

EAST RENFREWSHIRE COUNCILCABINET1 December 2022Report by Head of Environment (Strategic Services)PROPOSED LEASE OF UNITS 1-4, 9 ROBERTSON STREET, BARRHEAD**PURPOSE OF REPORT**

1. The purpose of the report is to ask the Cabinet to consider, and if appropriate, approve the proposed lease of Units 1-4 Robertson Industrial Estate, 9 Robertson Street, Barrhead to the established charity, Barrhead Men's Shed.

RECOMMENDATIONS

2. The Cabinet asked to;
- a) consider, and if appropriate, approve the proposed lease of Units 1– 4, 9 Robertson Street, Barrhead to the charity, Barrhead Men's Shed for a peppercorn rental of £1, to enable the group to continue to operate their community woodwork, light craft and creative space facility to local men and women;
 - b) determine the length of the lease that is deemed to be appropriate, and
 - c) delegate to the Head of Environment (Strategic Services), in consultation with the Chief Officer (Legal and Procurement), to finalise negotiations and conclude the proposed lease.

BACKGROUND AND REPORT

3. The Barrhead Men's Shed has a long standing history of delivering services in Barrhead. The charity is run by voluntary members offering a space for men and women to take part in woodwork, light craft and other creative craft activity as well as offering a much needed safe, social space to their community.

4. Their membership is broad with 60 active members; they have an active and effective committee with a wealth of skills and knowledge.

5. Barrhead Men's Shed have occupied the industrial units 1 – 4, Robertson Street, Barrhead under a standard commercial tenancy agreement with the Council, as landlord since 2016. The subjects comprise 4 of the 12 units in the estate with a total area of 219 sq.m (2358 sq.ft.).

6. The passing rental equates to £10,000 per annum reflecting £45.66 sq. m (£4.24 sq. ft).

7. Currently, the group's running costs are covered via various grants for specific equipment; donations; and business income comprising contributions from members and sales of work. Going forward, it is proposed the group will run from business income alone (membership and sale of handcrafted products) to pay for all operational costs.

8. In 2019, Barrhead Men's Shed wrote to the Council, seeking a long term lease at a peppercorn rent of £1 per annum. This was prompted as funding streams from the national lottery were coming to an end in spring 2022 which put the future of their facility under threat.

9. In their letter, Barrhead Men's Shed expressed;

"the shed is an important part of our members' lives and any threat of closure is a major source of anxiety. We need a long lease to remove that threat; provide the security that will enable us to invest in facilities beyond the workshop that we currently provide; and allow us confidently to publicise our offering to attract others in need of our services"

10. Over the past 18 months, Barrhead Men's Shed has engaged with the Council teams and supporting partners, to demonstrate the need for their facility to provide a place where members social wellbeing, mental health and environmental wellbeing (through use of repurposed materials and upcycling) are at the heart of their activities.

11. The Men's Shed have requested a 25 year lease. Cabinet is asked to consider, if a lease should be granted, what would be an appropriate length of the lease. In determining this issue Cabinet should note the implications noted in paragraphs 22-27 of this paper.

Overview of the Proposed Agreement

12. It is proposed the lease of the industrial units, if agreed, will be subject to the following terms and conditions;

- The tenant being Barrhead Men's Shed.
- Barrhead Men's Shed, as tenant, maintain its charitable status for the duration of the proposed lease.
- The lease being for a term to be agreed by Cabinet.
- The rent will be at a peppercorn rent reflecting £1 per annum.
- The proposed tenant will operate a community facility providing a space for men and women to participate a meeting space, work shop and training facilities in woodwork and light craft work or such other creative activities.
- The lease of the property being on full repairing and insuring terms. The tenant being responsible for meeting all running costs.
- As the subjects represent a third of the entire estate, as an occupier they would be liable for 1/3 of any ongoing common service charges now or in the future.
- The tenant will enter into a service level agreement detailing the range of services which the Council will expect to be delivered in exchange for the £1 (if asked) rental. The Tenant shall be responsible for and deliver the following services from the subjects;
 - a) The building should be made available between the hours of 9am-6pm, Monday to Friday and 9am to 5pm weekends to maximise the use and impact of the asset.
 - b) When the facility is not in use for the group's core activities, the space will be made available to other not for profit, community organisations on a let basis.
- The tenant not being permitted to assign the lease to another party without the landlord's formal consent first being obtained.
- Should the lease granted be for a period of more than ten years, then a mutual review of the service level agreement and rental terms be triggered at year 10 of the lease.

- The tenant being responsible for any necessary planning permissions, building warrants together with any other consents, statutory or otherwise, needed in relation to its tenancy and occupation of the subjects. For the avoidance of doubt this includes all compliance issues being addressed by the tenant.
- The lease can be terminated at no less than 12 months' notice, if the Council require to redevelop the site in line with the Local Development Plan and aid the charity to find alternative location.
- In accordance with the council's standard practice, the council's reasonable legal and surveyor's fees, incurred in concluding the proposed lease, being reimbursed by the tenant.
- All other terms and conditions required in relation to the proposed lease being a matter for negotiation between the respective parties' solicitors.

FINANCE AND EFFICIENCY

13. The proposed lease will be issued at a peppercorn rental of £1 (if asked). This rental would be below a market rental. Industrial rental rates have been driven up in recent years as a result of the lack of local supply. The rental of the asset is dependent on size, location and condition of the property.

14. Research into market evidence for recent transactions found similar property to the subjects at Abercorn Street, Paisley, where they are achieving short term tenancies at rates of £12.50 per Sq.Ft. East Renfrewshire's Council's industrial properties at Crossmill Business Park are achieving rates in excess of £8.00 per Sq.Ft, At the Council's Muriel Street, Barrhead industrial units have also seen uplifts in the rentals in the past few years with £8 - £9 per Sq, Ft.

15. Taking into account the above comparable evidence, if the Council were to re-let the units on the open market it is expected that rents achievable would be in the range of **£22,400 - £25,940 per annum** equating to £9.50 per sq.ft - £11.00 per sq.ft for short term commercial rentals. These figures assume the units (Unit 1, Unit 2, Unit 3 and Unit 4) are reinstated to the original configuration. This could reflect a potential rental income of £500,000 or thereby over the 25 year lease term period (not taking account the time value of money).

16. Consideration has been given to the processes detailed under Section 74 of the Local Government (Scotland) Act 1973 and the Disposal of Land by Local Authorities (Scotland) Regulations 2010. Section 74 gives the local authority the power to dispose (for sale or lease) of land in any manner they wish unless the land is being disposed of for less than best consideration that can reasonably be obtained, in which case we can only dispose of land at 'less than best consideration' where such a proposal meets the requirements of the Disposal of Land by Local Authorities (Scotland) Regulations 2010. This requires that the local authority must appraise and compare the costs and other dis-benefits and benefits of the proposal, and determine that the 'circumstances' set out in Regulation 4 are met.

17. The 'circumstances' in which a local authority may dispose of land for a consideration less than the best that can be reasonably be obtained are that the local authority is satisfied that the disposal for that consideration is reasonable, and the disposal is likely to contribute to any of the 'purposes' set out within the Regulations (in respect of the whole or any part of the area of the local authority or any persons resident or present in its area).

18. These 'purposes', which the local authority must consider, include the promotion or improvement of following types of benefit Economic development, Regeneration, Public Health, Social Wellbeing and/or Environmental Wellbeing.

19. As documented in the Barrhead Men's Shed business case and supporting documentation, the charity's activities promote and improve social wellbeing and work towards environmental wellbeing in their repurposing and upcycling in the local area. They offer opportunities to males and females to socialise in a safe space, to learn a new skill or share knowledge and expertise and give back to the community by building planters, wooden trains, bird boxes to name a few. We understand there is no other dedicated community space offering this provision in the Barrhead area.

CONSULTATION

20. Consultation has taken place with a range of key stakeholders including the Health and Social Care Partnership, Legal Services, Economic Development and the Community, Learning and Development team.

PARTNERSHIP WORKING

21. The proposed lease has no partnership working implications.

IMPLICATIONS OF THE PROPOSAL

22. In April 2022, the Council approved the paper outlining the policies and procedures when granting of commercial leases a copy of which can be found at www.eastrenfrewshire.gov.uk/commercial-property.

23. The policy denotes a market rental should be sought considering the comparable evidence and reviewed every 3 or 5 years in line with the Local Authority Scotland Act 1972. The Council policy does permit exceptions namely the occasionally a property can be to a charitable organisation on a week to week basis at £1 (if asked) but with tenants responsible for all other costs including Non Domestic rates. Such tenancies are subject to a maximum term of 52 weeks. If the tenant wants to remain in the property thereafter they will need to pay the Market Rent or consider options under a Community Asset Transfer request.

24. The approval sought by the Men's Shed for a 25 year lease would step out with current Council policy. Cabinet may wish to note that the negotiations of the renewed terms of the lease to the Men's Shed began in 2019; some 3 years earlier than its implementation. Over this period they have worked alongside the Council teams to present the need for the facility and benefits they deliver to the community.

25. Within Adopted Local Development Plan 2, the subjects fall within the Council Policy SG1: Housing Supply, Delivery and Phasing. The Policy site reference is SG1.1 Barnes Street/ Cogan Street/ Robertson Street Barrhead which recognises the site as a brownfield location with the potential capacity of 50 homes. This proposed affordable housing location is not identified as housing land until after 2031 and it is noted that the larger area borders the Levern Water. To develop the housing zoned area, it may need reinforcement works to be undertaken, thus impacting the viability of such a development.

26. Within the terms of the renewed lease, if the Council requires the land for redevelopment in line with the local plan, the Council can terminate the lease by giving no less than 12 months' notice and aid to support the group in finding an alternative location.

27. There are no staffing, equality or sustainability implications associated with this report.

CONCLUSIONS

28. The proposed renewal of lease between the Council and Barrhead Men's Shed for a period to be agreed at a peppercorn rental will enable the established charity to continue to offer members and wider community the social wellbeing, environmental, mental health benefits to be realised. It will also enable the group to grow their services and provide space to other community organisations.

RECOMMENDATIONS

29. The Cabinet asked to;

- a) consider, and if appropriate, approve the proposed lease of Units 1– 4, 9 Robertson Street, Barrhead to the charity, Barrhead Men's Shed for a peppercorn rental of £1, to enable the group to continue to operate their community woodwork, light craft and creative space facility to local men and women;
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- c) delegate to the Head of Environment (Strategic Services), in consultation with the Chief Officer (Legal and Procurement), to finalise negotiations and conclude the proposed lease.

Further information can be obtained from Phil Daws, Head of Environment (Strategic Services) 0141 577 3186 or phil.daws@eastrenfrewshire.gov.uk

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