

**TITLE OF REPORT:**        **Surrender and New Lease of Derwenthaugh Marina, 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 Derwenthaugh Marina from Ramesh Dewan ("the Tenant") and (ii) the grant of a new lease for a term of 125 years 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 reason:

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

## **APPENDIX 1**

### **Policy Context**

1. The proposed new letting is consistent with the overall vision for Gateshead as set out in the Thrive agenda.
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 leased by Ramesh Dewan ("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 29 September 1986, the current rent is £5,500 per annum with a 5 yearly rent review pattern.

### **Proposal**

6. It is proposed to grant a lease for a term of 125 years to Ramesh Dewan from a date to be agreed at a rent of £6,800 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.

## **Implications of Recommended Option**

### **9. Resources:**

- a. Financial Implications** – The Strategic Director, Corporate Resources confirms that additional income of £1,300 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 accepting a surrender and granting a new lease 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. **Ward Implications** – Blaydon

