

TITLE OF REPORT: Property Transaction – Site 2 Cowen Road

REPORT OF: Kevin Scarlett, Interim Strategic Director Housing Environment and Healthy Communities

Purpose of the Report

1. This report seeks Cabinets approval to the property transaction set out in Appendix 1.

Background

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

Proposal

3. It is proposed to proceed with the property transaction outlined in the attached schedule.

Recommendations

4. It is recommended that
 - (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(s)

- (i) To manage resources.

APPENDIX 1

Policy Context

1. The proposal is in accordance with the Corporate Plan (2023-2028) “Working together and fighting for a better future for Gateshead”. In particular creating conditions for economic growth.

Background

1. Terms have been provisionally agreed in relation to the transaction set out in the attached schedule, the detailed terms being agreed by the Strategic Director, Corporate Services and Governance.

Consultation

2. In preparing this report consultation has taken place with the Leader, Deputy Leader, Portfolio Holders and Ward Councillors. No objections to the proposals have been received

Alternative Options

3. Alternative option to the proposal would be the continuation of the existing lease. This would result in the continuation of a lower rental income to the Council and in addition, the length of the lease term will continue to decrease which will create problems for the tenant in respect of obtaining finance secured against the site. This would not be in the Tenant’s or the Council’s interest.

Implications of Recommended Option

4. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that surrendering the existing lease of £4,966 per annum and granting two new leases of £3,862 per annum each will generate additional revenue income of £2,758 per annum.
 - b) **Human Resources Implications** – There are no implications arising directly 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.
5. **Risk Management Implication** – There are no additional risk management implications arising from this report.

6. **Equality and Diversity Implications** - There are no Equality and Diversity Implications arising from this report.
7. **Crime and Disorder Implications** – There are no crime and disorder implications arising directly from this report
8. **Health Implications** – There are no health implications arising directly from this report
9. **Climate Emergency and Sustainability Implications** - There are no sustainability implications arising directly from this report
10. **Human Rights Implications** - There are no human right implications arising directly from this report
11. **Ward Implications** - Blaydon
12. **Background Information:**

Appendix 2
Schedule 1

Property Address	Occupier	Use	Terms	Comments
<p>Surrender of existing lease and grant of two new leases</p> <p>Land known as Site 2 Cowen Road</p>	<p>Trustees of the Minerva SIPP for D & S McGough (Site b) and D & S McGough (site a)</p>	<p>Industrial</p>	<p>(Existing lease: 99 years from 17 July 1978; 5 year review pattern; current rent: £4,966 pa)</p> <p>Proposed: Two 99 yr leases from a date to be agreed; 5 yearly rent reviews; Rent: £3,862 p.a each (This is Best Consideration)</p>	<p>The current lease has been assigned in part meaning there are two interests (site a and b marked on plan) which will both be surrendered and two new leases granted of sites a & b. In taking the surrender of the existing lease the Council is exercising the power contained in section 120 of the Local Government Act 1972.</p> <p>In granting the new Lease the Council is exercising the power contained in Section 123 of the Local Government Act 1972</p>

