

EXECUTIVE COMMITTEE

10th December 2013

EXTENSION OF LEASE – MATCHBOROUGH EAST COMMUNITY CENTRE

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	✓
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resource
Wards Affected	Matchborough
Key Decision – Yes	

1. SUMMARY OF PROPOSALS

To consider a request to extend the lease from 7 to 12 years for the Community Enterprise Organisation “Your Ideas” who currently occupy the Matchborough East Community Centre. This is to enable Your Ideas to apply for additional grant funding from external organisations to undertake centre improvements.

2. RECOMMENDATIONS

The Executive Committee is requested to RESOLVE that

Property Services be instructed to request Legal Services to accept a surrender of the existing 7 year lease from Your Ideas and simultaneously enter into a Full Repairing Lease for 12 years with Your Ideas.

3. KEY ISSUES

- 3.1 As Members are aware Your Ideas entered into a lease commencing in July 2013 as approved by Executive Committee, for the occupancy of Matchborough East Community Centre. The current lease is on a full repairing and Insuring basis for a term of 7 years at a concessionary rent of £5k per annum exclusive. The market rental value of the lease is £16k however with the 70% rent relief that has been awarded to Your Ideas the reduced rental is payable of £5k.
- 3.2 Your Ideas Ltd has approached Redditch Borough Council with a request that their lease is extended from the existing term of 7 years to 12 years. The lease extension is required by Your Ideas Ltd to access £60k of capital funding from the SITA trust for centre improvements.
- 3.3 SITA Trust is an ethical funding organisation dedicated to making lasting improvements to the natural environment and community life. The Trust is a not-for-profit company, a registered and accredited environmental body that operates under the Landfill Communities Fund distributing funds contributed by the recycling and resource management company SITA UK. The funding criteria states applicants must have a minimum term of 10 years lease arrangement in place to

be considered. Your Ideas have assessed the following as improvements that would meet the requirements of the grant:

- Refitting soft play into a computer / gaming / chilling / home working area.
- Replacing flooring throughout the ground floor.
- Refurbishing the lift or putting in disabled access to 1st floor.
- Kitchen area on first floor to improve flexibility of that space for lettings.
- Refitting existing kitchen.
- Resurfacing car park
- Replacing exterior wood doors and windows with steel (for fire doors) and UPVC

3.4 Officers would support the request and the improvements as proposed by Your Ideas.

Financial Implications

3.5 The Full Repairing Lease is at a rent of £16k pa which has been reduced to £5k based on the 70% relief awarded to Your Ideas. The concessionary rent review is due for renew every 3 years and therefore will be reviewed in 2016. Members should be aware that the extension of the lease is not dependent on the concessionary rent relief being awarded.

3.6 The existing lease provides for an upward rent review in years 3 and 6 of the lease. It is proposed the extended lease includes additional rent review at years 9.

Legal Implications

3.7 The lease term will be extended by way of a surrender of the existing lease and a re-grant of a new lease back to Your Ideas Ltd. The following principal terms have been agreed with Your Ideas following their request.

- New Term: 12 years (increased from 7)
- Break Option: Tenant break option in years 3rd and 7th year subject to 6 month notice.
- Sinking Fund: Roof contribution of £1,500pa will increase in line with RPI from yr 8 onwards (based upon RPI increase over year 7) to account for the increase in repair and maintenance costs.
- Legal & Surveyors Fees: £96.30 plus VAT each (discounted by 70% as per rent relief concession)
- All other terms to be as per existing lease.

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- 3.8 As noted above, additional rent reviews will be included in the extended term.
- 3.9 Leases of more than 7 years have to be registered at the Land Registry. The existing lease is not registered at the Land Registry but the new one will have to be. Registration (and the associated costs thereof) will be the responsibility of Your Ideas as tenant.

Service/Operational Implications

- 3.10 The extension of the lease to 12 years will enable the Community Enterprise Organisation to sustain its service within Matchborough.

Customer / Equalities and Diversity Implications

- 3.11 The extension of the lease will enable Your Ideas to provide services to all members of the community.

4. RISK MANAGEMENT

- 4.1 The recommendations will be managed in line with the policies and procedures of the Borough Council and the Risk Management Register.

AUTHOR OF REPORT

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