

TITLE OF REPORT: Variation of Lease Terms – Former Materials Testing Laboratory, Windy Nook

REPORT OF: Strategic Director Corporate Services and Governance

Purpose of the Report

1. To seek approval to the variation of the agreed lease terms in relation to the Former Materials Testing Laboratory, Windy Nook.

Background

2. At its meeting on 18 March 2014, Cabinet approved the grant of a lease of the Former Materials Testing Laboratory to Felling Warriors Community Project for a term of 35 years at a rent of £5,750 per annum subject to 5 yearly rent reviews which reflected the use of the building as a local boxing and martial arts club which was to provide a room for community use, pursuant to the Council's Community Asset Transfer policy. (Min No. C242)
3. The group were granted a 5 year rent free period to reflect the substantial refurbishment works that needed to be carried out to the building and entry to the property was granted in January 2015 by way of a building agreement to enable the group to undertake agreed refurbishment work. As soon as the building was considered fit for purpose, they began using it.
4. The charitable purpose of the group, now called Warriors Community Project and its business plan for the building, (now known as The Whitehills Centre) reflects community participation in healthy recreation to advance education, and provide facilities in the interests of social welfare for recreation and leisure time of local residents. While the building will still be used for martial arts and boxing, the sports club's training facilities will also be available for community use.
5. As the primary use of the building will now be as a community centre not a sports club, Warriors Community Project has requested the rent payable be reduced to nil consideration to reflect the level of community activity that will be taking place in the building, pursuant to the Council's Community Asset Transfer policy.

Proposal

6. It is proposed that the terms be varied so that the lease is granted to Warriors Community Project and the rent payable is reduced from £5,750 per annum to a peppercorn to reflect the use of the property as a community centre pursuant to the Council's Community Asset Transfer policy.

Recommendations

7. Cabinet is asked to approve the variation of agreed terms to reduce the rent payable to a peppercorn and change the tenant to Warriors Community Project.

For the following reason:-

To manage resources and rationalise the Council's assets in line with the Corporate Asset Strategy and Management Plan.

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Policy Context

1. The proposed variation of lease terms supports the overall vision for Gateshead as set out in Vision 2030 and the Council Plan. In particular, creating capacity for volunteering and community cohesion
2. The proposed variation of lease terms will also accord with the provisions of the update of the Corporate Asset Strategy and Management Plan 2015 – 2020. In particular, the rationalisation of the estate through the disposal of an uneconomic asset

Background

3. At its meeting on 18th March 2014 Cabinet declared the Former Materials Testing Laboratory surplus to the Council's requirements and approved a 35 year lease to Felling Warriors Community Project at a rent of £5,750 per annum subject to 5 yearly rent reviews to reflect the pursuant to the Council's Community Asset Transfer policy (Min No. C242)
4. A rental of £5,750 per annum, subject to five yearly rent reviews was agreed to reflect that the group proposed to use the building as a local boxing and martial arts club providing a room for community use. The proposed use of the property was considered to improve the existing community provision in the area , and the benefit of being able to provide some community activities in the building was taken into account when assessing the level of rent that should be payable.
5. The property was in need of significant refurbishment to bring it up to an acceptable standard for use and a 5 year rent free period was granted to reflect the level of investment being made by the group, who were granted entry to the building in January 2015.
6. Since the original terms were agreed the charitable purpose of the group, now called Warriors Community Project and its business plan for the building (now known as the Whitehills Centre) has evolved to reflect a greater level of community participation in healthy recreation to advance education, and provide facilities in the interests of social welfare for recreation and leisure time of local residents. While part of the building will still be used for martial arts and boxing, the sports clubs training facilities will also be available for community use, the remainder of the building is being used for community use such as a lunch club, mother and toddler groups, internet café, ladies fitness classes, and ward councillors surgery.
7. As the primary use of the building will now be as a community centre not a sports club, Warriors Community Project has requested the rent payable be reduced to nil consideration to reflect the level of community activity that will be taking place in the building, pursuant to the Council's Community Asset Transfer policy.

Consultation

8. In preparing this report consultations have taken place with the Leader, Deputy Leader and Ward Councillors for Windy Nook and Whitehills who have raised no objections to the proposal.

Alternative Options

9. The option of maintaining the rent at the same level has been discounted as this may lead to a reduced level of community activities being offered from the property.

Implications of Recommended Option

10. **Resources:**
- a) **Financial Implications** - The Strategic Director, Corporate Resources confirms that the decision to reduce the rental will have the effect of reducing income to the Council of £5,750 per annum, which will need to be managed and mitigated within the overall property portfolio.
 - b) **Human Resources Implications** - There are no implications arising from this recommendation.
 - c) **Property Implications** - The reduction of rent payable will secure the future use of the property as a community centre.
11. **Risk Management Implication** – The continued use of the property will minimise the risk of vandalism to a vulnerable property.
12. **Equality and Diversity** - There are no implications arising from this recommendation.
13. **Crime and Disorder Implications** - There are no implications arising from this recommendation.
14. **Health Implications** - There are no implications arising from this recommendation.
15. **Sustainability Implications** - There are no implications arising from this recommendation.
16. **Human Rights Implications** - There are no implications arising from this recommendation.
17. **Area and Ward Implications** – Windy Nook and Whitehills in the East area.
18. **Background Information** - Minute No. C242