

TITLE OF REPORT: Property Transaction – Surrender and New Lease of Land at Swan Street, Gateshead

REPORT OF: Mike Barker, Strategic Director, Corporate Services and Governance

Purpose of the Report

1. To seek approval to (i) accept a surrender of the current lease from W D Ridley Executors Pension Scheme and (ii) for the grant of a new lease to W D Ridley Executors Pension Scheme for a term of 120 years.

Background

2. Terms have been provisionally agreed in relation to the property transaction as set out in appendix 1.

Proposal

3. It is proposed to proceed with the property transaction outlined in appendix 1.

Recommendations

4. It is recommended that Cabinet:
 - (i) approves the property transaction outlined in appendix 1; and
 - (ii) authorises the Strategic Director, Corporate Services and Governance to agree the detailed terms.

For the following reasons:

To manage resources in accordance with the provisions of the Corporate Asset Strategy and Management Plan.

Policy Context

1. The proposed new letting is consistent with the overall vision for Gateshead as set out in Vision 2030 and the Council Plan. In particular creating the conditions for economic growth.
2. The proposed letting accords with the provisions of the Corporate Asset Strategy and Management Plan 2015-20.

Background

3. The site is currently occupied by W D Ridley Executors Pension Scheme (“the Tenant”), trading as The Building Maintenance Company. The site is shown edged red on the attached plan.
4. The Tenant wishes to surrender their lease with the proposal that a new lease is to be granted for a term of 120 years. There would be no issues in regards to dilapidations.
5. The existing lease is for a term of 99 years from 1 August 1962, the current rent is £3,140 per annum with a 7 year rent review pattern.

Proposal

6. It is proposed to grant a 120 year lease to W D Ridley Executors Pension Scheme from a date to be agreed at a rent of £4,200 per annum with a 5 year rent review pattern.

Consultation

7. In preparing this report, consultations have taken place with the Leader and Deputy Leader. Ward Councillors have also been consulted.

Alternative Options

8. The only alternative to surrendering the existing lease and granting a new one on the terms set out above would be to allow the current lease to continue. This would result in a loss of rental income to the Council. In addition, if the lease is not surrendered and a new one granted, the length of the lease term will continue to decrease which will create problems for a tenant in respect of obtaining finance secured against the site which would not be in the interest of the tenant or the Council.

Implications of Recommended Option

9. Resources:

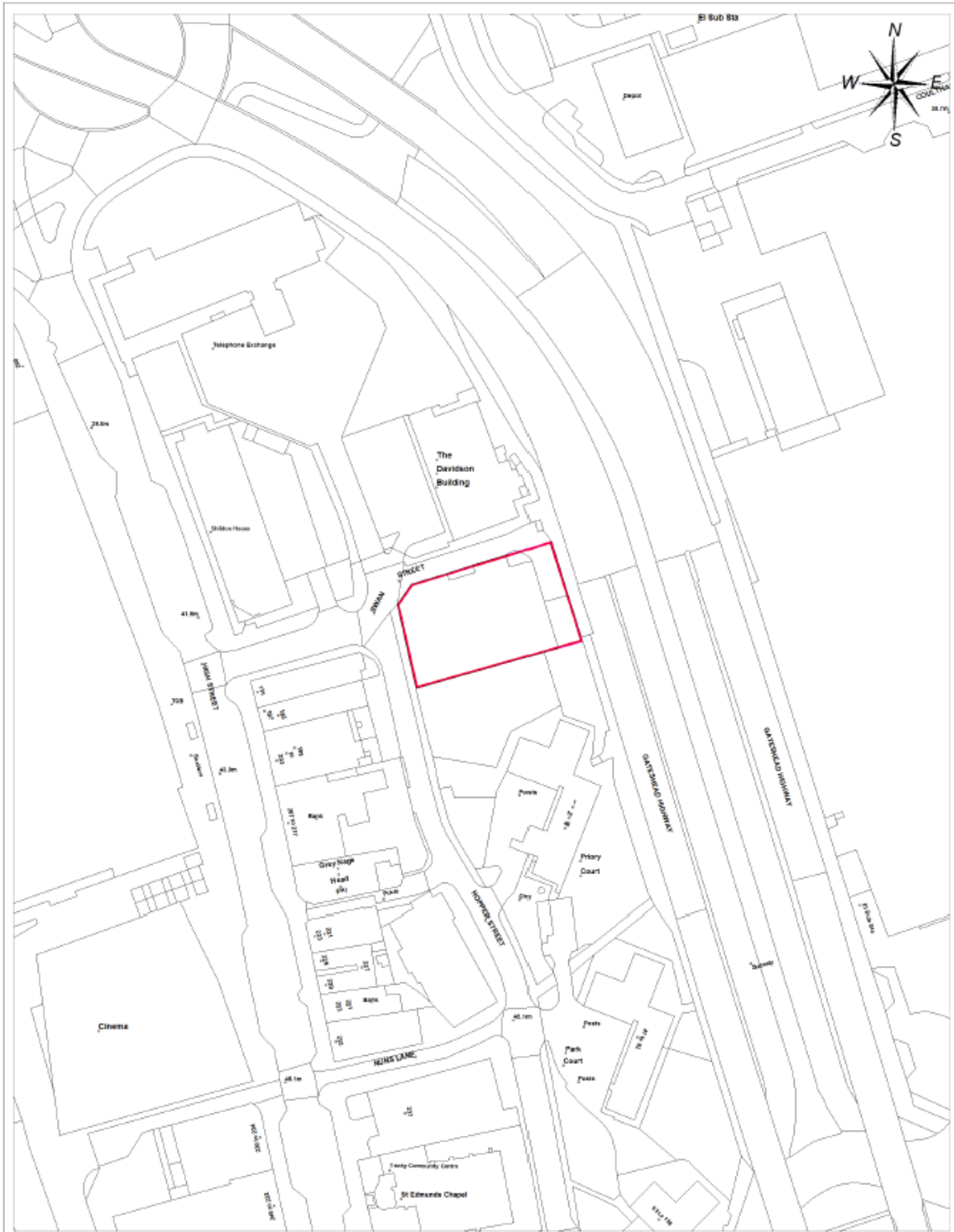
- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms that the proposed extension of the lease at Swan Street with


generate an additional £1,060 per annum for the Council.

b. Human Resources Implications - There are no human resource implications arising from this report.

c. Property Implications – In securing this letting the Council is ensuring that it continues to maintain the best rental stream from its non-operational portfolio whilst mitigating its liabilities as to outgoings.

- 10. Risk Management Implication** – There are no additional risk management implications arising from this report.
- 11. Equality and Diversity Implications** – There are no equality & diversity implications arising from this report.
- 12. Crime and Disorder Implications** – There are no crime & disorder implications arising from this report.
- 13. Health Implications** – There are no health implications arising from this report.
- 14. Sustainability Implications** – There are no sustainability implications arising from this report.
- 15. Human Rights Implications** – There are no human rights implications arising from this report.
- 16. Area and Ward Implications** – Bridges in the Central area.



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<p>Scale 1:1250</p>	