

TORBAY COUNCIL

Report No: **F/26/04**

Title: Granting of New Lease of Riviera International Conference Centre

To: The Executive on 4th March 2004

1. Purpose

- 1.1 To advise Members of the terms agreed by Officers for a new 25-year lease and a Management Agreement of the Riviera International Conference Centre and to seek authorisation to complete the lease and Management Agreement.
- 1.2 To seek Members' approval to pay a commuted sum to City Leasing & Partners for the surrender of their Head Lease.

2. Relationship to Corporate Priorities

- 2.1 The setting up of the 'not for profit distributing organisation' has resulted in the effective use of the Council's financial resources.

3. Recommendation

- 3.1 That the Assistant Managing Director be authorised to grant a 25-year lease and Management Agreement to the Riviera International Conference Centre on the principle terms, as set out in Exempt Appendices A and B.
- 3.2 That the Director of Finance, together with the Assistant Managing Director, be authorised to pay a commuted sum to be agreed by the Director of Finance to City Leasing & Partners for the surrender of their Head Lease.

4. Reason for Recommendation

- 4.1 By virtue of Minute 1069(vi)/3/02 final approval to the terms of the lease from Members is required before the lease can be completed.
- 4.2 By paying a commuted sum to City Leasing & Partners, this will simplify the leasing arrangements as the Council will own the unencumbered freehold to enable a new lease to be granted to the Riviera International Conference Centre.

5. Background

- 5.1 During the meeting of the Council on 26th March 2002 Members considered Joint Report Env/50/02 and Corp/43/02 requesting that consideration be given to the change in status of the company responsible for the management of the Riviera Centre Limited as a "not for profit distributing organisation" in order to secure further savings in the annual management funding.
- 5.2 This was approved and, by virtue of Minute 1069(vi)/3/02 Officers, in consultation with the Leader of the Council, were authorised to negotiate with Riviera International Conference Centre the possible surrender of the present lease (once assigned to Riviera International Conference Centre) and the grant of a new lease (for a term of up to 25 years), for submission to a future Council meeting for final approval.

- 5.3 The principal terms of the new 25-year lease have been agreed and these are contained in Exempt Appendix A. The principal terms of the Management Agreement have been agreed and these are contained in Exempt Appendix B. Both the lease and the Management Agreement are to be backdated to 1st April 2002 and are to run concurrently.
- 5.4 The Council owns the freehold of the centre but in 1985, because of how the original building was financed, it granted a lease to City Leasing & Partners who then granted a sub-lease back to the Council. The Council then granted a sub-underlease to the Riviera Centre in 1986.
- 5.5 City Leasing & Partners is, however, willing to surrender their interest in the property on payment of a commuted sum. This will mean that only the Council and the Riviera International Conference Centre have an interest in the Centre i.e. the freeholder and leaseholder respectively. Buying City Leasing & Partner's interest in the property will save costs falling on the Council's Revenue Budget in the future. The payment requested can be funded from the Capital Plan Budget.
- 5.5 The details of the current lease terms of the Council's lease from City Leasing & Partners and the payments made by the Council are contained in Exempt Appendix C.

6.0 Ancillary Issues

- 6.1 None

Bill Norman
Assistant Managing Director

Contact Officer: Tony Chidlow
Extension: 7157

Richard Thorpe
Director of Finance

Contact Officer: Chris Bouchard
Extension: 7920

IMPLICATIONS, CONSULTATION AND OTHER INFORMATION

Part 1

These sections may be completed by the Report author but must be agreed by named officers in the Legal, Finance, Human Resources and Property Divisions. If these are not completed and agreed the Report will not be included on the agenda.

Does the proposal have implications for the following issues?

Insert name of
responsible officer

| | | |
|---|--|--------------|
| Legal (including Human Rights) | See report. | A. Chidlow |
| Financial – Revenue | Buying City Leasing & Partner's interest in the property will save costs falling on the Council's Revenue Budget in the future. | M. Phillips |
| Financial – Capital Plan | The proposal to buy City Leasing & Partner's interest in the property has been reported to the Overboard & Scrutiny Board in the recent Capital Monitoring Report and the Council has earmarked a budget for this purpose in the current Capital Plan. | L. Royce |
| Human resources (including equal opportunities) | None | |
| Property | See report | S. Partridge |

Part 2

These sections must be completed by the author of the Report.

| Does the proposal have implications for the following issues? | | |
|---|----|--|
| Please give details as appropriate | | |
| Sustainability | No | |
| Crime and Disorder | No | |
| *OfSTED Post Inspection Action Plan | No | |
| *Social Services Action Plan | No | |
| *Change Management Plan | No | |

** not applicable to reports to Licensing, Development Control and Area Development Committees*

Part 3

These sections must be completed by the author of the Report.

| | | |
|---|-----|------------------------------------|
| Does the proposal have implications for the following Directorates? If so, please inform the relevant Director. | | |
| Please give details as appropriate | | |
| Chief Executive/Corporate Services | Yes | Preparation of legal documentation |
| Education Services | No | |
| Environment Services | No | |
| Social Services | No | |
| Strategic Services | No | |

Part 4

| | | | | | |
|--|-----|---------------|----|---|---------------|
| Is the proposal contrary to or does it propose amendment to the Policy Framework or contrary to (or not wholly in accordance with) the Council's budget? | Yes | Fill in Box 1 | No | ✓ | Fill in Box 2 |
| 1. Details of the nature and extent of consultation with stakeholders and relevant select committees. | | | | | |
| 2. Details and outcome of consultation, as appropriate. | | | | | |

Part 5

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| Is the proposal a Key Decision in relation to an Executive function? | Yes | Reference Number | No | ✓ |
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Part 6

Ward

The Riviera International Conference Centre is located in the Tormohun ward.

Appendices

- Appendix A Principle Terms for New 25-year Lease (exempt)
- Appendix B Principle Terms for Management Agreement (exempt)
- Appendix C Details of Council's lease from City Leasing & Partners and the payments made by the Council to City Leasing & Partners (exempt)

Documents available in Members' Room

None

Background Papers:

The following documents/files were used to compile this report: T265 (Contains Exempt Information by virtue of paragraphs 3,7 & 9 of Part 1, Schedule 12A of Local Government Act 1972).