

TITLE OF REPORT: Variation of Lease Terms – Springwell Community Centre

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 Springwell Community Centre.

Background

2. At its meeting on 19 April 2016, Cabinet approved to grant a 35 year lease of Springwell Community Centre to 19 Plus Community Interest Company(CIC) at a rent of £15,000 per annum, which reflected the use of the building to provide education, training and activities for people with learning disabilities, whilst encouraging community activity.
3. Since April, however, the level of community activity taking place within the building has increased significantly & 19 Plus CIC has been unable to use the Community Centre for their intended training and activities for people with learning disabilities. It is proposed that 19 Plus CIC will continue to manage the building for purely community activity. Alternative Council owned accommodation has been identified which is more suitable for delivery of their education and training programmes for people with learning disabilities.
4. The agreed lease terms now need to be varied to reflect this revised approach.

Proposal

5. It is proposed that the lease terms be varied so that the rent payable is reduced from £15,000 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

6. Cabinet is asked to approve the variation of agreed lease terms to reduce the rent payable to a peppercorn.

For the following reason:-

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

CONTACT: Zoe Sharratt extension: 3503

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 19th April 2016 Cabinet declared Springwell Community Centre surplus to the Council's requirements and approved a 35 year lease to 19 Plus CIC pursuant to the Council's Community Asset Transfer policy (Minute No.C223).
4. A rental of £15,000 per annum, subject to three yearly rent reviews was agreed to reflect the services proposed for delivery by 19 Plus CIC. The organisation proposed to provide education, training and activities to advance independent living, life and social skills and employment of people with learning disabilities. The proposed use of the property was considered to complement and support the existing community activity and enable it to continue
5. The benefit of being able to maintain the existing level of community activities in the Community Centre was taken into account when assessing the level of rent that should be payable, although it would mainly be used to run the organisation's activities.
6. Since 19 Plus CIC have been managing the Centre, they have been able to build upon the programme of community activity which existed when they took occupation, The degree of activities provided have increased due to demand from the community and the level of community activity has increased so significantly that there is now insufficient capacity to deliver the organisation's programme to advance independent living, life and social skills, and employment of people with learning disabilities.
7. The Organisation has, therefore, identified alternative Council owned accommodation nearby to deliver the education, training and activities programme from but recognise the benefit to the local community by continuing to manage the community centre. They have, therefore, requested that the rental level be reduced to £1 per annum in line with other community centres in the borough, to reflect the use of the Centre being used wholly for community activities.
8. The property is currently held by the Council for housing purposes. Ordinarily the consent of the Secretary of State would be required to dispose of land held for housing purposes, however, as it has never been used for the provision of dwelling houses it is deemed to be vacant and as such the Council can rely on the General Consent A.3.2. of the General Consent for the Disposal of Land held for the purpose of Part II of the Housing Act 1983 – 2013, which gives consent to a local authority to dispose of vacant land at any price determined by the local authority.

Consultation

9. In preparing this report consultations have taken place with the Leader, Deputy Leader and Ward Councillors for High Fell who have raised no objections to the proposal.

Alternative Options

10. 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

11. Resources:

- a) **Financial Implications** - The Strategic Director, Corporate Resources confirms there are no financial implications as a result of this report, as 19 Plus CIC has entered negotiations to lease a nearby vacant property from the Council, generating an additional rental to cover the reduced income from the proposed Community Asset Transfer.
 - 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.
12. **Risk Management Implication** – The continued use of the property will minimise the risk of vandalism to a vulnerable property.
 13. **Equality and Diversity** - There are no implications arising from this recommendation.
 14. **Crime and Disorder Implications** - There are no implications arising from this recommendation.
 15. **Health Implications** - There are no implications arising from this recommendation.
 16. **Sustainability Implications** - There are no implications arising from this recommendation.
 17. **Human Rights Implications** - There are no implications arising from this recommendation.
 18. **Area and Ward Implications** – High Fell in the South area
 19. **Background Information** - Minute No. C223