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## THE COACH HOUSE, NORTHDOWN PARK, MARGATE

To: **Coach House Working Party – 28 September 2010**

Main Portfolio Area: **Regeneration**

By: **Justin Thomson, Asset Manager**

Classification: **Unrestricted**

Ward: **All Wards**

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**Summary:** This report sets out a brief history of the current tenancy of The Coach House, Northdown Park and highlights a number of issues that fall to be dealt with under the terms of the lease, which have not been addressed by the tenant

### For Decision

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#### **1.0 Introduction and Background**

- 1.1 This property is held on a 35 year lease from 1986, at a current rent of £256pa. The tenant is responsible for the repairs and insurance. The lease provides for the building to be used as a museum and open to the public for a minimum of 100 days per annum; with the residential accommodation on the first floor to be used for a curator. There is an automatic right to renew the lease for a further 35 years, at the end of the current term. Rent reviews are provided for after every ten years of the term.
- 1.2 There is quite a long history attached to this property which was in poor condition, when originally let to the current tenant. Under the terms of the lease, the property was to be put into good order within two years of the grant of the lease. The lease places no obligation on Thanet District Council to carry out or assist the tenant. These works were not completed and whilst the tenant is currently carrying out internal decoration, the exterior is still in generally poor condition. The building is currently boarded up, on the recommendation of insurers, because of a number of arson and burglary attempts. This is in contravention of clause 23 of the lease "Not to stop up or darken or obstruct any windows or lights belonging to the demised premises....."
- 1.3 Discussions have taken place with the tenant about the possibility of the tenant surrendering the lease. Because of the state of the building, user restrictions, covenants and the property market, it is considered that the lease has no significant value. No agreement has therefore been possible with the tenant, who believes the lease has considerable value.

#### **2.0 The Current Situation**

- 2.1 At a meeting in December 2009 of the Asset Management Strategy Group, it was agreed that the matter should be referred to the Asset Management Working Group for consideration as the outstanding issues of repair to the building and its operation as a museum had not been resolved. In January 2010, The Asset Management Working Group agreed to recommend the setting up of a Sub Committee to consider the matter further.

- 2.2 In tandem with this process, a dialogue has continued with Mr. Miles, to try and resolve the outstanding issues. As part of that process, investigations have been undertaken to consider whether or not it may be appropriate to take the matter to mediation. In a recent communication from Mr. Miles, it was indicated that decorations are being carried out to the Coach House and therefore I have asked whether I could inspect the property with a view to ascertaining the extent and quality of this work to see whether this covenants within the terms of the lease is being met.
- 2.3 The tenant has also asked if additional uses would be considered by Thanet District Council. The user clause is quite categoric: **Not to use or permit the ground floor of the demised premises or any part thereof to be used for any purpose other than as a museum or any use incidental thereto...** similarly, the first floor is restricted to use by a curator for the museum.
- 2.4 At present the tenant is in breach of the following covenants (section 3 of the lease) :
- 3.3 The Agreed repair works to be carried out within 2 years of the start of the lease were not completed.
- 3.7 The inside and outside of the building have not been kept in good tenantable repair.
- 3.9 The property has not been decorated externally in every third year of the term.
- 3.16 The demised premises did not open as a museum from the 1<sup>st</sup> day of April 1987, nor has it been open to the public for 100 days per annum, since then.
- 3.23 Not to stop up or darken or obstruct any windows or lights belonging to the demised premises. The windows have been boarded up for most, if not all of this year

### **3.0 Options**

- 3.1 Seek to resolve the outstanding issues in 2.4 by agreement. To date, this has not proved possible.
- 3.2 Accept a surrender of the lease- if the tenant were minded to surrender the lease. Negotiations have not been successful to date.
- 3.3 Serve a section 146 Notice under the Law of Property Act 1925, requiring the outstanding breaches to be remedied.

### **4.0 Corporate Implications**

#### **4.1 Financial**

- 4.1.1 There will be legal and surveyors' costs involved in the preparation of a S146 Notice. Under s26 of the lease the tenant is responsible for payment of all reasonable costs. If the tenant does not remedy the breaches, additional costs would be incurred taking the matter to court.

#### **4.2 Legal**

- 4.2.1 Breaches of tenants' covenants are contained within the provisions of The Law of Property act 1925. No formal legal advice has been taken.

#### **4.3 Corporate**

4.3.1 Addressing the issues raised in this paper is consistent with the effective management of the Council's property portfolio.

#### 4.4 **Equity and Equalities**

There are no implications to consider under this heading.

#### 5.0 **Recommendation**

The working party is invited to consider the three options contained in section 3 above.

#### 6.0 **Decision Making Process**

The working party is invited to make a recommendation to The Overview and Scrutiny Panel.

Meeting: Coach House Working Party	Date: 28 <sup>th</sup> September 2010
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Reporting to:	Brian White, Director of Regeneration Services

#### **Annex List**

Appendix 1	Lease of the Coach House
Appendix 2	Schedule of Repairs

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