB subject to the following conditions—

(a) the local authority responsible for the rental auction must notify the local planning authority of—

(i) the suitable high-street use for which the premises will be used;

(ii) the date on which that use will commence;

(iii) the date on which that use will cease;

(b) at the end of the tenancy granted in relation to the premises, the premises must revert to their former use.".

Signed by authority of the Secretary of State for Housing, Communities and Local Government

Alex Norris
Parliamentary Under Secretary of State
Department for Housing, Communities and Local Government

7th November 2024

SCHEDULE 1

Regulation 4

Forms

Form 1 (page 1)

Initial Letting Notice
Notice under section 195 of the Levelling-up and Regeneration Act 2023

To: (*insert name and address of the Landlord)* ……..……
From: *(insert name and address of the local authority)* ("the local authority") …… ……..

This notice applies to: *(insert name and address of the premises. Where the premises form part of a building, a plan approximately identifying the premises within the building must be attached to the notice)* …… ("the premises")

This notice takes effect on (*insert date, which must be after the date on which the notice is considered to have been served under regulation 14 of the Local Authorities (Rental Auctions) (England) and Town and Country Planning (General Permitted Development) (Amendment) Regulations 2024)* …… and expires on (*insert date, which must be the date at the end of a period of ten weeks starting on the date on which the notice takes effect)* ……

1. The local authority has power under Part 10 of the Levelling-up and Regeneration Act 2023 ("the Act") to require qualifying high-street premises to be let for a suitable high-street use where it appears to the local authority that the conditions in sections 193 (the vacancy condition) and 194 (the local benefit condition) of the Act are satisfied in relation to the premises.

2. The premises are qualifying high-street premises as they are situated on a designated high street or in a designated town centre, and the local authority considers that they are suitable for the following high-street use: (*insert details of the suitable high street use, taken from section 192 of the Act*)……..

3. It appears to the local authority that the premises satisfy the vacancy condition and the local benefit condition because:

(a) [*they are unoccupied and have been unoccupied for the whole of one year ending with (*insert date, which must be the day before the date on which the notice is issued ("the previous day")* ……..][*in the period of two years ending with (*insert date, which must be the previous day*) …… , it has been unoccupied on at least 366 days] [**delete whichever is inapplicable*], and

(b) the local authority considers that the occupation of the premises for (*insert details of the suitable high street use*) …… ……...would be beneficial to the local economy, society or environment.

4. While this notice is in force, you may not—
(a) grant or agree to grant, a tenancy of, or licence to occupy, the premises, or
(b) enter into any other agreement resulting in another person becoming entitled to possess or occupy the premises (except as a result of the transfer or extinction of your interest in the premises),
without the written consent of the local authority.

5. If a tenancy of, or licence to occupy the premises is granted, or any other agreement referred to in paragraph 4(b) is entered into in relation to the premises without the consent of the local authority, that tenancy, licence or agreement is void.

6. The local authority is required to consent to the grant of a tenancy or a licence to occupy in relation to the premises if:
(a) the term of the proposed tenancy, or the period of occupation under the proposed licence, would begin within the period of eight weeks beginning with the day on which this notice takes effect,
(b) that term or period would be at least one year, and
(c) the local authority is satisfied that the tenancy or licence would be likely to lead to the occupation of the premises for a high-street use.

The local authority can be contacted in relation to this notice by email addressed to:

Name: (*insert name*)……..……...
Email address: (*insert email address)*.……...
Telephone: (*insert number)*.……

A copy of this notice will be served on any superior landlord or mortgagee of which the local authority is aware.

Final letting notice
Notice under section 198 of the Levelling-Up and Regeneration Act 2023

To: …… (*insert name and address of the Landlord)*
From: ……..*(insert name and address of the local authority)* ("the local authority")

This notice applies to: ……*(insert name and address of the premises. Where the premises form part of a building, a plan approximately identifying the premises within the building must be attached to the notice)* ("the premises").

This notice takes effect on (*insert date, which must be before the date on which the initial letting notice expires and later than the date on which the notice would be considered to be served under regulation 14 of the Local Authorities (Rental Auctions) (England) and Town and Country Planning (General Permitted Development) (Amendment) Regulations 2024*) ("the 2024 Regulations") and expires on *(insert date*), unless you bring an appeal, which will extend the validity of the notice until the appeal is determined, withdrawn or abandoned.

1. The local authority has power under Part 10 of the Levelling-up and Regeneration Act 2023 ("the Act") to require qualifying high-street premises to be let for a suitable high-street use where it appears to the local authority that the conditions in sections 193 (the vacancy condition) and 194 (the local benefit condition) of the Act are satisfied in relation to the premises.

2. The premises are qualifying high-street premises as they are situated on a designated high street or in a designated town centre, and the local authority considers that they are suitable for the following high-street use: (*insert details of the suitable high street use, taken from section 192 of the Act*).

3. The local authority served an initial letting notice in relation to the premises, which took effect on (*insert date).* The period of eight weeks has elapsed since the date on which that notice took effect, and no tenancy or licence has been granted and no other agreement has been entered into in relation to the premises.

4. While this notice is in force, you may not—

(a) grant, or agree to grant, a tenancy of, or licence to occupy, the premises, or

(b) enter into any other agreement resulting in another person becoming entitled to possess or occupy the premises (except as a result of the transfer or extinction of your interest in the premises),

without the written consent of the local authority.

5. If a tenancy of, or licence to occupy the premises is granted, or any other agreement referred to in paragraph 4(b) is entered into in relation to the premises without the consent of the local authority, that tenancy, licence or agreement is void.

6. While this notice is in force you may not carry out or permit the carrying out of any works to the premises, including the alteration or removal of any fixtures or fittings on the premises, without the written consent of the local authority, unless the works are:

(a) urgently necessary for repair or preservation, or

(b) necessary to fulfil an obligation of the landlord (other than one the landlord assumed voluntarily after the initial letting notice took effect).

7. A person who carries out works, or permits them to be carried out in breach of the prohibition in paragraph 6 without reasonable excuse commits an offence and is liable on summary conviction to a fine not exceeding level 4 on the standard scale.

8. You may appeal against this final letting notice on any of the following grounds:

(1) That the vacancy condition was not met in relation to the premises on the day on which the initial letting notice was served.

(2) That the premises cannot reasonably be considered suitable for the use identified in this notice as the suitable high-street use.

(3) That the local authority's view that the local benefit condition was met in relation to the premises was one that no local authority giving reasonable consideration to the matter could have reached.

(4) That the local authority failed, while the initial letting notice was in force, to give consent under section 196 of the Act to a proposed tenancy, licence or agreement where the authority—

(a) was required by section 197(1) of the Act to give consent, or

(b) would have been so required had it not failed to be satisfied as mentioned in section 197(2)(c) of the Act, when any local authority giving reasonable consideration to the matter would have been so satisfied.

(5) That you—

(a) intend to carry out substantial works of construction, demolition or reconstruction affecting the premises, and

(b) could not reasonably carry out those works without retaining possession of the premises.

(6) That you intend to occupy the premises for the purposes, or partly for the purposes, of a business to be carried on by you in the premises.

(7) That you intend to occupy the premises as your residence.

9. If you wish to appeal against this notice, you must serve a counter-notice on the local authority in accordance with regulation 14 of the 2024 Regulations, so that it is received by the local authority before the end of a period of 14 days beginning with the day on which this notice takes effect—

(a) stating that if this final letting notice is not withdrawn, you intend to appeal against it, and

(b) specifying the ground (which must be one of the grounds set out in Schedule 20 to the Act and described in paragraph 8 of this form) on which you will be bringing an appeal.

10. The local authority may serve a withdrawal notice in relation to this final letting notice before the end of the period of 14 days beginning with the day on which the authority received your counter notice. If the local authority serves a withdrawal notice on you, this final letting notice ceases to have any effect.

11. If the local authority do not serve a withdrawal notice before the end of the 14 day period referred to in paragraph 10, you will need to make an appeal to the county court before the end of a period of 28 days beginning with the day in which your counter-notice was received by the local authority.

12. If you do not serve a counter-notice as described in paragraph 9, or make an appeal to the county court, and no tenancy, licence, or other agreement referred to in paragraph 4(b) has been granted in relation to the premises with the consent of the local authority (where this is required), the authority may, after the expiry of the 28 day period referred to in paragraph 11, arrange for a rental auction to be carried out in respect of the premises.

The local authority can be contacted in relation to this notice by email addressed to:
Name: (*insert name*)……
Email address: (*insert email address)*.....
Telephone: (*insert number)*.....

This email address should also be used to serve a counter-notice on the local authority.

A copy of this notice will be served on any superior landlord or mortgagee of which the local authority is aware.

Form 3

Counter notice

Notice under section 201 of the Levelling Up and Regeneration Act 2023

This counter notice is served by (*insert name of landlord*) ("the landlord") in relation to (*insert address of the premises).*

If the final letting notice served in relation to these premises is not withdrawn, the landlord intends to appeal against it.

The appeal will be brought on the following ground(s) that:

……

……..

……..

……..

……

……

(*insert each of the proposed grounds of appeal, which must be one or more of the grounds set out in Schedule 20 to the Levelling-up and Regeneration Act 2023 and described in paragraph 8 of the Final Letting Notice*).

The email address of the landlord for service is: (*insert email address*)

Dated: (*insert date*)

SCHEDULE 2

Regulation 7(4)

Tenancy contract

Introductory provisions

1.—(1) The parties to the agreement—

(a) the names and addresses of the landlord, and the local authority, including a statement that the local authority is acting so as to bind the landlord and not itself, pursuant to section 204(5) of the Levelling Up and Regeneration Act 2023 ("the Act");

(b) the name and address of the tenant, which should be verified and completed once the auction has been completed and a successful bidder has been identified.

(2) A description of the premises, in the same terms as, or cross referring to, the description in the proposed tenancy.

(3) Statements (a) and (b), and where the Landlord is undertaking works to the premises, statement (c), in relation to the background to the contract, as follows—

"(a) the landlord has an interest in the premises at [insert address] and has agreed to grant the tenant a tenancy of the premises on the terms contained in this agreement;

(b) the tenancy is to be granted further to a contract entered into under section 204 of the Act ("a tenancy contract") and is excluded from sections 24 to 28 of the Landlord and Tenant Act 1954(**a**) pursuant to section 209 of the Act;

(c) the landlord has agreed to undertake certain works at the premises before the grant of the tenancy.".

(4) Interpretative provisions, including—

(a) the following definitions—

""landlord's works" means the works to be carried out by the landlord at the premises, which may be inside or outside the premises, to raise the premises to the Minimum Standard as annexed to the tenancy contract, where the premises do not already satisfy that Standard;";

""landlord's works completion date" means the date on which the landlord's works are completed, as notified to the tenant by the landlord under the tenancy contract;";

""Minimum Standard" means a condition which is safe, secure and with any significant occupational risks removed or managed by which it is meant—

(a) there can be no significant water ingress or leaking pipework, no unstable or loose elements which may fall and cause harm;

(b) all internal doors, and external doors (used to access the premises), are capable of operation for safe ingress or egress;

(c) all external windows are capable of operation (where so designed) for ventilation or escape in an emergency;

(d) the interior of the premises will be clear from debris, vermin, significant deviations from plane;

(e) all fire safety requirements for a vacant building must be in place, with fire and smoke detection operating and certified, and fire doors and compartmentations in a condition supported by a fire risk assessment;

(f) mains water and electrical supplies, should be connected, certified as safe, or capable of re-connection without significant expense to the tenant;

(g) gas if present should be connected, certified as safe, or capable of re-connection without significant expense to the tenant;

(h) toilet and hand washing facilities should be provided and be operational and capable of free-flowing discharge to a mains drainage connection;

(i) any shop fronts forming part of the premises should be provided with glazing, frames and entrance doors which are intact, sound, and operational;

(j) there should be no fungal decay, or mould growth which presents a risk to, respiratory health, or the structural integrity of the premises;";

""Part 1 Conditions" means Part 1 of the Standard Commercial Property Conditions (Third Edition - 2018 Revision)"(**b**);

""rent commencement date" means the date that is the last day of a period of four weeks starting with the day after the tenancy completion date;";

(**a**) 1954 c. 56. Section 24 was substituted by Schedule 1 to the Law of Property Act 1969 (c. 59) and amended by S.I. 2003/3096. Sections 24A to 24D were inserted by S.I. 2003/3096, and sections 25 and 26 were also amended by S.I. 2003/3096.

(**b**) A specimen form of the Standard Commercial Property Conditions (Third Edition – 2018 revision) may be downloaded from https://www.lawsociety.org.uk/topics/property/freehold-forms and a hard copy obtained from the Ministry of Housing, Communities and Local Government, 2 Marsham Street, London SW1P 4DF.

""requisite consents" means building regulation approvals, byelaw approvals, and any other consents, licences and authorisations required from any competent authority, statutory undertaker or person for the carrying out of works by the landlord or, as the case may be, by the tenant under the tenancy contract;";

""tenancy completion date" is—

(a) the tenth working day in the period starting with the day after the landlord's works completion date, or

(b) any earlier date agreed between the landlord and the tenant;";

""tenant's works" means the fitting out works to be carried out by the tenant for the use and enjoyment of the premises under the tenancy contract, whether inside or outside the premises;";

(b) details of the annual rent, to be completed after the choice of the successful bidder, under regulation 11;

(c) provision that reference in the contract—

(i) to a numbered condition is a reference to the condition with that number in Part 1 of the Standard Commercial Property Conditions (Third Edition – 2018 revision);

(ii) to the landlord includes a reference to any representative of the landlord whose details have been given by notice from time to time by the landlord to the tenant;

(iii) to the tenant includes a reference to any representative of the tenant whose details have been given by notice from time to time by the tenant to the landlord;

(d) provision that the terms used in the tenancy contract are to have the same meaning when used in the Part 1 Conditions.

Agreement for tenancy

2.—(1) Provision that—

(a) in consideration of and satisfaction of any obligations owed by either the landlord or the tenant under the tenancy contract, the landlord will grant to the tenant and the tenant will accept from the landlord the tenancy of the premises on the terms annexed to the tenancy contract ("the tenancy"), subject to the completion of the landlord's works on the terms set out in the tenancy contract;

(b) no purchase price, premium, or deposit is payable (except payment of any deposit specified in the tenancy).

(2) The contract must also provide that—

(a) the tenant cannot require the landlord to grant the tenancy of the premises to any person other than the tenant;

(b) the tenant cannot assign, sublet, charge, or otherwise share or part with the benefit of the tenancy contract whether in relation to the whole or any part of the premises;

(c) conditions 1.4, 3.2 and 9.8.3 do not apply to the tenancy contract.

Timetable for engrossments

3.—(1) A requirement for the landlord to send—

(a) the engrossed counterpart tenancy to the tenant, by 5 working days after the landlord's works completion date, and

(b) the engrossed counterpart licence for alterations to the tenant by the later of—

(i) if any landlord approval is required, 5 working days after the landlord has approved the plans and specifications for the tenant's works in accordance with provision made under paragraph 9.1, and

(ii) 5 working days after the landlord's works completion date.

(2) A requirement for the tenant to execute the counterpart licence for alterations and deliver it to the landlord on completion of the licence for alterations.

(3) Provision disapplying condition 11.2.5 in relation to the tenancy contract.

Exclusion of security of tenure

4. A statement that the parties acknowledge that the tenancy is granted further to a contract entered into under section 204 of the Act and is excluded from sections 24 to 28 of the Landlord and Tenant Act 1954 pursuant to section 209 of the Act.

Landlord's works

5.—(1) A requirement for the landlord to apply for and use all reasonable endeavours to obtain any requisite consents in respect of the landlord's works.

(2) A requirement for the landlord to use all reasonable endeavours to procure that the landlord's works are completed by the end of a period of three calendar months starting with the date on which the tenancy contract is completed.

(3) Provision for that period to be extended by such period as is determined by a professionally qualified surveyor appointed by the landlord, acting reasonably, having regard to the nature and severity of any event of disruption or delay, where completion of the landlord's works is delayed due to an event or cause that is beyond the landlord's reasonable control and the landlord is able to provide justifiable evidence of such delay to the tenant.

(4) A requirement for the landlord to use all reasonable endeavours to procure that the landlord's works are carried out—

(a) with due diligence and in a good and competent manner,

(b) using only good quality materials and well-maintained plant and equipment,

(c) in accordance with the tenancy contract and the requisite consents in respect of the landlord's works,

(d) in accordance with all statutory or other legal requirements and the recommendations or requirements of the local authority or statutory undertakings,

(e) in compliance with all relevant British Standards(**a**), codes of practices and good building practice, and

(f) by selecting and using materials so as to avoid known hazards to the health and safety of any person and to ensure the long-term integrity of the premises.

(5) A requirement for the landlord to serve written notice on the tenant and on the local authority as soon as the landlord's works are complete, stating in that notice the date which is the landlord's works completion date.

Tenant further remedies

6.—(1) A requirement, where—

(a) the landlord's completion date is later than the end of the three-month period referred to in paragraph 5(2) (the "target period"),

(b) that period is not extended under paragraph 5(3), and

(c) the landlord has failed to use all reasonable endeavours to procure that the landlord's works are completed,

for the landlord to pay any liquidated damages payable to the tenant under the tenancy contract within 5 working days of the landlord's works completion date.

(**a**) British Standards are published by the British Standards Institution, a private company originally incorporated by Royal Charter in 1929 as the British Engineering Standards Association.

(2) Provision for the rate of liquidated damages payable by the landlord to the tenant under sub-paragraph (1) to be £55 for each day or part of a day the landlord's works continue after the end of the target period.

Step-in provision

(3) The tenancy contract may include provision—

(a) allowing the tenant to serve notice on the landlord, where the landlord's works are not completed within the target period, and that period has not been extended under paragraph 5(3), stating the tenant's intention to complete the landlord's works at the tenant's own cost;

(b) where the landlord receives a notice from the tenant under paragraph (a)—

(i) that the landlord may not undertake any further elements of the landlord's works,

(ii) the tenant will have the right to undertake the remainder of the landlord's works and the landlord will provide such reasonable access as is necessary to enable the tenant to do so, and

(iii) that the tenant will be permitted to deduct the proper costs of undertaking the remainder of the landlord's works from the rent payable under the tenancy commencing on the rent commencement date (and no deposit is payable under the tenancy until such time as the tenant is reimbursed);

(c) if the tenant exercises its right to serve notice under paragraph (a) to undertake the remainder of the landlord's works, the tenant must (subject to access being provided by the landlord) undertake the works with all due diligence and as soon as reasonably practicable and serve written notice on the landlord as soon as the landlord's works are complete and the date stated in that notice is to be treated as the landlord's works completion date.

Long stop date

7.—(1) Provision that, if the landlord's works completion date has not occurred by 16:00 on the last day of a period of six months starting on the date of the tenancy contract ("the long stop date"), and the tenant has not exercised rights provided for under paragraph 6(3), the tenant may—

(a) at any time after the long stop date (but before the landlord's works completion date) give written notice to the landlord that, unless the landlord's works completion date occurs within 20 working days of the receipt of that notice (time being of the essence), the tenant may terminate the tenancy contract;

(b) if the landlord's works completion date does not occur within 20 working days of receipt of the notice given by the tenant under paragraph (a), then the tenant may, by further written notice, terminate the tenancy contract with immediate effect and the landlord will be liable to the tenant for the proper costs incurred by the tenant arising out of the auction, and the proposed letting of the premises.

(2) Provision disapplying conditions 8.1, 8.2.3, 8.2.4(b), 8.2.5 and 8.2.7 in relation to the tenancy contract.

Conditions

8.—(1) Provision incorporating the Part 1 Conditions in the tenancy contract in accordance with this paragraph, so far as they—

(a) are applicable to the grant of a tenancy,

(b) are not inconsistent with the other clauses in the tenancy contract, and

(c) have not been modified or excluded by any of the other clauses in the tenancy contract.

(2) Provision applying the Part 1 Conditions subject to the following modifications—

(a) the reference to completion date in condition 1.1.1(d) is to be read as if it were a reference to the tenancy completion date as defined in the tenancy contract;

(b) the reference to contract rate in condition 1.1.1(e) is to be read as if it were a reference to the rate provided for under paragraph 15(5)(b);

(c) condition 1.1.4 is to be read as if condition 1.1.4(a) were omitted;

(d) reference to VAT in condition 1.1.1(o) is to be read as if it were a reference to value added tax or any equivalent tax chargeable in the United Kingdom;

(e) condition 9.1.1 is to be read as if the words "completion date is twenty working days after the date of completion but" were omitted;

(f) condition 11.2.2 is to be read as if the words: "(d) "transfer" includes the grant of a tenancy" were included.

Tenant's works

9.—(1) Provision that, except to the extent that the tenant's works (or any part thereof) do not require landlord consent or approval under the tenancy or as provided for under sub-paragraph (3), and subject to any provision made under paragraph 10(5) of Schedule 3, the tenant may after the date of the tenancy contract at the tenant's expense prepare and submit to the landlord for approval (such approval not to be unreasonably withheld or delayed), plans and specifications of the tenant's works in such detail as the landlord may reasonably require.

(2) Provision that—

(a) provided the requirements in sub-paragraph (1) are satisfied, the tenant's works may include—

(i) works which are inside or outside the premises, and

(ii) the removal of any fit out in the premises which exists at the date of the tenancy contract ("existing fit out") and which will require the removal of any structural item;

(b) in considering a request by the tenant for consent for the removal of existing fit out, the landlord must have due regard to any reasonable opinion of the tenant that it cannot be made use of by the tenant for its proposed use of the premises, if that opinion is communicated to the landlord by the tenant.

(3) Provision that the tenant does not require the consent or approval of the landlord to remove any existing fit out in the premises where—

(a) that removal will not require the removal of any structural item from the premises, and

(b) the fit out cannot, in the reasonable opinion of the tenant, be made use of by the tenant for its proposed use of the premises.

(4) A requirement that completion of the licence for alterations take place on the later of—

(a) completion of the tenancy, and

(b) 10 working days after the date the landlord consents to or approves the tenant's works in accordance with sub-paragraph (1), where any such consent or approval is required.

(5) A requirement, which may be included in the licence for alterations, for—

(a) any tenant's works to be carried out in accordance with any requisite consents;

(b) any tenant's works to be removed and any damage made good at the end of the tenancy subject to any alternative direction made by the landlord and communicated to the tenant at least three months prior to the expiry of the tenancy, provided that the tenant may not be required to reinstate any existing fit out which was removed by the tenant in compliance with sub-paragraphs (1) to (3).

Deducing title

10.—(1) A statement that—

(a) the landlord's title, which must be identified as a freehold or leasehold title, has been deduced to the tenant before the date of the tenancy contract, and

(b) the tenant is deemed to have full knowledge of the landlord's title and is not entitled to raise any objection, enquiry or requisition in relation to the landlord's title.

(2) Provision disapplying conditions 7.1, 7.2, 7.3, 7.4.2, 11.2.4, and 11.3 in relation to the tenancy contract.

Title guarantee

11.—(1) Provision stating whether the landlord grants the tenancy with a full title guarantee, a limited title guarantee or no title guarantee.

(2) The tenancy must be granted with a full title guarantee, unless it appears to the local authority, having considered any representations made by the landlord under regulation 8, that there is good reason to permit the landlord to grant the tenancy with—

(a) a limited title guarantee, or

(b) no title guarantee.

(3) Where the tenancy is to be granted with a full title guarantee or a limited title guarantee, provision that—

(a) the implied covenants for title are modified so that—

(i) the covenant set out in section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994(**a**) does not extend to costs arising from the tenant's failure to make proper searches or raise requisitions on title or on the results of the tenant's searches, and

(ii) in the case of a limited title guarantee, the covenant set out in section 3(3) of the Law of Property (Miscellaneous Provisions) Act 1994 extends only to charges or encumbrances created by the landlord, and

(b) conditions 7.6.2, 7.6.4 and 12 do not apply to the tenancy contract.

(4) Where the tenancy is to be granted with no title guarantee, provision that—

(a) the landlord grants the tenancy with no title guarantee and with no covenants for title, whether express or implied;

(b) conditions 7.6.2, 7.6.4 and 12 do not apply to the tenancy contract.

Matters affecting the Premises

12.—(1) A requirement for the landlord to grant the tenancy to the tenant free from encumbrances other than—

(a) any matters, other than financial charges, contained or referred to in the entries or records made in—

(i) registers maintained by HM Land Registry, as at [DATE AND TIME OF OFFICIAL COPIES] under title number [NUMBER], and

(ii) the Land Charges Department of HM Land Registry, as at [DATE OF SEARCH];

(b) all matters contained or referred to in the tenancy;

(c) any matters discoverable by inspection of the premises before the date of this agreement;

(d) any matters which the landlord does not and could not reasonably know about;

(e) any matters, other than financial charges, disclosed or which would have been disclosed by the searches and enquiries that the tenant made, or a prudent tenant would have made, before entering into this agreement;

(f) public requirements;

(**a**) 1994 c. 36.

(g) any matters which are, or (where the tenancy will not be registered) would be, unregistered interests which override first registration under section 12(4)(c) of and Schedule 1 to the Land Registration Act 2002(**a**).

(2) A statement that the tenant is deemed to have full knowledge of the matters referred to in sub-paragraph (1) and will not raise any enquiry, objection, requisition or claim in respect of any of them.

(3) Provision—

(a) disapplying conditions 4.1.1, 4.1.2, 4.1.3 and 4.2.1 in relation to the tenancy contract;

(b) applying condition 7.6.3 subject to the modification that the reference in that condition to condition 4.1.2 is to be read as a reference to the provision referred to in sub-paragraph (1).

Termination on tenant's insolvency or material non-compliance by the tenant

13.—(1) Provision identifying events of default for the purposes of the tenancy contract, which may include all or any of the following events—

(a) the taking of any step-in connection with any voluntary arrangement or any other compromise or arrangement for the benefit of any creditors of the tenant;

(b) the making of an application for an administration order or the making of an administration order in relation to the tenant;

(c) the giving of any notice of intention to appoint an administrator, or the filing at court of the prescribed documents in connection with the appointment of an administrator, or the appointment of an administrator, in relation to the tenant;

(d) the appointment of a receiver or manager or an administrative receiver in relation to any property or income of the tenant;

(e) the commencement of a voluntary winding-up in respect of the tenant, except a winding-up for the purpose of amalgamation or reconstruction of a solvent company in respect of which a statutory declaration of solvency has been filed with the Registrar of Companies;

(f) the making of a petition for a winding-up order or a winding-up order in respect of the tenant;

(g) the striking-off of the tenant from the Register of Companies or the making of an application for the tenant to be struck-off;

(h) the tenant otherwise ceasing to exist;

(i) the making of an application to court for, or obtaining, a moratorium under Part A1 of the Insolvency Act 1986(**b**) in relation to the tenant;

(j) where the tenant is an individual and not a body corporate, the making of an application for a bankruptcy order or the making of a bankruptcy order against the tenant;

(k) the levying of any execution or other such process on or against, or taking control or possession of, the whole or any part of the tenant's assets.

(2) Provision that if an event of default occurs, the landlord may, at any time prior to grant of the tenancy, terminate the tenancy contract by giving written notice to the tenant.

(3) Provision that, if at any time there is any material non-compliance by the tenant with any of its obligations under the tenancy contract and such default is either—

(a) not capable of being remedied, or

(b) is capable of remedy but the tenant has not remedied the default within 14 working days (or such longer period as may be reasonable in the circumstances) after service on the tenant by the landlord of a notice specifying the default,

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(**a**) 2002 c. 9. Schedule 1 was amended by s. 157(7) of the Localism Act 2011 (c. 20).

(**b**) 1986 c. 45. Part A1 was inserted by section 1(1) of the Corporate Insolvency and Governance Act 2020 (c. 12). There are amendments to Part A1 which are not relevant to this instrument.

the landlord may, at any time prior to grant of the tenancy, terminate the tenancy contract by giving written notice to the tenant.

Consequences of termination

14.—(1) Provision that if the tenancy contract is terminated as provided for under paragraph 7(1)(b), 13(2) or 13(3) or sub-paragraph (2)(a) or (b), or in accordance with condition 10.1(b)—

(a) the tenancy contract is terminated with immediate effect from the date of the notice to terminate and none of the parties has any further rights or obligations under the tenancy contract except for—

(i) the rights of any party in respect of any earlier breach of the tenancy contract, and

(ii) the obligations in this paragraph and paragraph 16(c) which continue in force notwithstanding the termination of the tenancy contract, and

(b) the tenant must immediately return any documents it received from the landlord.

(2) Provision that—

(a) if the tenant fails to complete in accordance with a notice to complete, the landlord may rescind the contract,

(b) if the landlord fails to complete in accordance with a notice to complete, the tenant may rescind the contract,

(c) if either party rescinds the contract, the provision made under this paragraph is to apply, and

(d) conditions 10.2, 10.5, and 10.6 do not apply in relation to the tenancy contract.

Completion of the grant of the tenancy

15.—(1) A requirement for completion of the grant of the tenancy to take place on the tenancy completion date.

(2) Provision that condition 9.2.1 does not apply to this agreement.

(3) Provision for the grant of the tenancy to be on the following terms—

(a) the contractual term of the tenancy is to commence on the date of completion of the tenancy;

(b) the sum to be inserted as the "rent" in the tenancy is to be £[figure determined by the auction process] per annum exclusive of VAT and the tenant's liability to pay that sum commences on the rent commencement date;

(c) the tenant's liability to pay the other sums payable under the tenancy commences on the tenancy completion date.

(4) A requirement that, on completion, the tenant is to pay the deposit to the account nominated by the landlord.

(5) Provision that—

(a) if completion is delayed due to the tenant's default or the tenant fails to pay any sum due under this agreement in full on completion, the tenant must pay interest in addition to damages for losses incurred by the landlord as a result of the delayed completion;

(b) the interest is payable at the rate of 2% per annum above the base rate from time to time of such UK clearing bank as the landlord may choose on any unpaid amount for the period from the tenancy completion date to the date of actual payment.

(6) Provision that—

(a) the tenant is to pay the money due on completion by electronic means in same day cleared funds from an account held in the name of the tenant (or a conveyancer acting for the tenant whose details have been notified to the landlord), at a UK clearing bank to an account in the name of the landlord (or a conveyancer acting for the landlord whose details have been notified to the tenant);

(b) conditions 9.7 and 10.3 do not apply to this agreement.

Registration

16. Provision that—

(a) the tenant may note this agreement by way of a unilateral notice (where the landlord's title is registered) or C(iv) Land Charge (where the landlord's title is unregistered) against the landlord's title or the landlord's name, as applicable;

(b) the tenant is not permitted to—

(i) note this agreement against the landlord's title at HM Land Registry by way of an agreed notice, or

(ii) send this agreement or a copy of it to HM Land Registry;

(c) on the earlier of the completion of the tenancy or termination of this agreement, the tenant must—

(i) immediately cancel all entries relating to this agreement registered against the landlord's title or landlord's name, as applicable, and

(ii) promptly notify the landlord when such application has been completed.

Value Added Tax

17. Provision that—

(a) each amount stated to be payable under or pursuant to this agreement is exclusive of VAT (if any);

(b) if any VAT is chargeable on any supply made by one party to the other party under or pursuant to this agreement, the paying party must pay to the other party an amount equal to that VAT;

(c) condition 2 does not apply to this agreement.

Entire agreement

18.—(1) Provision that the tenancy contract and the documents annexed to it constitute the whole agreement between the parties and supersede all previous discussions, correspondence, negotiations, arrangements, understandings and agreements between them relating to their subject matter.

(2) A statement that the tenant acknowledges that—

(a) in entering into the tenancy contract and the documents annexed to it the tenant does not rely on, and has no remedies in respect of, any representation or warranty (whether made innocently or negligently) other than those—

(i) set out in the tenancy contract or the documents annexed to it, or

(ii) contained in any written replies, and

(b) no representation or warranty is given or is to be implied by—

(i) the landlord entering into this agreement, or

(ii) any step taken by or on behalf of the landlord in connection with this agreement,

as to the suitability of the premises or the building of which it forms part (if applicable) for the tenant's works.

(3) A statement that nothing in the provision made under this paragraph limits or excludes any liability for fraud.

(4) Condition 10.1 applies as if for "the negotiations leading to it" there were substituted "written replies".

(5) For the purposes of any provision made under this paragraph, "written replies" means any written replies that the landlord has given prior to exchange of the tenancy contract to any written enquiries raised by the local authority.

Joint and several liability

19. Provision that—

(a) where a party to the tenancy contract comprises more than one person, those persons are to be jointly and severally liable for the obligations and liabilities of that party arising under the tenancy contract;

(b) the party to whom those obligations and liabilities are owed may take action against, or release or compromise the liability of, or grant time or other indulgence to, any one of those persons without affecting the liability of any other of them;

(c) condition 1.2 is not to apply in relation to the tenancy contract.

Notices

20.—(1) Provision that any notice or other communication given under the tenancy contract must be—

(a) in writing, and

(b) delivered by hand or sent by pre-paid first-class post or other next working day delivery service to the relevant party as follows—

(i) to the landlord, at [the landlord's address] and marked for the attention of [name of the person concerned], and

(ii) to the tenant at [the tenant's address] and marked for the attention of [name of the person concerned],

or as otherwise specified by the relevant party by notice in writing to the other party.

(2) Provision that—

(a) any notice or other communication given in accordance with provision made under sub-paragraph (1) will be deemed to have been received—

(i) if delivered by hand, on signature of a delivery receipt or at the time the notice or other communication is left at the proper address, or

(ii) if sent by pre-paid first-class post or other next working day delivery service, at 9.00 am on the second working day after posting;

(b) a notice or other communication given under the tenancy contract is not validly given if sent by e-mail;

(c) provision made under this paragraph does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

Schedule of works

21. A schedule of the landlord's works, drawn up by a surveyor instructed by the local authority under regulation 5.

Section 204 of the Act

22. Where the local authority is granting the tenancy contract in the exercise of its powers under section 204 of the Act, provision that, notwithstanding any other provisions in the tenancy contract, the local authority has no liability whatsoever arising out of or in connection with the tenancy contract or in respect of the performance of the obligations on the part of the landlord contained in the tenancy contract and the tenant acknowledges that no claims can be made against the local authority for any failures on the part of the landlord.

SCHEDULE 3

Regulation 7(5)

Terms of tenancy

PART 1

Particulars of tenancy and rights granted

Particulars of the tenancy

1.—(1) The parties to the tenancy, noting, where the landlord does not itself grant the tenancy, that the landlord is acting by the relevant local authority, including—

(a) the name and address of that local authority, and

(b) the fact that it is acting so as to bind the landlord rather than the authority under section 207(4) of the Act.

(2) The address, and where relevant unit number, of the premises, and a description of the premises.

(3) For the purposes of sub-paragraph (2), where the premises form part of a larger building, the premises—

(a) include—

(i) all plaster and other internal surfacing material and finishes on the structural walls, floors and ceilings of the premises and on the other structural parts of the building within or bounding the premises,

(ii) in the case of retail premises, the shop front, fascia and all doors, windows and door and window frames,

(iii) the plaster and other internal surfacing materials and finishes on any non-structural walls separating the premises from any common parts,

(iv) one half severed vertically of any non-structural walls separating the premises from any adjoining premises let or intended to be let for occupation,

(v) the entirety of any non-structural walls wholly within the premises,

(vi) all conducting media and landlord's plant, equipment and fixtures within and exclusively serving the premises,

(vii) all tenant's fixtures, and

(viii) any tenant's works carried out to or at the premises, but

(b) exclude—

(i) all load bearing and exterior walls and the floors and ceilings of the premises, other than those referred to in paragraph (a);

(ii) all structural parts of the building;

(iii) all common parts;

(iv) in the case of office buildings, all external doors, windows and window frames;

(v) the entirety of any non-structural walls separating the premises from any common parts, other than those referred to in sub-paragraph (a)(iii).

(4) Where the premises form part of a larger building, a description of the building, with a plan of the building and approximately identifying the premises within the building.

(5) Where the premises do not form part of a larger building, a description of the building comprising the premises, and a plan identifying the building.

(6) The amount of the deposit payable, which must be the sum of £1,000 or a sum equivalent to three months' rent, whichever is higher.

(7) The term of the tenancy, including the date on which the tenancy starts, and the date on which it ends.

(8) The yearly rent payable—

(a) a requirement for the first payment to be made on the rent commencement date, and to be a proportionate amount for the period from and including the rent commencement date to the last day of the month;

(b) the rent commencement date, which should be a date which is four weeks after the date of the tenancy.

(9) The permitted use of the premises.

Interpretation provisions: general

2.—(1) Definitions of the terms used in the tenancy, including—

(a) subject to paragraph 3(b), a definition of "common parts", as follows—

""common parts" means any amenities from time to time provided by the landlord for common use, any access routes, whether within or outside of the building but within the landlord's ownership, any service roads and service areas and any fire escapes;";

(b) a definition of "conduits", as follows—

""conduits" means all pipes, wires, conducting media and their ancillary apparatus;";

(c) a definition of "insured risk" which identifies all the risks the landlord is required to insure the premises against which may include any one or more of—

(i) fire;

(ii) explosion;

(iii) lightning;

(iv) earthquake;

(v) storm;

(vi) flood;

(vii) burst and overflowing pipes and tanks;

(viii) impact by aircraft and aerial devices and articles dropped from them;

(ix) impact by vehicles;

(x) subsidence;

(xi) ground slip;

(xii) heave;

(xiii) riot or civil commotion;

(xiv) malicious damage;

(xv) any other risk the local authority reasonably decides should be included as an insured risk.

(2) Where a party to the tenancy includes two or more people, the obligations undertaken by that party are undertaken by those people jointly and severally.

(3) A statement that—

(a) an obligation on the tenant's part not to do something includes an obligation not to permit or suffer that thing to be done by another person;

(b) the consideration for any supply made by the landlord under the tenancy is exclusive of VAT;

(c) any reference to a working day means any day except Saturday, Sunday or a national public holiday in England and Wales.

Interpretative provisions: unit in shopping centre

3. Where the premises are a unit in a shopping centre, the definitions provided for in the tenancy must include—

(a) a definition of "the Centre", as follows—

""the Centre" means those land and buildings known as [name of Centre] within title number [number of land registry title];";

(b) a definition of "common parts", to be used in place of the definition in paragraph 2(1)(a), as follows—

""common parts" means any amenities from time to time provided by the landlord for common use, any access routes, whether in the Centre, or outside the Centre but within the landlord's ownership, any service roads and service areas and any fire escapes;";

(c) a definition of "tenant's plant" as follows—

""tenant's plant" means air conditioning plant, wireless network equipment, television aerials and satellite dishes and other plant reasonably required by the tenant for the permitted use together with any conduits necessary to connect the tenant's plant to the premises;".

Letting

4. A statement that the landlord grants the tenant a tenancy of the premises, for the term provided for under paragraph 1(7) with the rights to be provided for under paragraph 5 except and reserving the rights provided for under paragraph 6.

Rights granted

5.—(1) Provision for the rights granted to the tenant, which appear to the local authority to be rights which—

(a) the landlord has the power to grant, and

(b) are necessary for the tenant's use and enjoyment of the premises.

(2) The rights granted under sub-paragraph (1) may include any one or more of the following rights—

(a) the right to use the common parts, including any toilet facilities, for all proper purposes in connection with the permitted use of the premises including access to and egress from the premises;

(b) the right to use the conduits which are in other property belonging to the landlord and serve the premises in common with other property;

(c) the right to support and protection for the premises from the other parts of the building of which the premises form part;

(d) the right to park in any parking spaces within the car park available for the use of the premises, stating how many private cars belonging to the tenant or its employees may use that car park, and identifying the parking spaces available to the tenant on a plan;

(e) the right to deposit refuse in the refuse bins provided for the premises, in an area identified on a plan, or such other alternative area as may be designated by the landlord from time to time;

(f) the right to display the trading name and logo of the tenant on any sign or noticeboard provided by the landlord in the entrance hall to the building or in the common parts in each case in a form approved by the landlord;

(g) the right to enter the common parts so far as is reasonably necessary to carry out any works to the premises required or permitted by the tenancy;

(h) if the premises form part of a building and are in use as a restaurant, bar, public house, café or other establishment selling food or drink for immediate consumption, a right—

(i) to operate a fan and extraction unit, and

(ii) to connect into and use any common facilities provided for the purposes of fume extraction from the premises;

(i) where the premises consist of a unit in the Centre—

(i) the right to use service areas and roads within the Centre as are designated by the landlord from time to time for the purpose of deliveries and loading or unloading within defined service hours, or as otherwise agreed;

(ii) the right to install, retain, inspect and repair tenant's plant on such areas in the Centre as are designated by the landlord from time to time.

Exceptions and reservations

6.—(1) Provision for the rights excepted and reserved by the landlord—

(a) the right to use, and connect to, the conduits forming part of the premises which serve, or are capable of serving, other property;

(b) the right, at reasonable times and on reasonable notice, but in case of emergency without notice, to enter the premises to—

(i) examine and record the condition of the premises,

(ii) inspect, repair, maintain or clean other property or conduits,

(iii) make good any default by the tenant,

(iv) exercise any rights under this tenancy,

(v) show prospective tenants and buyers around the premises, and

(vi) do any other reasonable thing in connection with the premises,

the landlord causing as little inconvenience as possible and making good without unreasonable delay any physical damage caused by the entry.

(2) The right to carry out works to other property, including erecting scaffolding attached to the premises but not, save in emergency, so as to prevent access to the premises.

(3) All light, support and any other rights enjoyed by any other property.

(4) The right to display a sale or letting board (within the last six months of the term of the tenancy) on the premises as long as it does not obstruct the tenant's signage or window display.

(5) The right to—

(a) sell, as agent for the tenant, any belongings of the tenant left in the premises for more than five working days after the term of the tenancy ends, and

(b) keep the net sale proceeds, if the tenant does not claim them within six months after the term of the tenancy ending.

(6) Where the premises consist of a unit in the Centre, a right for the landlord from time to time to designate alternative areas over which the tenant's rights, as provided for under paragraph 5(2)(a) and (i) may be exercised, to include service areas, common parts and tenant plant areas.

PART 2

Tenant's obligations

Tenant's obligation to pay the rent

7. A requirement for the tenant—

(a) to pay to the landlord the rent specified in the particulars—

(i) by equal monthly payments in advance on the first day of each month and proportionately for any period of less than a month;

(ii) making the first payment as specified in the particulars provided for under paragraph 1(8);

(b) if required by the landlord, to pay the rent by banker's order or BACS;

(c) not to claim or exercise any right to legal or equitable set off, or to withhold payment, of any amounts due to the landlord.

Payments

8. A requirement for the tenant—

(a) to pay to the landlord interest calculated daily from the due date to the date of payment at the rate of 2% per annum above the base rate from time to time of such UK clearing bank as the landlord may choose on—

(i) any rent (including VAT) which remains unpaid after the due date, and

(ii) any other amount payable to the landlord under the tenancy which is not paid within five working days after the due date, and

for these purposes, an amount must be treated as unpaid for any period during which there is a breach by the tenant of the terms of the tenancy and the landlord refuses to accept payment;

(b) to pay to the landlord—

(i) any VAT chargeable on the consideration for any supply made by the landlord under the tenancy;

(ii) where the tenant is to refund any payment made by the landlord, an amount equal to the VAT payable by the landlord, except to the extent the landlord can recover that VAT as input tax;

(c) to pay—

(i) all rates, taxes and other outgoings for the premises, except any tax assessed on the landlord for its ownership of, rental income from, or dealing with its interest in the premises;

(ii) all charges for the premises for electricity, water, telephone and other utilities;

(iii) a fair proportion of any rates, or other outgoings which are payable for any property of which the premises forms a part, as reasonably determined by a professionally qualified surveyor appointed by the landlord.

Repairs etc.

9.—(1) A requirement for the tenant to keep the premises clean, tidy and in no worse state of repair and decoration than that in which it is in as evidenced by the schedule of condition provided for under paragraph 28.

(2) The requirement in sub-paragraph (1) is not to apply in relation to damage by any risk which is required to be insured under the tenancy, save to the extent any insurance money is irrecoverable because of the tenant's default.

Alterations

10.—(1) A requirement not to alter or add to the premises, save that, subject to any provision which may be made under sub-paragraph (5) if applicable, the tenant may be permitted—

(a) to place on the exterior of the premises or building as the case may be a sign stating the tenant's name and business, subject to the landlord's approval of the sign's design, size and position (such approval not to be unreasonably withheld or delayed), and

(b) without landlord consent to erect internal counters, shelving, partitioning, display cases and other shop-fittings and ancillary equipment in the premises subject to such items being removed by the tenant at the end of the tenancy with any damage made good.

(2) Subject to provision made under sub-paragraph (1), not to place anything (for example, any sign, telecommunications equipment, lighting or canopy) outside, or on the exterior of, the premises.

(3) In the event that the tenant wishes to undertake works that would not otherwise be permitted by provision made under this paragraph, provision for the tenant to supply all details of the proposed works, together with any other information reasonably requested by the landlord, to the landlord and to seek the landlord's consent, such consent not to be unreasonably withheld or delayed.

(4) A requirement for any works undertaken by the tenant pursuant to provision made under sub-paragraph (3) to be removed and any damage made good at the end of the tenancy subject to any alternative direction made by the landlord and communicated to the tenant at least three months prior to the expiry of the tenancy.

(5) Where the premises have been fitted out for use as a public house, and can also be used for an alternative high-street use, provision that the tenant may not remove any dispense systems, bars, toilets, commercial kitchens or cellars located at the premises without the consent of the landlord, which consent may be refused at the landlord's absolute discretion.

Default notices

11.—(1) A requirement for the tenant to make good any failure to repair, clean or decorate the premises of which the landlord has given written notice to the tenant.

(2) A requirement for the tenant to start any work required under sub-paragraph (1) before the end of the period of one month starting on the date on which the landlord gave written notice under sub-paragraph (1), or sooner if required.

(3) A requirement that, if the tenant fails to—

(a) comply with provision made under sub-paragraph (1) or (2), or

(b) carry out the work diligently,

the tenant must pay on demand (as a debt) the cost to the landlord of carrying out the work.

Use

12. A requirement for the tenant not to use the premises other than for the permitted use identified in the particulars of the tenancy under paragraph 1.

Nuisance etc

13. A requirement for the tenant—

(a) not to do anything inside or outside the premises which might cause a nuisance, damage or injury to the landlord or others;

(b) not to do anything which might overload the floors of the premises, or any conduits serving the premises;

(c) to take all necessary steps to keep the premises free from pests.

Disposal

14.—(1) A requirement for the tenant not to—

(a) assign, sublet, hold on trust, charge, or

(b) part with or share the possession or occupation of,

the whole or any part of the premises save that the tenant may assign this tenancy with the prior written consent of the landlord (such consent not to be unreasonably withheld or delayed).

(2) In the event that the tenant wishes to assign this tenancy, a requirement for the tenant to—

(a) ensure all rent is paid up to date to the date of assignment;

(b) enter into an authorised guarantee agreement to guarantee the future performance of the assignee's obligations where reasonably requested by the landlord.

(3) A requirement that, as soon as practicable following an assignment, the tenant must notify the landlord in writing and at the same time provide a true copy of the completed assignment.

Compliance with statutory requirements

15.—(1) A requirement for the tenant to comply with the requirements of any statute or law affecting the premises or its use.

(2) A requirement for the tenant, as soon as the tenant receives any notice affecting the premises from an authority, to—

(a) supply the landlord with a copy,

(b) comply with the notice, and

(c) make such representations about the notice as the landlord reasonably requires.

(3) A requirement for the tenant as soon as practicable to give written notice to the landlord on becoming aware of any defect in the premises.

Tenant's insurance duties

16.—(1) A requirement for the tenant—

(a) to pay a fair proportion of the costs incurred by the landlord in insuring the premises in accordance with the landlord's obligations in provision made under paragraph 25;

(b) to comply with all requirements of the insurers about the premises;

(c) not to do anything which could adversely affect any insurance policy covering the premises.

(2) Provision that, if the landlord fails to insure the premises in accordance with its obligations in this tenancy, the tenant may insure the premises for its full reinstatement value.

(3) A requirement for the tenant—

(a) to provide the landlord with a copy of the insurance policy arranged by the tenant under provision made under sub-paragraph (2) as soon as the insurance is arranged;

(b) at the direction of the landlord to terminate its cover, where the landlord places cover in accordance with its obligations in provision made under paragraph 25.

(4) Provision that—

(a) whilst the tenant is insuring the premises, the tenant—

(i) does not benefit from any exclusion in its obligation to keep the premises in repair where damage is caused by an insured risk, and

(ii) must arrange reinstatement of the premises as soon as possible following damage by an insured risk;

(b) provision made under paragraph 26 is not to apply when the tenant is insuring the premises.

Planning

17. A requirement that the tenant does not apply for planning permission for the premises save—

(a) in relation to signage and then only with the prior written consent of the Landlord (such consent not to be unreasonably withheld or delayed), or

(b) with the landlord's agreement.

Yielding up

18. A requirement that at the end of the tenancy (however its ends) the tenant must—

(a) deliver all keys of the premises, and

(b) yield up the premises with vacant possession to the landlord and in accordance with the tenant's obligations under this tenancy.

Encroachments and rights

19. A requirement for the tenant, so far as possible, to—

(a) preserve all rights enjoyed by the premises, and

(b) help the landlord prevent anyone gaining any right over the premises.

Landlord's costs

20. A requirement for the tenant to pay on demand, the Landlord's reasonable costs for—

(a) preparing and serving notices or proceedings under section 146 or 147 of the Law of Property Act 1925(**a**) (even if forfeiture is avoided);

(b) preparing and serving any schedule of dilapidations;

(c) the recovery of any arrears of rent or other sums due from the tenant;

(d) any application for the landlord's approval (whether approval is granted or refused) except where the landlord acts unreasonably;

(e) remedying any breach by the tenant of the terms of this tenancy.

Deposit

21.—(1) A requirement for the tenant to pay the deposit specified in the particulars of the tenancy under paragraph 1.

(2) Provision entitling the landlord or the landlord's agent to hold the deposit as security against any loss to the landlord because of the tenant's default in its obligations under this tenancy.

(3) After deduction from the deposit of any sums required to compensate the landlord for any default by the tenant of its obligations under this tenancy (which deduction the tenant irrevocably and by way of security authorises the landlord or the landlord's agent to make), any balance remaining is payable without interest to the tenant within 14 days of the end of the tenancy.

Regulations

22. An obligation for the tenant to comply with all reasonable regulations for the proper management of the premises as are made by the landlord and notified to the tenant in writing.

PART 3

Landlord's obligations

Peaceful enjoyment

23. A statement that the landlord agrees that the tenant may peaceably enjoy the premises without any interruption by the landlord or any person claiming under the landlord.

(**a**) 1925 c. 20 (15 and 16 Geo 5).

Repairs and service charge

24.—(1) Where the premises form part of a building larger than the premises, provision must be made for the cost of repairs to anything outside the premises which enables or facilitates the use of the premises in the form of one of the following options, as the local authority considers appropriate, taking into account any representations made by the landlord under regulation 8.

Option 1

(2) An obligation for the landlord—

(a) to keep the remainder of the building in such state of repair as will not interfere with the tenant's ability to trade from the premises;

(b) to carry out any repair necessary to comply with paragraph (a) as soon as reasonably possible on becoming aware of the need for the repair.

Option 2

(3) The service charge is the tenant's fair proportion of the cost to the landlord of providing the services ("the service expenditure"), reasonably determined by the landlord's surveyor, which comprises—

(a) the costs reasonably incurred by the landlord in delivering the services;

(b) reasonable fees paid to managing agents or charged by the landlord for management of the building and, if the landlord provides the chartered accountant's certificate mentioned in sub-paragraph (6), the chartered accountant's proper fees;

(c) any other costs reasonably incurred by the landlord in carrying out works or providing services or amenities decided by the landlord in good faith in accordance with good estate management for the benefit of all the occupiers of the building.

(4) The tenant will pay to the landlord within fourteen days of demand and on no more than four occasions in each year, such sums on account of the service charge as the landlord or the landlord's surveyor estimate in good faith.

(5) The landlord will give the tenant a detailed statement showing the service expenditure and service charge for the period (not being more than a year) since the start of the term or the date at which the last statement was prepared, and within twenty-one days from receiving that statement the tenant will pay any shortfall between the service charge shown on the statement and any sums paid on account under paragraph (4).

(6) The landlord must keep proper records of the service expenditure and in respect of each statement the landlord (at his election) must either give the tenant a reasonable opportunity to inspect the relevant records, invoices and receipts or give the tenant a certificate by a chartered accountant stating that the sums set out in the statement are supported by records, invoices and receipts produced to him.

(7) Any dispute concerning the service expenditure or the service charge must be referred to the decision of an independent surveyor to be appointed by the landlord and the tenant jointly or (in the absence of a joint appointment) at the request of either the landlord or the tenant by the President for the time being of the Royal Institution of Chartered Surveyors and the independent surveyor must act as an arbitrator in accordance with the Arbitration Act 1996(**a**).

Option 3

(8) Provision for a service charge regime which is substantially similar to the service charge regime contained in—

(a) the landlord's own leasehold interest,

(b) other leases of the building, of which the premises form part,

(c) in the case of a shopping centre, other leases of the Centre, of which the premises form part, or

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(**a**) 1996 c. 23.

(d) other leases of any adjoining premises in which the landlord has an interest.

Services

(9) Where provision is made for a service charge in the form of option two, the tenancy must include a requirement that the landlord provides the following services for the premises as follows—

(a) whenever necessary (or when the landlord, acting in good faith, considers desirable) repair and where appropriate decorate the common parts, main structure, foundations, roof and exterior of the building (except for any shopfront or fascia which is the responsibility of any tenant) and any conduits which serve the premises in common with any other part of the building;

(b) clean the common parts;

(c) if the necessary installations exist at the date of this tenancy, provide during normal business hours hot water, lighting of the common parts, lift service and/or (when ambient temperatures so required) central heating;

(d) pay a fair proportion of the cost of repairing, maintaining and cleaning any party walls or structures and any roads, paths, yards and conduits serving the building in common with other premises,

and in this paragraph, "services" means the services provided by the landlord in fulfilment of this requirement.

Insurance

25.—(1) A requirement for the landlord—

(a) to insure the premises or, where the premises form part of a building, that building against the insured risks in full reinstatement value with reputable insurers, and

(b) to arrange for the reinstatement of the premises or, where applicable, the building, as soon as reasonably practicable following damage by an insured risk.

(2) Provision that the obligation to reinstate does not apply where—

(a) a valid notice has been given under provision made under paragraph 26,

(b) the tenant is in breach of provision made under paragraph 16, or

(c) insurance against a particular risk becomes unavailable or available only at a cost which is unreasonable in the landlord's opinion acting reasonably.

(3) A requirement for the landlord to give the tenant details of such insurance on request.

PART 4

Other provisions

Damage

26. Provision that if the whole or a substantial part of the premises becomes unfit for use or inaccessible then—

(a) (unless any insurance money has been refused because of the tenant's default) a fair proportion of the rent, as reasonably determined by the landlord's surveyor, is to be suspended until access and fitness for use are restored, and

(b) the landlord or the tenant may end the tenancy by giving notice in writing to the other, in which case any insurance money will belong to the landlord, but the tenant is not entitled to end the tenancy if the tenant has caused the damage or vitiated the insurance.

Forfeiture

27. Provision that the landlord may, by re-entering any part of the premises, forfeit the tenancy, but without prejudice to any other rights or remedies of the landlord or the tenant, if—

(a) any amounts are unpaid 14 days after becoming payable under the tenancy (whether formally demanded or not),

(b) there is a breach by the tenant of any term of the tenancy,

(c) the tenant suffers any enforcement by seizure of assets at the premises, or

(d) anyone takes any step whatsoever towards insolvency of the tenant.

Schedule of condition

28.—(1) A requirement that—

(a) as soon as reasonably practicable following the date of the tenancy, the tenant must undertake and finalise a schedule of condition;

(b) within 5 working days of completion of the schedule of condition to the tenant's reasonable satisfaction the tenant must supply the landlord with a copy of the schedule of condition.

(2) Provision that, within 5 working days of receipt of the schedule of condition, the landlord may—

(a) give the tenant notice that the schedule of condition is final and binding for the purposes of the tenancy (in which case the parties must each sign a counterpart of the schedule of condition recording it and each attach a copy to the tenancy and counterpart), or

(b) give the tenant notice that the schedule of condition is not agreed as final and binding for the purposes of the tenancy (in which case the parties must follow the procedure provided for under sub-paragraph (4)).

(3) Provision that, in the event that the landlord fails to give the tenant any notice under sub-paragraph (2) then the schedule of condition will be deemed to be final and binding for the purposes of the tenancy.

(4) Provision that—

(a) if the landlord gives the tenant notice in accordance with sub-paragraph (2)(b), the parties must in good faith seek to agree such reasonable variations to the schedule of condition as soon as reasonably practicable within 10 working days (failing which either the landlord or the tenant may instruct the Independent Surveyor to prepare the schedule of condition),

(b) the schedule of condition prepared by an Independent Surveyor (including a decision as to the costs of the preparation) is final and binding for the purposes of this tenancy, and

(c) for these purposes, "Independent Surveyor" means an independent surveyor agreed by the landlord and the tenant or (failing agreement) nominated at the request of either party by the president of the Royal Institution of Chartered Surveyors or any person authorised at the relevant time to act on his behalf (either of whose nomination will be binding).

(5) An undertaking that the landlord and tenant will each provide reasonable assistance to the other to undertake and finalise the schedule of condition.

No implied rights

29. Provision that nothing in the tenancy impliedly grants to the tenant any rights other than those expressly granted by the tenancy.

Exclusion of warranty about use

30. Provision that nothing in the tenancy implies a warranty that the premises may be used for any purpose.

Notices

31. Provision that—

(a) section 196 of the Law of Property Act 1925(**a**) applies to all notices and documents relating to the tenancy;

(b) where the expression "tenant" includes more than one person, service on any one of them is to be treated as service on them all.

Third parties

32. Provision that the parties to the tenancy do not intend any term of the tenancy to be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999(**b**) by any person who is not a party.

Section 207 of the Act

33. Where the local authority is granting the tenancy in the exercise of its powers under section 207 of the Act, provision that—

(a) the local authority has entered into the tenancy pursuant to its power set out in section 207(2) of the Act;

(b) pursuant to section 207(3) of the Act, the parties acknowledge and agree that the tenancy has effect as if it was entered into by the landlord instead of the local authority;

(c) the local authority is acting under section 204(4) of the Act in its own name but is acting so as to bind the landlord rather than itself;

(d) notwithstanding any other provisions in the tenancy, the local authority has no liability whatsoever arising out of or in connection with the tenancy or in respect of the performance of the obligations on the part of the landlord contained in the tenancy and the tenant acknowledges that no claims can be made against the local authority for any failures on the part of the landlord.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations are made under the Town and Country Planning Act 1990 (c. 8) and the Levelling-up and Regeneration Act 2023 (c. 55) ("the 2023 Act"). They set out the process to be followed when a local authority exercises the powers given to it in Part 10 of the 2023 Act to arrange for a rental auction to be carried out in respect of qualifying high-street premises. They also amend the Town and Country Planning (General Permitted Development) (England) Order 2015 (S.I. 2015/596) ("the General Permitted Development Order") to provide for temporary planning permission for a change of use of such premises to a suitable high-street use for the duration of a tenancy granted following a rental auction held under Part 10 of the 2023 Act.

Part 2 of the Regulations make provision for rental auctions. Regulation 3 requires local authorities to consult on any proposal to designate a high street or a town centre for the purposes of section 191 of the 2023 Act, or to vary or withdraw an existing designation. Regulation 4 of, and Schedule 1 to, the Regulations set out the forms to be used for initial letting notices, final letting notices and counter-notices served under sections 195, 198 and 201 respectively of the 2023 Act.

Regulation 5 requires the local authority to carry out a survey of premises before arranging a rental auction in relation to those premises. Regulations 6 to 10 and Schedules 2 and 3 to the

(**a**) Section 196 was amended by paragraph 75 of Schedule 12 to the Postal Services Act 2011 (c. 5) and S.I. 2001/1149.
(**b**) 1999 c. 31.

Regulations set out the steps which must be taken by the local authority and by the landlord of the premises concerned in weeks one to ten of the auction period, and provide for the terms of the tenancy contract (Schedule 2) and the tenancy (Schedule 3). Regulation 11 provides for who the local authority may accept as the successful bidder, but also gives the local authority power to decide not to accept any bid. Regulation 12 determines when the rental auction is concluded, and regulation 13 makes provision for payment of the costs of the auction process. Regulation 14 provides for the service of any documents required as part of the auction process.

Part 3 of the Regulations amends Part 4 of Schedule 2 to the General Permitted Development Order to provide for planning permission for a temporary change of use in consequence of the grant of a tenancy following a rental auction held under Part 10 of the 2023 Act.

A full impact assessment has not been produced for this instrument, as no, or no significant, impact on the private, voluntary or public sector is foreseen.

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