



## Belfast City Council

<b>Report to:</b>	Parks and Leisure Committee
<b>Subject:</b>	Proposed New Lease, Lease Termination and Re-lettings
<b>Date:</b>	15 November 2012
<b>Reporting Officer:</b>	Andrew Hassard, Director of Parks and Leisure
<b>Contact Officers:</b>	Cathy Reynolds, Estates Manager, Property and Projects Department. Brendan Toland, Estates Manager, Parks and Leisure Department.

1	<b>Relevant Background Information</b>
	<p>As part of its Improvement Programme the department has been investigating ways of generating additional income through the leasing of our facilities within the overall parks and leisure estate. The purpose of this report is to propose changes to two parts of the estate in order to provide an improved offering to the tenant or to increase potential tenancy opportunities, one at the Stables in Sir Thomas and Lady Dixon Park and one at Belfast Castle.</p> <p><b><u>1<sup>st</sup> Floor, the Stables – currently leased to Belfast City Marathon</u></b> Currently the Council has a lease (with provision for extension on a year to year basis) at a rent of £11,000 per annum with Belfast City Marathon. The accommodation contained in the lease forms the first floor office area above the Stables Restaurant at Sir Thomas and Lady Dixon Park. In addition to the rent the Council charge out, by way of an annual Service Charge, certain agreed maintenance costs plus a portion of the heating and lighting costs for the building. The Marathon Office also pays the Rates associated with the area they occupy.</p> <p><b><u>2<sup>nd</sup> Floor Belfast Castle – currently used as Visitor Centre</u></b> The second floor of Belfast Castle currently consists of a number of small rooms and offices. A number of these currently house the visitor centre at the castle which has become tired and is not the most accessible for visitors to the Castle and its grounds. There is a potential with some</p>

	internal works that this space could become serviceable office space to let.
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<b>2</b>	<b>Key Issues</b>
	<p>There have been ongoing discussions between council officers and the Marathon Office to address some minor issues including storage. Potential alternative accommodation has been identified in an adjoining part of the same building. The alternative accommodation whilst smaller, provides dedicated storage areas which are more appropriate to the Marathon Office from a workplace safety perspective. Provision of the alternative accommodation also requires the re-location of some existing Parks and Cemeteries Services personnel to other accommodation within the same building. This potential relocation would make office space available to re let and is agreeable to all parties involved.</p> <p>The Marathon Office could terminate their existing lease via a suitable legal mechanism approved by the Town Solicitor. The location of the existing Office is shaded red on the map at Appendix 1. The Marathon Office would be granted a new lease in the adjoining (smaller) accommodation, shaded blue on Appendix 1.</p> <p>With regard to the proposed changes at Belfast Castle, the accommodation freed up on the second floor of Belfast Castle could be refurbished to allow offices to be made available for rent. This will be subject to any planning approvals. Both the accommodation vacated by the Marathon Office (shaded red at Appendix 1) and the office space within the Castle would be advertised 'to let' through a commercial letting agent. The proposed terms of any letting to be brought to the Strategic Policy and Resources Committee for approval prior to completion of any lease.</p> <p>The Visitor Centre at the Castle would be relocated to the refurbished "Cellar" area in the Castle, which is more accessible for visitors and would facilitate a longer "stay-time" at the site with a likely positive impact on the associated spend which each visitor could make.</p>

<b>3</b>	<b>Resource Implications</b>
	<p><u>Financial</u></p> <p>The proposed new lease to Belfast City Marathon Limited could generate income from currently under utilised accommodation at Sir Thomas and lady Dixon Park. The combined rent and service charge figure of £12,000 per annum (made up of a rent of £8,500 per annum and a service charge of £3,500 per annum) provides an appropriate return to the Council and is considered to fulfil the Council's obligations in relation to obtaining 'best price' as contained in Section 96(5) of the Local Government Act (NI) 1972.</p> <p>The proposed new income referred to at 3.1 will be offset for a period by the loss of income (£11,000 per annum) from the area presently leased to</p>

	<p>the Marathon Office. However the small overall reduction in income could be short-term if the vacated portion is re-let.</p> <p>The rates on the first floor accommodation presently occupied by the Marathon Office will cease for a period of 3 months after vacation (provided there is no residual storage use). Thereafter (only if the property remains unlet) the Council will become liable for vacant rates. The annual rate liability to the Council for this area could be £5,829 per annum. If a letting is secured the new tenant would become liable for the rates. If the property was occupied by the Council (even for storage) it could qualify for small business rate relief and this annual figure would be abated by 20%.</p> <p>Some estate agency fees and advertising expenses will be incurred in letting both buildings however these would be offset by the potential income generated from the letting. It is estimated that the potential income generated from the letting of offices on the second floor of the Castle could be in the region of £20/25K inclusive.</p> <p>The costs of bringing the accommodation at Belfast Castle to a condition suitable for letting for office accommodation is currently being investigated and will be brought before Committee at a later date.</p> <p><u>Human Resources</u> Resources from Parks and Leisure, Estates Management Unit and Legal Services would be involved in arranging termination of the existing lease, granting of new lease to the Marathon Office and arranging re-letting of the vacated property at both sites.</p> <p><u>Asset and Other Implications</u> The proposed changes in leasing arrangements have the potential to realise an increased income to the Council, however the increase will only be realised if the existing properties can be re-let on appropriate terms.</p> <p>The termination of the existing lease between the Council and the Marathon Office is subject to certain notice periods. Termination outside the relevant notice periods may require the completion of a Deed of Surrender by the Council and the Marathon Office.</p>
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<b>4</b>	<b>Equality and Good Relations Considerations</b>
	There are no known equality or good relations issues associated with this proposal.

<b>5</b>	<b>Recommendations</b>
	<ol style="list-style-type: none"> <li>1. The Committee is asked to;-approve the grant of a lease to Belfast City Marathon Limited of the area shaded blue in Appendix 1, on an annually renewable basis subject to the approval of the Strategic Policy and Resources Committee in accordance with Standing Orders and subject to the terms set out in an appropriate lease to be compiled by the Town Solicitor.</li> <li>2. accept termination of the lease dated 16 December 2010 between the Council and Belfast City Marathon Limited, from a mutually agreed date, in accordance with any relevant contractual and statutory obligations as may be legally necessary to achieve this and reporting of same to the Strategic Policy and Resources Committee in accordance with Standing Orders.</li> <li>3. note the proposed marketing of the vacated first floor offices area above the Stables Restaurant.</li> <li>4. note the proposals in relation to Belfast Castle and authorise officers to further consider the feasibility of these including costs and Planning issues, with a further report being brought to Committee in due course.</li> </ol>

<b>6</b>	<b>Decision Tracking</b>
	<p>The Director of Parks and Leisure to liaise with the Director of Property and Projects with a view to bringing these matters before the Strategic Policy and Resources Committee at the earliest opportunity.</p>

<b>7</b>	<b>Key to Abbreviations</b>
	<p>Marathon Office – Belfast City Marathon Limited</p>

<b>8</b>	<b>Documents Attached</b>
	<p>Appendix 1 – Plan showing (shaded blue) the location and layout of the (ground floor) property which it is proposed to lease to Belfast City Marathon Limited. The area shaded red is the (first floor) portion on which the Marathon Office wish to surrender their current lease. Surrounding Council owned land is shaded yellow.</p>