

North Tyneside Council

Report to Cabinet

Date: 13 February 2012

ITEM 6 (e)

Title: Future use – The Buddle, Station Road, Wallsend

Portfolio(s): Elected Mayor

Cabinet Member(s): Mrs Linda Arkley

Report from Directorate: Chief Executive's Office

Report Author: Ken Wilson – Head of Regeneration, Development and Regulatory Services (Tel: 0191 643 6091)

Wards affected: Wallsend

PART 1

1.1 Purpose:

The report informs Cabinet of proposals to transfer the building known as The Buddle, Wallsend, to the control of the Tyne and Wear Building Preservation Trust in order to bring the Buddle back into use. For this to progress, the report requests approval for the Council to enter into a lease agreement with the Tyne and Wear Building Preservation Trust (TWBPT), and to act as a guarantor for a repair loan to the Architectural Heritage Fund. The guarantee would be required for 3 years.

1.2 Recommendation(s):

It is recommended that Cabinet:-

- i. Agree that the Council act as a Guarantor for a repair loan from the Architectural Heritage Fund to the Tyne and Wear Building Preservation Trust, for the purposes and upon the basis described in this report, in exercise of its powers of well being under section 2 of the Local Government Act 2000.
- ii. Grant delegated authority to the Senior Manager Strategic Property, in consultation with the Strategic Director of Finance and Resources and the Elected Mayor, to agree appropriate lease terms with the Tyne and Wear Building Preservation Trust, conclude the lease and deal with all ancillary property matters arising.
- iii. Grant delegated authority to the Head of Legal, Governance and Commercial Services to agree and enter into the formal agreement to give effect to the Guarantee.

1.3 Forward plan:

This report appears on the Forward Plan for the period 1st February 2012 to 31st May 2012.

1.4 Council plan and policy framework

The decision for the Council to grant a leasehold interest to the TWBPT and to act as a guarantor for a repair loan to the Architectural Heritage Fund would contribute to the following aspects of the Council Strategic Plan 2011-15:

Priority 2 Our Business: To create a strong framework to support all business and enterprise in North Tyneside to flourish and to improve economic opportunities for residents of our Borough.

Priority 4 Our Environment: To make living and/or visiting North Tyneside a great experience where the quality of life is good, communities are safe and our neighbourhoods are clean and green.

Regenerating River Tyne North Bank

- The River Tyne North Bank will be regenerated to become a thriving area of economic growth with education at its core, promoting a local enterprise culture, attracting world leading businesses, providing high quality jobs and supporting the local communities.
- As part of this regeneration programme, Wallsend town centre will be at the heart of the sustainability of local communities through a combination of a range of new housing and an improved commercial offer.

The decision would also contribute to the Sustainable Community Strategy 2010 – 2013, which sets out as a priority the Regeneration of North Tyneside.

1.5 Information:

The Buddle is a grade II listed building, constructed in the 1870's, which has been vacant since 2009. The property was declared surplus to Council requirements and was marketed for sale in July 2010. No suitable bids were received and the property has been retained by the Council pending suitable interest. The Council has a current ongoing repair and maintenance liability and a property budget of £0.008m (2011/12) for the property.

The Council has therefore been working with the Building Preservation Trust (BPT) to secure funding to carry out repairs to bring the building back into use. A Building Preservation Trust (BPT) is a charity whose main aims include the preservation and regeneration of historic buildings.

The BPT structure has a number of advantages:

- it is a recognised form of charity, so it is easier to set up than an ad hoc charity
- they specialise in historic building regeneration, and the AHF gives preference to BPT applications if its resources are under pressure

- they qualify for additional grants from the Architectural Heritage Fund
- they qualify for membership of the Association of Preservation Trusts
- they are in a position to harness resources for the purpose of rescuing historic buildings
- they are established as limited companies, reducing risk to their trustees.

The BPT has experience over the years of delivering similar projects, such as the old Lowlight House in North Shields Fish Quay, Buttress House in Seaton Burn, Dukes Cottages in Backworth and Alderman Fenwicks House in Newcastle.

In 2011 the Council provided £0.015m of grant support to the BPT to explore the feasibility of the Buddle being brought back into use and to carry out minor repairs to the property at their own risk. The BPT have subsequently held discussions with a range of potential users for the Buddle and have identified a deliverable option for the building's future on the basis of a long leasehold interest. Groups currently interested in occupying the Buddle include a department of a college, a social enterprise and a private commercial business.

As part of this feasibility work, the BPT has assessed the condition of the building and have produced a schedule of repair work essential to their proposals. To fund this work the BPT are proposing to submit an application to the Architectural Heritage Fund (AHF) for a loan of £0.200m which includes upgrades and improvements to the heating and electrical system as well as other internal and external works and decoration.

Loans from the AHF are only available to BPTs and, in relation to the proposed loan to TWBPT, the AHF require that the Council act as a guarantor for the loan for a period of 3 years. The loan would be repaid by the rental income from the tenants occupying the building.

1.6 Decision options:

Option 1

The Council agree to act as a guarantor for the repair loan from the Architectural Heritage Fund and grant the TWBPT a leasehold interest. The Council grant delegated authority to the Senior Manager Strategic Property, in consultation with the Strategic Director of Finance and Resources and the Elected Mayor, to agree appropriate lease terms with the Tyne and Wear Building Preservation Trust and to deal with all ancillary property matters arising. The Council also grant delegated authority to the Head of Legal, Governance and Commercial Services to agree and enter into the formal agreement to give effect to the Guarantee.

Option 2

The Council do not agree to act as a guarantor for the repair loan from the Architectural Heritage Fund and the TWBPT seek a commercial loan facility, however, this may not be viable.

Option 3

The Council provide 100% grant towards the cost of the works, however, this is not a likely option in the short term.

1.7 Reasons for recommended option:

The recommended option, Option 1, is considered to be the only viable way of securing the future of the building in the current climate and removing the maintenance and repair liability to the Council.

Without support from the Council the AHF application cannot be made by the BPT to undertake the repair work to the Buddle. A commercial loan facility is not considered viable and without support the project would then have to rely 100% on grant funding including significant grant funding from the Council.

1.8 Appendices:

None.

1.9 Contact officers:

Francis Lowes, Senior Manager Regeneration tel.6436421

Paul Green, Principal Officer Corporate Property tel.6436516

Graham Sword, Principal Planning Officer tel.6436430

Alison Campbell, Financial Business Manager tel.643 7038

1.10 Background information:

The Buddle Conservation Plan
Supplementary Conservation Statement

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The grant of a lease of the property would provide minor operational savings.. More importantly, it would remove the Council's longer term liability for repairs as the control of the Buddle would be transferred to the Building Preservation Trust.

A full financial assessment of the BPT's ability to deliver this project will be undertaken prior to the lease being granted. It is proposed that the BPT would enter into a 30 year lease of the property initially by way of a peppercorn rent . This rent amount takes into account the investments and works to the building that are proposed, thereafter, the current draft Heads of Terms state that there will be a Rent Review to Market Rent on the 10th anniversary of the term and every 10 years thereafter. The Council's liability as guarantor would start when the loan was received and work could commence. The programme of work to the building would start within the 6-12 months and would take 3 months to complete prior to being let out.

In this report, Cabinet is being asked to approve North Tyneside Council acting as a guarantor for the repair loan of £0.200m from the AHF to the TWBPT. As long as TWBPT continues to operate, no costs will fall on the Council. If the TWBPT fails to repay the loan, the costs will fall on the Council. The guarantee is for a period of three years. After this the loan would be transferred to a charity bank that would not require a guarantor.

An annual review would be carried out, for the three year period of the guarantee, to assess whether any provision is required in the Council's accounts for the repayment of the loan arising from the guarantee. Any costs arising from the guarantee would be met from the Council's reserves in the relevant year.

2.2 Legal

Should the Architectural Heritage Trust agree to provide the loan facility described to TWBPT, the AHT will require the Council to enter into a formal deed of guarantee to secure the loan. The Council is empowered to do so under its powers of wellbeing under section 2 of the Local Government Act 2000, as it is considered that the proposal is likely to achieve the promotion of economic, social, and environmental well being in the Council's area. The guarantee will be provided on terms agreed by the Head of Legal, Governance and Commercial Services.

The grant of guarantee will be subject to the TWBPT entering into a formal lease of the property in accordance with appropriate Heads of Terms.

2.3 Consultation/community engagement

Community consultation at the Wallsend Area Forum and with other local groups has highlighted the importance of the Buddle to the local community. They have asked that the Council identify ways of bringing the building back into use.

2.4 Human rights

There are no implications arising from this report.

2.5 Equalities and diversity

There are no equality and diversity implications arising from this report.

2.6 Risk management

The risks associated with the proposals have been carefully considered. There is a risk that the Buddle may not generate sufficient income once refurbishments have been completed thereby rendering the TWBPT scheme unviable and therefore the Council would need to pay back the loan to the AHF.

At the termination of the lease, or in the event that TWBPT are unable to repay the loan the Council would receive the benefit of the works carried out, which may potentially make the building more attractive to future users. .

The TWBPT has also assessed the risks associated with their proposals and have already consulted with several interested users. The TWBPT consider the project to be financially viable.

Prior to the grant of a guarantee the Council will undertake a full appraisal of the most recent accounts of the TWBPT.

2.7 Crime and disorder

As an empty building the Buddle has suffered from some vandalism and theft. Lead has recently been stolen from the roof, as a consequence maintenance costs for the Council

are increasing. The long term solution to address this problem is to have the building occupied.

2.8 Environment and sustainability

The option of retaining, extending or adapting existing buildings is a key element of sustainability. Reusing existing buildings has a huge impact on energy savings, whilst also preserving an area's special quality and character. The Buddle offers a flexible space that can be used for a variety of uses, which has been recognised by the TWBPT. The repair and refurbishment of the building has the potential to increase the sustainability of the building and preserve an important part of Wallsend history for future generations.

PART 3 - SIGN OFF

- Strategic Director(s) X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Director with responsibility for Community Engagement X