



Levelling-up and Regeneration Act 2023

2023 CHAPTER 55

PART 10

LETTING BY LOCAL AUTHORITIES OF VACANT HIGH-STREET PREMISES

Procedure for letting

203 Rental auctions

- (1) A local authority may arrange for a rental auction to be carried out in respect of qualifying high-street premises if—
 - (a) a final letting notice served by the authority is in force in relation to the premises,
 - (b) it is no longer possible for that notice to be revoked on appeal (whether because of the expiry of the period referred to in section 201(2) or 202(4) or the final determination, withdrawal or abandonment of an appeal), and
 - (c) either—
 - (i) no tenancy or licence has been granted, or other agreement entered into, with the consent of the authority under section 199 or in circumstances where consent was not needed because of subsection (3) of that section, or
 - (ii) the authority is satisfied that any tenancy, licence or agreement so granted or entered into is consistent with the contemplated exercise of its powers under section 204.
- (2) A “rental auction” is a process for finding persons who would be willing to take a tenancy of the premises further to a contract under section 204 and ascertaining the consideration that they would be willing to give in order to do so.
- (3) Regulations must make provision about the process.
- (4) The regulations must provide for the suitable high-street use of the premises to be specified by the local authority ahead of the auction.

Status: This version of this cross heading contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Levelling-up and Regeneration Act 2023, Cross Heading: Procedure for letting. (See end of Document for details)

- (5) The regulations must provide for the identification of a person as the “successful bidder” following a rental auction, except in cases where the regulations provide for there to be no successful bidder.
- (6) The regulations may, in particular, provide for a person who took part in the auction but would not otherwise be the successful bidder to be treated as the successful bidder if—
 - (a) the landlord of the premises so proposes or agrees, or
 - (b) it appears to the local authority that it will not be reasonably practicable to enter into a contract under section 204 with the person who would otherwise be the successful bidder.
- (7) The regulations may include provision about with whom, and on what terms, the local authority can enter into arrangements for the auction.
- (8) The regulations may allow local authorities to make choices as to procedure.
- (9) To the extent that the local authority has a choice as to procedure, the local authority must have regard to any representations made by the landlord.

Commencement Information

- I1** S. 203 not in force at Royal Assent, see [s. 255\(7\)](#)
- I2** S. 203 in force at 31.3.2024 for specified purposes by [S.I. 2024/389](#), [reg. 2\(m\)](#)

PROSPECTIVE

204 Power to contract for tenancy

- (1) Subsection (2) applies if—
 - (a) a final letting notice served by the authority is in force in relation to the premises,
 - (b) the period of 42 days beginning with the day on which that notice took effect has elapsed,
 - (c) a rental auction has been carried out in respect of qualifying high-street premises, and
 - (d) the condition in section 203(1)(c) is still met.
- (2) The local authority that served the notice may enter into a tenancy contract with the successful bidder in the auction (as identified in accordance with regulations under section 203).
- (3) A “tenancy contract” is a contract under which—
 - (a) the landlord of the premises agrees to grant, and
 - (b) the successful bidder agrees to take,
 a short-term tenancy of the premises (including a contract under which those things are agreed subject to conditions).
- (4) A contract entered into under this section has effect as if it was entered into by the landlord of the premises instead of the local authority.

Status: This version of this cross heading contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Levelling-up and Regeneration Act 2023, Cross Heading: Procedure for letting. (See end of Document for details)

- (5) A local authority is to act under this section in its own name, but with an indication that it is acting so as to bind the landlord rather than itself.
- (6) As soon as possible after entering into a contract under this section, the local authority must provide a signed copy of it to the landlord.

Commencement Information

I3 S. 204 not in force at Royal Assent, see [s. 255\(7\)](#)

205 Terms of contract for tenancy

- (1) This section applies in relation to a contract entered into under section [204](#).
- (2) The contract must set out the terms of the agreed tenancy (as to which see section [206](#)).
- (3) The contract may identify the physical extent of the premises in greater detail than that in which the premises were identified for the purposes of sections [195](#) to [203](#).
- (4) The contract may (subject to regulations under subsection [\(6\)](#)) include—
 - (a) provision allowing the tenant to carry out pre-tenancy works (and to enter land for the purpose);
 - (b) provision making that ability subject to the consent of the landlord (and about the giving of such consent);
 - (c) provision requiring the landlord to carry out pre-tenancy works (whether in or outside the premises) before the term of the agreed tenancy begins;
 - (d) provision about the remedies available to the tenant if the landlord fails to carry out pre-tenancy works as so required.
- (5) “Pre-tenancy works” means works carried out (whether in or outside the premises) before the term of the agreed tenancy begins in contemplation of the use of the premises by the tenant once the term begins.
- (6) Regulations may—
 - (a) impose restrictions or conditions on the ability to include provision within subsection [\(4\)](#) in the contract;
 - (b) provide for circumstances in which provision within subsection [\(4\)](#) must be included in the contract;
 - (c) make other provision about the terms of the contract.
- (7) In making regulations under subsection [\(6\)](#), the Secretary of State must have regard to the terms on which contracts for the grant of short-term tenancies are typically entered into on a commercial basis.
- (8) In deciding (so far as it has discretion to do so) on the terms of the contract, the local authority must have regard to any representations made by the landlord.
- (9) In this section—
 - “the agreed tenancy” means the tenancy the grant of which is agreed in the contract;
 - “the premises” means the premises that are to be demised by the agreed tenancy;

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Changes to legislation: There are currently no known outstanding effects for the Levelling-up and Regeneration Act 2023, Cross Heading: Procedure for letting. (See end of Document for details)

“the tenant” means the prospective tenant under the agreed tenancy;
 “the landlord” means the landlord of the premises.

Commencement Information

- I4** S. 205 not in force at Royal Assent, see [s. 255\(7\)](#)
I5 S. 205 in force at 31.3.2024 for specified purposes by [S.I. 2024/389](#), [reg. 2\(n\)](#)

206 Terms of tenancy

- (1) This section applies in relation to a tenancy the grant of which is agreed in a contract entered into under section [204](#).
- (2) If the interest of the landlord in the premises is such that the landlord could not grant a tenancy the term of which ended after a particular time, the term of the tenancy must not end after that time.
- (3) The tenancy must include terms requiring that the premises be used wholly or mainly for the suitable high-street use specified by the local authority ahead of the rental auction that preceded the contract.
- (4) If the rental auction involved the successful bidder indicating the amount of premium or rent that the successful bidder would be willing to pay, the premium or rent payable under the tenancy must, unless the landlord agrees otherwise, be of the amount indicated (subject to any term of the tenancy about review or deduction of rent).
- (5) The terms of the tenancy may include provision granting to the tenant interests or rights in or over land outside the premises in connection with tenant’s use of the premises.
- (6) The terms of the tenancy must include provision satisfying each of the descriptions set out in [Schedule 21](#).
- (7) Regulations may—
 - (a) provide exceptions from subsection (6);
 - (b) provide further detail about the provision that is to be included in the terms of the tenancy by virtue of subsection (6);
 - (c) make other provision about the terms of the tenancy.
- (8) In making regulations under subsection (7), the Secretary of State must have regard to the terms on which short-term tenancies are typically granted on a commercial basis.
- (9) In deciding (so far as it has discretion to do so) on the terms of the tenancy, the local authority must have regard to any representations made by the landlord.
- (10) In this section—

“the premises” means the premises which are to be demised by the tenancy;
 “the landlord” means the landlord of the premises.

Commencement Information

- I6** S. 206 not in force at Royal Assent, see [s. 255\(7\)](#)
I7 S. 206 in force at 31.3.2024 for specified purposes by [S.I. 2024/389](#), [reg. 2\(o\)](#)

Status: This version of this cross heading contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Levelling-up and Regeneration Act 2023, Cross Heading: Procedure for letting. (See end of Document for details)

PROSPECTIVE

207 Power to grant tenancy in default

- (1) This section applies if—
 - (a) a local authority has entered into a contract under section 204, and
 - (b) the landlord of the premises to which the contract relates fails to grant a tenancy as required by the contract.
- (2) The local authority may grant the tenancy that the landlord should have granted.
- (3) A tenancy granted under this section has effect as if it was granted by the landlord instead of the local authority; and the local authority may do anything that the landlord could do in order to make an effective grant.
- (4) A local authority is to act under this section in its own name, but with an indication that it is acting so as to bind the landlord rather than itself.
- (5) As soon as possible after granting a tenancy under this section, the local authority must provide a signed copy of the instrument by which the tenancy was granted to the landlord.

Commencement Information

18 S. 207 not in force at Royal Assent, see [s. 255\(7\)](#)

PROSPECTIVE

208 Deemed consent of superior lessor or mortgagee

A contract entered into under section 204, and a tenancy granted further to such a contract, are deemed to have been entered into or granted with the express consent of—

- (a) any person who is (or will be when the tenancy is granted) a superior lessor of the land in which the premises in question are comprised, and
- (b) any mortgagee of that land.

Commencement Information

19 S. 208 not in force at Royal Assent, see [s. 255\(7\)](#)

PROSPECTIVE

209 Exclusion of security of tenure

A tenancy granted further to a contract entered into under section 204 is excluded from sections 24 to 28 of the Landlord and Tenant Act 1954.

Status: This version of this cross heading contains provisions that are prospective.

Changes to legislation: There are currently no known outstanding effects for the Levelling-up and Regeneration Act 2023, Cross Heading: Procedure for letting. (See end of Document for details)

Commencement Information

I10 S. 209 not in force at Royal Assent, see [s. 255\(7\)](#)

Status:

This version of this cross heading contains provisions that are prospective.

Changes to legislation:

There are currently no known outstanding effects for the Levelling-up and Regeneration Act 2023, Cross Heading: Procedure for letting.