

LICENCE FOR WORKS AGREEMENT



between

[] Limited

and

[] Limited

[with the consent of [] LIMITED]

Property: []

[NOTE: FOR USE WITH A LEASE THAT IS NOT BASED ON THE MODEL COMMERCIAL LEASE]

Version 2
July 2024



LICENCE FOR WORKS AGREEMENT

between

[] **LIMITED** incorporated under the Companies Acts (Registered Number []) and having its Registered Office at [], and includes where the context so requires its successors as landlord under the Lease ("**Landlord**")

and

[] **LIMITED** incorporated under the Companies Acts (Registered Number []) and having its Registered Office at [], and includes where the context so requires its permitted successors as tenant under the Lease ("**Tenant**")

[with the consent of the Guarantor]

WHEREAS:

- (A) The Landlord is the landlord under the Lease;
- (B) The Tenant is the tenant under the Lease; [and]
- (C) [The Guarantor is the guarantor of the Tenant's obligations under the Lease; and]
- (D) [The Tenant has requested, and the Landlord has granted, consent to the Works on the conditions set out below] [The Tenant has carried out the Works and the Landlord has agreed to grant retrospective consent to the Works on the conditions set out below]¹.

IT IS AGREED BY THE PARTIES AS FOLLOWS:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:

"Business Day" has the meaning given to it in the Lease;²

"Conditions" means the conditions set out in Part 1 of the Schedule;

"Consents" means all necessary permissions, licences and approvals for the Works under the Planning Acts, the building and fire regulations, and any other statute, bye law or regulation of any competent authority and under any obligations or provisions affecting the Property or any land or buildings of which the Property forms part and as otherwise required from owners, tenants or occupiers of any part of the land or buildings of which the Property forms part or any adjoining premises;

"Guarantor" means [], incorporated under the Companies Acts (Registered Number []) and having its Registered Office at [];

"Lease" means the lease between [] and [] dated [] and registered in the Books of Council and Session on [] [and also recorded in the Division of the General Register of Sasines for the County of [] on []] [and the tenant's right to which is registered in the Land Register of Scotland under Title Number []];

"Parties" means the Landlord [and] the Tenant [and the Guarantor];

¹ Use second option if documenting retrospective consent.

² Ensure term defined in lease otherwise use "a day on which clearing banks in [Edinburgh, Glasgow and London] are open for normal business;".

"Plans" means the [plans, drawings, specifications and other documents] set out in Part 2 of the Schedule;

"Property" means ALL and WHOLE [] being the subjects more particularly described in the Lease;

"Schedule" means the schedule annexed to this Agreement; and

"Works" means the works to the Property [to be]³ carried out by the Tenant as shown on the Plans.

1.2 Interpretation

The interpretation provisions of clause [] of the Lease apply, where applicable, to this Agreement.⁴

1.3 Headings

The headings in this Agreement are included for convenience only and are to be ignored in construing this Agreement.

1.4 Schedule

The Schedule forms part of this Agreement.

2. Grant of Consent

The Landlord [CONSENTS to the Tenant carrying out the Works] [gives retrospective CONSENT to the Works carried out by the Tenant]⁵ on the terms set out in this Agreement.

3. Tenant's Obligations

The Tenant will comply in all respects with the Conditions.

4. Remedying Breaches⁶

4.1 If the Landlord requires the Tenant to remedy any breach of the Tenant's obligations under this Agreement then the Tenant must comply with those requirements immediately in the case of an emergency or, in all other cases, begin to comply with those requirements within one month after being notified of them and diligently complete any works required.

4.2 If the Tenant does not comply with Clause 4.1, the Landlord may enter the Property and carry out any works required itself. The Tenant must repay, as a debt on demand, all the costs the Landlord incurs in so doing. The Landlord's rights under the Lease will be unaffected.

5. Lease Obligations

On completion of the Works, all the Tenant's obligations contained in the Lease [and all the Guarantor's obligations] will apply *mutatis mutandis* to the Property in its then altered state.

6. Rent Review

Any effect on rental value attributable to the Works will be [disregarded] [taken into account] for the purposes of the rent review provisions in the Lease.

³ Delete if documenting retrospective consent.

⁴ Check lease interpretation provisions to ensure no additional provisions need added to this Agreement.

⁵ Use second option if documenting retrospective consent.

⁶ Delete for retrospective consent.

7. **Reinstatement at Expiry**

The reinstatement provisions in the Lease will apply to reinstatement of the Works.⁷

8. **Irritancy**

The Landlord's right of irritancy contained in the Lease will be exercisable not only in the event of any breach by the Tenant of the Tenant's obligations contained in the Lease but also in the event of any breach of any of the Tenant's obligations contained in this Agreement.

9. **Third party indemnity**

9.1 The Tenant must indemnify the Landlord against all actions, claims, demands made by a third party, all costs, damages, expenses, charges and taxes payable to a third party and the Landlord's own liabilities, costs and expenses incurred in defending or settling any action, claim or demand in respect of any personal injury or death, damage to any property and any infringement of any right in each case arising from the carrying out of the Works.

9.2 In respect of any claim covered by the indemnity in Clause 9.1, the Landlord must:

- 9.2.1 give formal notice to the Tenant of the claim as soon as reasonably practicable after receiving notice of it;
- 9.2.2 provide the Tenant with any information and assistance in relation to the claim that the Tenant may reasonably require and the Landlord is lawfully able to provide, subject to the Tenant paying to the Landlord all costs incurred by the Landlord in providing that information and assistance; and
- 9.2.3 mitigate its loss (at the Tenant's cost) where it is reasonable for the Landlord to do so.

10. **Rights of Others**

This Agreement is granted subject to the rights of the owners and occupiers of all adjoining and neighbouring premises, whose rights must not be infringed by the Tenant.

11. **Costs**

11.1 The Tenant will pay within 5 Business Days after written demand all costs and expenses, and any value added tax on them that cannot otherwise be recovered, reasonably and properly incurred by the Landlord, its solicitors, [architects] and surveyors [and any head landlord or any creditor in respect of the Landlord's right to the Lease] in connection with:

- 11.1.1 the approval of the Plans, any variations to the Plans and the approval of the Consents or other approvals or permissions given under this Agreement;⁸
- 11.1.2 the preparation, negotiation, execution and completion of this Agreement;
- 11.1.3 the monitoring and inspection of the Works during the course of the Works and after the completion of the Works; and⁹
- 11.1.4 the service of any notice, exercising of any rights and carrying out of any works under Clause 4.¹⁰

11.2 The Tenant will pay within 5 Business Days after written demand the costs of registering this Agreement in the Books of Council and Session and obtaining [an electronic extract][2 extracts (1 for the Landlord and 1 for the Tenant)].

⁷ Take instructions on whether any variation to the reinstatement obligations will be required in relation to the Works.

⁸ Delete for retrospective consent

⁹ Delete for retrospective consent

¹⁰ Delete for retrospective consent

12. [Guarantor's Consent]

The Guarantor:

- 12.1 consents to the terms of this Agreement; and
- 12.2 acknowledges that the guarantees and undertakings given by it will be enforceable not only in relation to the performance of the Tenant's obligations under the Lease but also in relation to the performance of the Tenant's obligations under this Agreement.]

13. No Warranty

The Landlord gives no express or implied warranty (and the Tenant acknowledges that the Tenant [must satisfy] [has satisfied]¹¹ itself):

- 13.1 as to the suitability, safety, adequacy or quality of the design or method of construction of the Works;
- 13.2 that the Works [may lawfully be] [were lawfully] carried out;¹²
- 13.3 that the structure, fabric or facilities of the Property or any land or buildings of which it forms part are able to accommodate the Works; or
- 13.4 that any of the services supplying the Property or any land or buildings of which it forms part [will] have sufficient capacity for and [will not be] [are not] adversely affected by the Works.¹³

14. Contract (Third Party Rights)(Scotland) Act 2017

This Agreement does not create any rights in favour of third parties under the Contract (Third Party Rights) (Scotland) Act 2017 to enforce or otherwise invoke any provision of this Agreement.

15. Ratification of Lease

Except in so far as amended by this Agreement, the Parties confirm that the whole provisions of the Lease will remain in full force and effect.

16. Applicable Law and Jurisdiction

This Agreement is governed by and is to be construed in accordance with the law of Scotland and in so far as not already subject to it, the parties irrevocably submit to the exclusive jurisdiction of the Scottish Courts.

17. Consent to Registration

The Parties consent to the registration of this Agreement for preservation and execution: IN WITNESS WHEREOF

¹¹ Use second option if documenting retrospective consent.

¹² Complete square brackets depending if retrospective consent or not.

¹³ Complete square brackets depending if retrospective consent or not.

Schedule

This is the Schedule referred to in the foregoing Licence for Works Agreement between [] and [] [with consent of []]

Part 1 Conditions

1. Defined terms

1.1 This Part of the Schedule uses the following definitions:

"Act" means any act of the UK or Scottish Parliament and any delegated law made under it;

"CDM Regulations" means the Construction (Design and Management) Regulations 2015;

"EPC" means an energy performance certificate in terms of the Energy Performance of Buildings (Scotland) Regulations 2008;

"Insured Risks" means the Insured Risks defined in the Lease;

"Planning Acts" means every Act for the time being in force relating to the use, development, design, control and occupation of land and buildings; and

"Prohibited Materials" means any products or materials that:

- (a) do not conform to relevant standards or codes of practice; or
- (b) are generally known within the construction industry at the time of specification to be deleterious to health and safety or the durability of buildings or structures in the particular circumstances in which they are specified for use.

2. Obligations before beginning the Works

2.1 Before starting the Works the Tenant must:

- 2.1.1 obtain and provide the Landlord with copies of any Consents that are required before the Works are begun and where required by the terms of the Lease, obtain the Landlord's approval to them (acting in accordance with the provisions of the Lease)¹⁴;
- 2.1.2 fulfil any conditions in the Consents required to be fulfilled before the Works are begun;
- 2.1.3 notify the Landlord of the date on which the Tenant intends to start the Works; and
- 2.1.4 provide the Landlord with any information relating to the Works as may be required by its insurers and pay any additional insurance premiums payable due to the carrying out of the Works.

2.2 If any variations to the Plans are required in order to obtain any of the Consents, the Tenant must obtain the approval of the Landlord to those variations (acting in accordance with the provisions of the Lease)¹⁵.

2.3 The Tenant must ensure that it or its building contractor has put in place public liability and employers' liability insurance of at least £[5] million¹⁶ in respect of each claim and provide the Landlord with a summary of the main terms of the insurance and evidence that the premiums have been paid before starting the Works.

[Note: use the following for a retrospective consent (deleting the previous conditions)]

¹⁴ Ensure lease has such provisions otherwise incorporate.

¹⁵ Ensure lease has such provisions otherwise incorporate.

¹⁶ Take instructions on level of insurance.

[The Tenant confirms that before starting the Works:

- 2.4 it obtained any Consents that are required before the Works were begun;
- 2.5 it fulfilled any conditions in the Consents required to be fulfilled before the Works were begun; and
- 2.6 it or its building contractor put in place public liability and employers' liability insurance of at least £[5] million¹⁷ in respect of each claim.]

3. **Obligations when carrying out the Works**

3.1 [If it starts the Works, the Tenant must carry out and complete them] [The Tenant] confirms that it carried out and completed the Works]¹⁸:

- 3.1.1 as soon as reasonably practicable, and in any event within [6] months after [];¹⁹
- 3.1.2 in accordance with the Plans;
- 3.1.3 in a good and workmanlike manner and with good quality materials;
- 3.1.4 in accordance with the reasonable principles, standards and guidelines set out in any relevant guide or handbook published by the Landlord from time to time for tenant's works carried out at the Property;
- 3.1.5 without using Prohibited Materials;
- 3.1.6 [[during][outside] the hours of [TIME] to [TIME]];²⁰
- 3.1.7 in compliance with the Consents and all Acts (including the Planning Acts) and the requirements of the insurers of the Property and (where applicable) of any competent authority or utility provider;
- 3.1.8 without affecting the structural integrity of the Property or any land or buildings of which it forms part; and
- 3.1.9 with as little interference as reasonably practicable to the owners and occupiers of any other parts of the Property or any land or buildings of which the Property form part or any adjoining premises.

3.2 [If it has not already done so, the Tenant]²¹ [The Tenant] must make good immediately any physical damage caused by carrying out the Works.

3.3 The Tenant must permit the Landlord to enter the Property to inspect the progress of the Works at all reasonable times subject, where applicable to the Landlord complying with any conditions relating to entry onto the Property contained in the Lease.²²

3.4 All plant, equipment and materials used in connection with the Works must be stored securely.²³

3.5 [Until practical completion of the Works, the Tenant must] [The Tenant confirms that, until practical completion of the Works it].²⁴

¹⁷ Take instructions on level of insurance.

¹⁸ Use second option if documenting retrospective consent.

¹⁹ Consider the period in the context of the particular works and what the starting point for that period is e.g. the Term Start Date, the date of last execution or date of conclusion of missives. Delete for retrospective consent.

²⁰ Consider whether any restrictions need to be imposed by the Landlord on when the Works can be carried out. It may be appropriate to impose restrictions where the Lease is of part and the Landlord is concerned that there is no disruption to other users of the Landlord's property. Delete for retrospective consent.

²¹ For retrospective consent.

²² Delete for retrospective consent.

²³ Delete for retrospective consent.

²⁴ Use second option if documenting retrospective consent.

3.5.1 insure[d] the Works and any plant, equipment and loose materials for their full reinstatement cost (including professional fees) against loss or damage by the Insured Risks with a reputable insurer [and provide[d] the Landlord with a summary of the main terms of the insurance policy and evidence that the premium has been paid]²⁵; and

3.5.2 reinstate[d] any of the Works that are damaged or destroyed before their completion.

4. Obligations on completion of the Works

4.1 [As soon as reasonably practicable following completion of the Works] [If it has not already done so,]²⁶ the Tenant must:²⁷

4.1.1 notify the Landlord of completion of the Works;

4.1.2 obtain any Consents that are required on completion of the Works;

4.1.3 remove all debris and equipment used in carrying out the Works;

4.1.4 notify the Landlord of the cost of the Works;

4.1.5 permit the Landlord to enter the Property to inspect the completed Works at reasonable times subject, where applicable to complying with any conditions relating to entry onto the Property contained in the Lease;

4.1.6 [provide the Landlord with a copy of any health and safety file relating to the Works prepared under the CDM Regulations and deliver the original file to the Landlord at the end of the term of the Lease;]²⁸

4.1.7 supply the Landlord with 2 complete sets of as-built plans showing the Works; and

4.1.8 ensure that the Landlord is able to use and reproduce the as-built plans for any lawful purpose.

4.2 The Tenant must pay to the Landlord any increased insurance premiums payable resulting from the carrying out and retention of the Works.

5. CDM Regulations²⁹

If the CDM Regulations apply to the Works, the Tenant must:

5.1 comply with them and ensure that any person involved in the management, design and construction of the Works complies with their respective obligations under the CDM Regulations;

5.2 if the Landlord would be treated as a client for the purposes of the CDM Regulations, agree to be treated as the only client in respect of the Works; and

5.3 on completion of the Works provide the Landlord with a copy of any health and safety file relating to the Works and deliver the original file to the Landlord at the end of the term of the Lease.

²⁵ Delete for retrospective consent.

²⁶ For retrospective consent.

²⁷ Where the Works involve substantial structural elements consider whether collateral warranties are required.

²⁸ For retrospective consent.

²⁹ Delete for retrospective consent.

6. **EPC**

If the Works invalidate [or materially adversely affect]³⁰ an existing EPC or require the commissioning of an EPC, the Tenant must (at the Landlord's option):

- 6.1 commission a new EPC and give the Landlord written details of the unique reference number for that EPC; or
- 6.2 pay the Landlord's costs of doing so.

³⁰ Check if there is any restriction on the Works materially adversely affecting the EPC rating of the Property in the Lease and amend as appropriate

Plans