
Cabinet Member for Jobs and Regeneration

31st August 2016

Name of Cabinet Member:

Cabinet Member for Jobs and Regeneration – Councillor J O’Boyle

Director Approving Submission of the report:

Executive Director of Place

Ward(s) affected: St Michael’s

Title:

Norton House – Lease to Coventry Refugee and Migrant Centre.

Is this a key decision?

No

Executive Summary:

Coventry Refugee and Migrant Centre (“CRMC”) is a charity which occupies premises in Lamb Street from a private landlord on a short term tenancy agreement which the Council in part funds through grant aid to the organisation.

CRMC have agreed to take a lease of Norton House from the Council to develop as a permanent base and resource centre. Terms have been agreed between the parties Subject to Contract and Cabinet Member approval.

Norton House, as outlined in red on the attached plan, is in the freehold ownership of the Council (“CCC”) and was previously occupied by the Coventry Cyrenians as a drop in centre for the homeless but was vacated in June 2014. Since that time Norton House has been marketed on a leasehold basis, however, interest over this time has been limited.

Recommendations:

The Cabinet Member for Jobs and Regeneration is recommended to:

1. Approve the grant of a lease of Norton House to Coventry Refugee and Migrant Centre upon the terms set out in this report
2. Delegate authority to Resources Directorate (namely Legal Services) to prepare the agreed lease to the Coventry Refugee and Migrant Centre on the basis of the agreed terms which will include a capital contribution of £75,000 from Coventry City Council for essential repair and fit out of Norton House
3. Delegate authority to the Executive Director of Place and the Executive Director of Resources as appropriate following consultation with Cabinet Member for Jobs and Regeneration to agree any variations or new requirements that are deemed necessary to give effect to the above proposals

List of Appendices included:

Appendix i – Plan

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Norton House – Lease to Coventry Refugee and Migrant Centre

1. Context (or background)

- 1.1 Norton House, as outlined in red on the attached plan, was previously leased by the Council to the Coventry Cyrenians from 1977. The Cyrenians moved out of Norton House in June 2014 and thereafter it was placed on the market on a leasehold basis. .
- 1.2 The main part of Norton House is a large (approx 2,700 sq ft) late Victorian converted town house with slate pitched roof and brick walls over two floors. Over time the house has been extended to include a store, shower facilities and one bed living accommodation. Norton House is in need of general refurbishment and updating.
- 1.3 Whilst Norton House has been on the market since June 2014, due to the size, poor configuration, poor condition and lack of parking facilities, it has garnered little interest from the market.
- 1.4 The Council in part, grant aids CRMC to occupy premises on a lease from a private landlord which is on a rolling short term tenancy and provides no security of occupation for the organisation. CRMC approached the Council early in the marketing process about a permanent move to Norton House. In this way grant aid resources for rent would be recycled to the Council.
- 1.5 Terms have now been agreed between the Council and CRMC These being the grant of a 21 year lease subject to a 6 month rent free period to allow time for refurbishment and fit out of Norton House. For the following six months the rent will be £10,000 per annum and then for the remainder of the term the rent will be £17,500 per annum, subject to review, linked to RPI increases in each fifth year of the term.
- 1.6 CRMC have agreed to take Norton House in its existing poor state and condition and the Council have agreed to provide a £75,000 contribution to the works required to be carried out by CRMC, This is to be used as a contribution towards essential repair and fit out in accordance with a schedule of works to be agreed. The Capital contribution will be released in instalments against receipt of invoices for work completed. This will be protected under the provisions of the lease.
- 1.7 The Council has no operational or service requirements for Norton House.

2. Options considered and recommended proposal

- 2.1 The recommended option is to confirm agreement to the grant of the lease upon the proposed terms as set out in this report.
- 2.2 A second option would be to not accept the offer and leave Norton House on the market for a further period of time with the view to attract a better offer or to dispose of it by way of auction.
- 2.3 Norton House has been on the market for over two years and interest has been limited. The property suffers from a number of issues that have made it unattractive to potential users to include a poor configuration, poor condition and lack of parking. It is recommended that Cabinet Member approve the grant of the lease upon the terms set out in this report.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 Providing that Cabinet Member approval is secured it is expected that the lease will be completed this financial year.

5. Comments from Executive Director of Resources

5.1 Financial implications

This decision, if approved, will generate an increased rental income stream and provide an investment in the property. The Council will advance £75,000 from its repairs budget for items of repair and refurbishment to the building. This sum will be advanced against a schedule of work and invoices and is recouped through the rent over the duration of the lease.

5.2 Legal implications

5.2.1 Officers confirm that the annual rentals agreed under the terms of the propose lease represent the open market value. This meets the Council's obligations to obtain best value under the requirements of section 123 of the Local Government Act 1972

5.2.3 Legal Services will be instructed to draft, agree and complete the lease between the parties upon the terms set out in this report

5.2.3 The lease will document and control the agreed CCC's contribution of £75,000 towards the agreed repair and maintenance works and the release upon the completion of phased stages of the works.

6. Other implications

6.1 None

6.2 How is risk being managed?

Risks will be managed through the lease process. The highest risk is the potential loss of funding to the tenant and the lease coming back to the Council. If this materialised the premises would come back in a substantially better state than when the lease was granted. In addition, if the tenant moved out Commercial Property Management would re-assign the building in the normal way it manages all of the investment properties the Councils owns.

6.3 What is the impact on the organisation?

There is no significant impact on the organisation arising from this proposal.

6.4 Equalities / EIA

This is a property transaction and an Equality Impact Assessment is not required.

6.5 Implications for (or impact on) the environment

There are no implications for the environment.

6.6 Implications for partner organisations?

CRMC are partner organisation that the Council grant aids in part for their running costs. A lease of this nature means that grant aid funding that goes on premises rent will be recycled into the Council.

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