

**To:** City Executive Board

**Date:** 11 February 2016

**Report of:** Director Regeneration and Housing

**Title of Report:** New Lease of Pathways Workshop, Dunnock Way

### Summary and Recommendations

**Purpose of report:** To give consent for the new lease to be below market rent

**Key decision** No

**Executive lead member:** Councillor Ed Turner

**Policy Framework:** Strong Active Communities  
Cleaner Greener Oxford

**Recommendation(s):** That the City Executive Board resolves to:

- 1) agree a new lease to be granted at the Pathways Workshop at below market rent; and
- 2) delegate authority to the Executive Director of Regeneration and Housing to vary these lease terms to accommodate any particular concerns raised by the parties where this is without prejudice to the Council's position.

### **Appendices**

- Appendix 1 Site Plan
- Appendix 2 Risk Register
- Appendix 3 Supporting Statement from Response Organisation

### **Background**

1. The building has been let to the charity Pathways Oxford at nil rent on a 25 lease which is due to expire in 2020, a plan showing the location is attached at Appendix 1. From the building the tenant provides quality hand-made garden furniture and wildlife products from selected reclaimed timber made by people with a wide range of disabilities.

2. Pathways Oxford is in financial distress and is working with Response Organisation to find a way to continue to operate from the workshop in the building. Response is an organisation that is supported elsewhere by Oxford City Council and they are part of the recently appointed consortium to provide mental health services to Oxfordshire through the Oxford Clinical Commissions Group.
3. To enable the financial investment in Pathways Oxford to be justified Response requires a new lease in their own name for a 10 year term at the same nil rent.

### **Legal Issues**

4. The new lease is to be for a term of 10 years at nil rent for the term with no security of tenure provision and with a 5 year mutual break option for both parties. The lease will be unassignable to ensure that no other party may benefit from this rent level, additionally there will be provision for the property to be handed back if the proposed tenant no longer wished to occupy.
5. In granting leases to voluntary organisations the Council usually prefers to offer new leases at a market rent which it will grant fund where appropriate for a period as this is financially transparent and promotes accountability for organisations receiving public funds. In this situation however there are no suitable, sufficient and sustainable grants and Response require a longer term commitment at a nil rent.

### **Financial Issues**

6. The building is of good quality but large for the area in which it is located and an open market letting would be problematic. Alterations to the building to create smaller units would involve financial investment.
7. The rent foregone from this letting would be in the region of £15,000-£20,000pa over the term of the lease once a void period has been factored in. The tenant will be responsible for maintaining and insuring the premises.

### **Environmental Impact**

8. The letting would have no environmental impact

<b>Name and contact details of author:-</b>
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Name Julia Castle Job title Surveyor Service Area / Department Housing Tel: 01865 252223 e-mail: <a href="mailto:jcastle@oxford.gov.uk">jcastle@oxford.gov.uk</a>
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