

CHESHIRE EAST COUNCIL

Cabinet Member for Prosperity

Date of Meeting: 27th June 2011
Report of: Strategic Director, Places
Subject/Title: Crewe Heritage Centre
Portfolio Holder: Councillor Jamie Macrae

1.0 Report Summary

- 1.1 Cheshire East Council is seeking to establish a long-term viable future for the Crewe Heritage Centre. The Council has taken on the responsibility for the site in Crewe as a legacy arrangement from the former Crewe & Nantwich Borough Council. The site is currently leased to a board of trustees who operate the site as a visitor attraction. However, the museum element of the site is no longer self-sustainable and is now financially dependent upon an informal sub-let to a railway engineering operation on the site.
- 1.2 The Council is required to regularise the current arrangements and it is recommended that the most appropriate way forward is to sell a long leasehold interest in the site with restrictive covenants to protect the site for rail heritage allowing for future training and employment.

2.0 Recommendation

- 2.1 That the Cabinet Member for Prosperity declare the site of the Crewe Heritage Centre surplus to the requirements of the Council and to offer a 125 year lease for sale on the open market with a restrictive covenant which will preserve the site for the rail heritage of Crewe. The lease will be subject to terms and conditions as determined by the Assets Manager, Borough Solicitor and Head of Regeneration.

3.0 Reasons for Recommendations

- 3.1 The current arrangements with regards to the site are not sustainable thus jeopardising the future of existing visitor attraction.

4.0 Wards Affected

- 4.1 All Crewe Wards

5.0 Ward Members

- 5.1 Councillors:

I Faseyi
M Martin
D Newton
C Thorley
M Grant
R Cartlidge
P Nurse
M Sherratt

- 5.2 Local ward members were consulted on the options earlier this year and have been advised of the proposed way forward. Newly-elected members have since been updated on the current position. There remains some concern regarding the strength of the restrictive covenant and the need to ensure that the Crewe rail heritage attraction is retained in the longer-term. There is general recognition, however, that the current position is not sustainable and the Council needs to take action to secure future investment and regularise the lease position.

6.0 Policy Implications including - Carbon reduction - Health

- 6.1 Celebrating Rail Heritage in Crewe is an important strand of 'All Change for Crewe' which is seeking to re-establish Crewe as one of the leading economic areas in the UK by 2030. The future ambitions for employment growth will be focused on high-value manufacturing but particularly linking to the industrial heritage of the Crewe area. The future of this site and the visitor attraction in Crewe is important to retain confidence in the area and it has a strong local identity and ownership from the local community.
- 6.2 The proposed head lease will include a restrictive covenant which will enable future job opportunities to be increased for local young people if planning permission allows this and subject as mentioned in 8.2 below as the site provides training opportunities to work within the rail heritage industry.

7.0 Financial Implications (Authorised by the Borough Treasurer)

- 7.1 No income is currently derived from the existing lease as the consideration is a 'peppercorn' rent. The Council will be seeking to derive an initial premium for the grant of the long lease and a nominal annual rent.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 It is considered that the most effective way to ensure that the future of the site is suitably protected is to offer a long leasehold interest with a relevant restrictive covenant. One reason is that access rights to/from Vernon Way are dependent on the Council retaining an ownership in

the Heritage Centre. Another is that through a long leasehold interest the intended covenant can potentially be enforced more readily than through a freehold sale.

- 8.2 For so long as the 50 year lease referred to in 10.4 remains in place the Trustees have the right to possession of the whole of the Heritage Centre. Therefore their landlord cannot insist upon their sharing occupation or allowing uses other than the visitor attraction from the site.
- 8.3 Additional planning consents are required for the current business and training engineer programme to operate.

9.0 Risk Management

- 9.1 If the Council were to take no further action both operations on the site may be put at risk.
- 9.2 Due to the complex nature of the legal restrictions regarding the ownership, use and access on the site, any intervention from the Council is likely to require a substantial cross service resource commitment both in time and finance.
- 9.3 The site is located within the Crewe Town Centre urban area and its future use, development and management may need to be considered within the context of their impact on 'All change for Crewe' and the Crewe Vision. There is a real opportunity to develop a unique heritage experience not only in the provision of a sustainable museum attraction but in the development of a centre of excellence for heritage railway engineering, to the mutual benefit of both the parties concerned and to complement the national Skills Academy for Railway Engineering (NSARE) proposals for Crewe.

10.0 Background and Options

- 10.1 Cheshire East Council is seeking to establish a long-term viable future for the Crewe Heritage Centre. The Council has taken on the responsibility for the site in Crewe as a legacy arrangement from the former Crewe & Nantwich Borough Council.
- 10.2 The site is owned by the Council and let on 50 year lease from 1991 to 2041 to 'The Trustees of The Heritage Centre' on a peppercorn type rent in order for them to run a visitor attraction from the site.
- 10.3 The Trustees are in breach of the terms of their lease due to an unauthorised sub-let. CEC has been drawn into discussions on numerous occasions and in October 2009 met with the Trustees in an attempt to broker a workable solution to the ongoing problems.

- 10.4 The Council wishes to put in place an intermediate landlord which will take on the responsibility for ongoing management of the site and delivery of the current lease obligations. The sale by the Council of the 125 lease for the site would be made subject to the existing lease to the Trustees.
- 10.5 In adopting the approach recommended in this report, the Council will seek to work with any interested parties to protect the heritage attraction within the site. Any new lease will be subject to the existing lease which requires the use of the site to be used as a heritage attraction. It is anticipated however that there may be interested parties who may be able to combine more effectively the heritage attraction with a commercial use of the site as is the current ambition of the Heritage Trustees.
- 10.6 This option will ensure the Council retains overall responsibility for the site in the longer-term by retaining the freehold but hands over the management an current operational issues to another party who can endeavour to deliver the potential for the site.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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