

**Surrender and New Lease of Site 9 South Shore Road, Gateshead**

**Policy Context**

1. The proposed new letting is consistent with the overall vision for Gateshead as set out in Vision 2030 and supports Thrive.
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 site is currently occupied by Cool Designs Limited (“the Tenant”). The site is shown edged black on the attached plan.
4. The Tenant wishes to surrender their lease with the proposal that a new lease for a term of 125 years is to be granted. The granting of a new lease would allow the Tenant to secure funding. All the relevant financial checks have been carried out and are satisfactory.
5. The existing lease is for a term of 99 years from 01 December 1965, the current rent is £5,100 per annum with a 20 yearly rent review pattern.

**Proposal**

6. It is proposed to grant a lease for a term of 125 years to Cool Designs Limited from a date to be agreed at a rent of £7,500 per annum with a 5 yearly 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 and 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. The lease would remain on a twenty yearly rent review pattern and not five as proposed again resulting in a loss of income to the Council.

## Implications of Recommended Option

### 9. Resources:

- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms that additional income of £2,400 per annum would be generated as a result of 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.

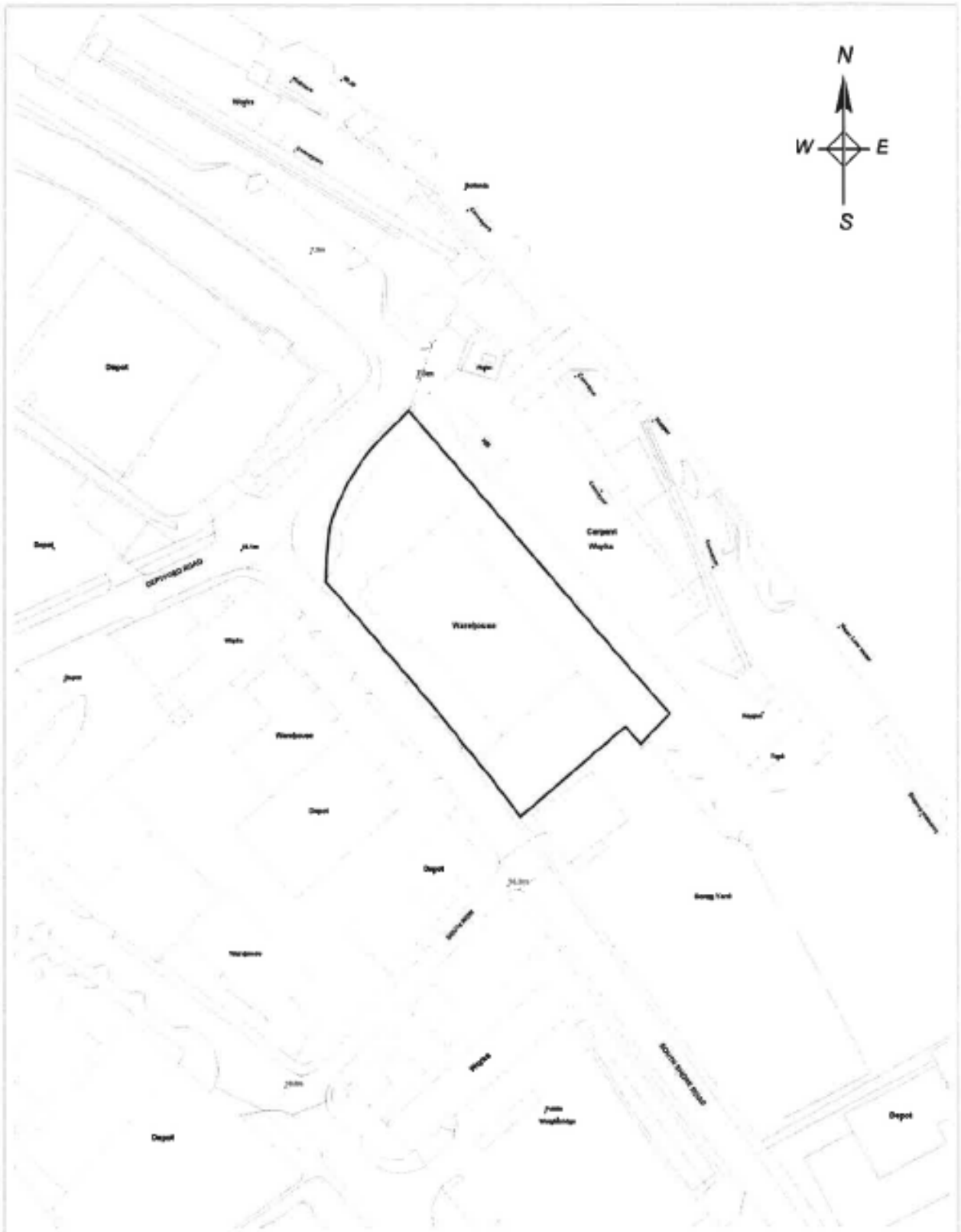
12. **Crime and Disorder Implications** – There are no crime & disorder implications arising from this report.

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** – Central & Bridges



Title  
 Land at South Shore Road  
 Gateshead

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SCALE  
 1:1250

DATE  
 1st June 2012

DRAWN BY  
 HB

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Property and Design Services  
 Development & Enterprise  
 Gateshead Council