

**TITLE OF REPORT:** Property Transaction – Surrender and New Lease of Land at Elysium Lane, Bensham Trading Estate, Gateshead

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

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### **Purpose of the Report**

1. To seek approval to (i) accept the surrender of the current lease of Land at Elysium Lane from Alan Vincent Sales (“the Tenant”) and (ii) the grant of a new 125 year lease to the Tenant.

### **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.

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**CONTACT:** Steve Hayles

extension 3466

### 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 in particular supporting business growth and maximising income.

### Background

3. The subject site is currently occupied by Alan Vincent Sales (“the Tenant”). The site is shown edged red on the attached plan.
4. The Tenant wishes to surrender their lease with the proposal that a new 125 year lease is to be granted. All the relevant checks have been made and passed.
5. The existing lease is for a term of 99 years from 01 December 1972, the current rent is £1,725 per annum with a 21 year rent review pattern.

### Proposal

6. It is proposed to grant a 125 year lease to Alan Vincent Sales from a date to be agreed at a rent of £1,725 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 and are supportive of the proposal.

### 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 subject site which would not be in the interest of the tenant or the Council. The lease would remain on a twenty one year review pattern and not five as proposed.

### Implications of Recommended Option

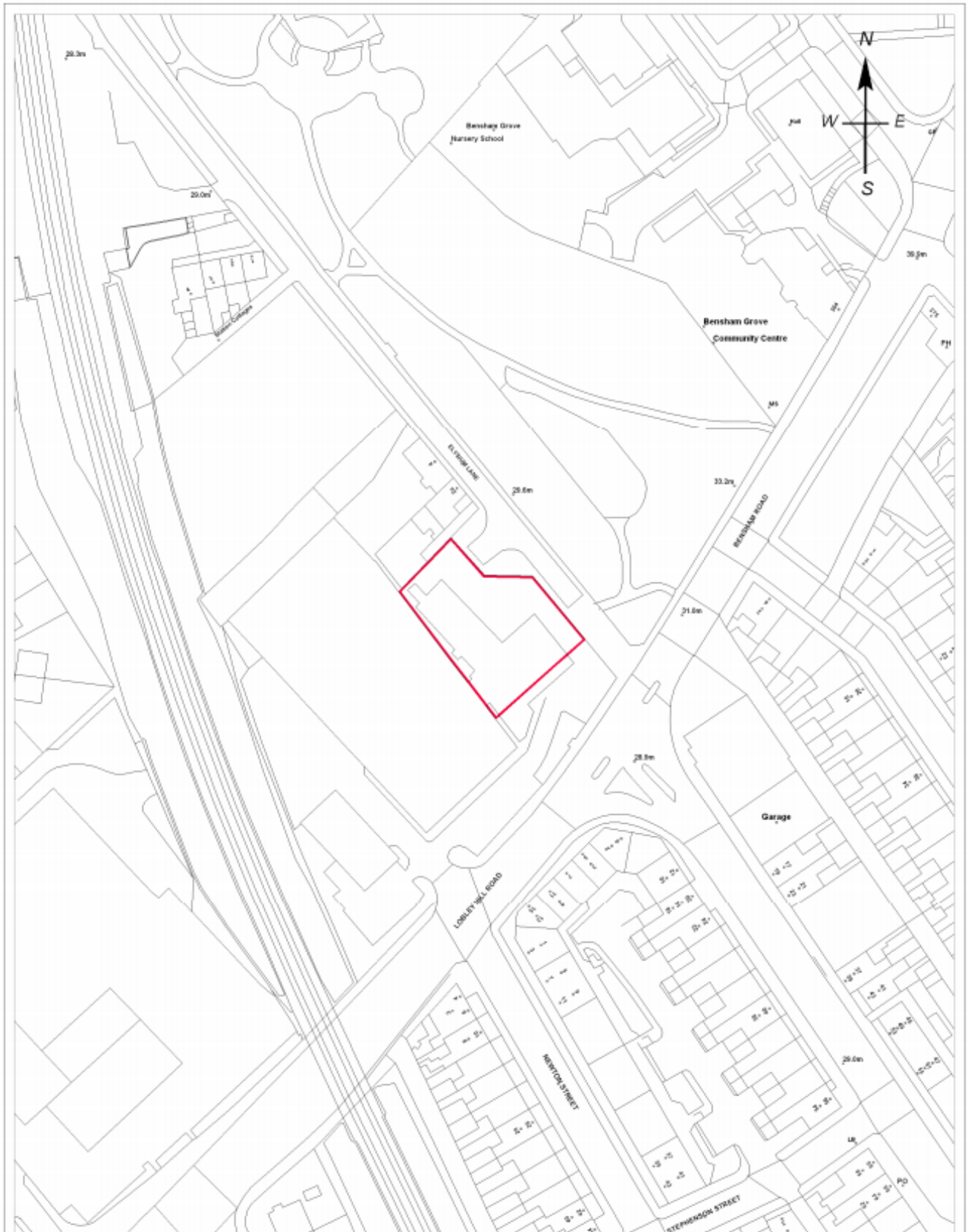
#### 9. Resources:

- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms there are no financial implications arising from this report.

**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** – Lobley Hill and Bensham in the Central Area.



<b>Title</b> <b>Lease Elysium Lane</b> <b>Gateshead</b>			<small>© Crown Copyright and Database rights 2011. Ordnance Survey Base number: 999 9132.</small>		
<b>Drawing Number</b> <b>Asset ID 000711</b>			<b>Rev</b> <b>00</b>		
<b>Scale</b> <b>1:1250</b>	<b>Date Created</b> <b>13th September 2011</b>	<b>Drawn By</b> <b>Gillian Hall</b>	<b>Date Printed</b> <b>13th September 2011</b>	<b>OIS NUMBER</b> <b>NZ2461NE</b>	<b>Corporate Asset Strategy</b> <b>Legal and Corporate Services</b> <b>Gateshead Council</b>