

Cabinet Member for Prosperity

Agenda

Date: Monday, 22nd August, 2011
Time: 9.00 am
Venue: Committee Suite 1 & 2, Westfields, Middlewich Road,
Sandbach CW11 1HZ

The agenda is divided into 2 parts. Part 1 is taken in the presence of the public and press. Part 2 items will be considered in the absence of the public and press for the reasons indicated on the agenda and at the foot of each report.

PART 1 – MATTERS TO BE CONSIDERED WITH THE PUBLIC AND PRESS PRESENT

1. **Apologies for Absence**

2. **Declarations of Interest**

To provide an opportunity for Members and Officers to declare any personal and/or prejudicial interests in any item on the agenda.

3. **Public Speaking Time/Open Session**

In accordance with Procedure Rules Nos.11 and 35 a period of 10 minutes is allocated for members of the public to address the meeting on any matter relevant to the work of the meeting. Individual members of the public may speak for up to 5 minutes but the Chairman or person presiding will decide how the period of time allocated for public speaking will be apportioned where there are a number of speakers. Members of the public are not required to give notice to use this facility. However, as a matter of courtesy, a period of 24 hours' notice is encouraged.

Members of the public wishing to ask a question at the meeting should provide at least three clear working days' notice in writing and should include the question with that notice. This will enable an informed answer to be given.

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4. **Crewe Heritage Centre** (Pages 1 - 10)

The Cabinet Member for Prosperity to give further consideration to a proposal to 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 Cabinet Member for Prosperity, at a meeting held on 27th June 2011, considered the report attached as Appendix 1. Having considered the report, and a letter from the Chairman of Crewe Heritage Trust dated 21st June 2011 which was read at the meeting, the Cabinet Member resolved as follows:

“That the Cabinet Member for Prosperity agrees that the site of the Crewe Heritage Centre be declared surplus to the requirements of Cheshire East Council and that a 125 year lease be offered for sale on the open market with a restrictive covenant to preserve the site for the rail heritage of Crewe, the lease to be subject to such terms and conditions as are determined by the Assets Manager, Borough Solicitor and Head of Regeneration.”

The Cabinet Member’s decision was subsequently called in by eight Members, as provided by the Scrutiny Procedure Rules, and was considered at a meeting of the Environment and Prosperity Scrutiny Committee on 25th July 2011. Having considered the matter, the Scrutiny Committee decided to offer advice to the Cabinet Member. The Scrutiny Committee’s minutes are attached as Appendix 2.

RECOMMENDED

That the Cabinet Member for Prosperity give further consideration to this matter in light of the call-in and the advice offered by the Environment and Prosperity Scrutiny Committee.

(There are no Part 2 items)

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 and 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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CHESHIRE EAST COUNCIL

Minutes of a meeting of the
Environment and Prosperity Scrutiny Committee
held on Monday, 25th July, 2011 at Committee Suite 1 & 2, Westfields,
Middlewich Road, Sandbach CW11 1HZ

PRESENT

Councillor L Gilbert (Chairman)
Councillor G M Walton (Vice-Chairman)

Councillors A Barratt, P Butterill, P Groves, D Neilson and S Hogben

Apologies

Councillors P Hoyland

122 DECLARATIONS OF INTEREST/WHIPPING DECLARATIONS

Councillor Roy Cartlidge declared a personal interest in the Heritage Centre as a visitor to the museum.

Councillor Dorothy Flude also declared a personal interest in the Heritage Centre as a visitor to the museum.

123 OFFICERS PRESENT

Caroline Simpson- Head of Regeneration
Peter Hall – Assets Manager
Tessa Leonard - Solicitor
Mark Nedderman – Senior Scrutiny Officer
James Morley – Scrutiny Officer

124 ALSO PRESENT

Councillor J Macrae – Cabinet Member for Prosperity
Councillor D Flude
Councillor D Brickhill
Councillor R Cartlidge

125 CREWE HERITAGE CENTRE - CORRESPONDENCE

The Chairman wished to place on record that all Members of the committee had received correspondence directly from the Crewe Heritage Centre Board of Trustees and the Exeter West Group.

126 **PUBLIC SPEAKING TIME/ OPEN SESSION**

Mr Peter Barnard a member of the Crewe Heritage Centre Board of Trustees attended the meeting and addressed the Committee in respect of called –in decision concerning the Crewe Heritage Centre.

He stated that all parties involved in the site, wanted to see capital investment in the Heritage Centre for the benefit of Crewe's regeneration and heritage.

He contended that the Council's view that the offer to sell a 125 year lease on the site which would include the preservation of the existing rights of the current leaseholders for the next 30 years would encourage investment, was misguided.

He referred to the historic arrangements for the site put in place by the former Crewe and Nantwich Borough Council in 1994 and to subsequent arrangements to permit part of the site to be used by the LNWR Society.

He described the Trust's efforts to secure funding for the future through an application to the heritage Lottery Fund and to resolve current issues on the site including the appointment of a manager in 2007. He asked that the committee recommend deferring the decision for two years and to give support in the application for Lottery Grants.

127 **MINUTES OF PREVIOUS MEETING**

RESOLVED – That the minutes of the meeting held on Tuesday, 5th July, 2011 be approved as a correct record and signed by the Chairman.

128 **CALL-IN OF THE DECISION OF THE CABINET MEMBER FOR PROSPERITY DATED 27 JUNE 2011 RELATING TO THE CREWE HERITAGE CENTRE**

The Chairman outlined the procedure for the Call-in of the decision of the Cabinet Member for Prosperity made on the 27th June 2011 to declare the site of the Crewe Heritage Centre surplus to the requirements of Cheshire East Council.

The Chairman clarified to those present, that the decision was not related to the future of the Centre but to the ownership of the land.

On behalf of the eight Members who had signed the Call-in, Councillor D Flude addressed the Committee and outlined the reason for the Call-in which stated:

'That Members have not been provided with adequate information about the site occupied by the Crewe Heritage Centre i.e. site plan and estimated value of site, that the proposed lease of 125 years is not best in

the interest of the Borough of Cheshire East or the towns people of Crewe town’

Councillor Flude added that:

- The group recognised that the current situation on site was not perfect but the proposal to offer a 125 year lease for sale on the open market would disadvantage some groups at this point in time due to their lack of funds and suggested that the future of the site should be considered in conjunction with other Heritage sites within Crewe, such as the Lyceum Theatre, Municipal Buildings and the Library.
- The ‘Call-in’ group were not opposed to the principle of a new lease but considered that it was premature to offer the lease at this point in time and the needs of the town of Crewe as a whole needed to be taken into account.

Councillor D Brickhill also addressed the Committee on behalf of the group and stated that:

- The Engineering activity on the site was occurring on land appropriated by LNWR since the original permission to use part of the site was granted by Crewe and Nantwich Borough Council in the 1990’s.
- The Trustees should be given time to process their application for £2 million grant funding from the Heritage Lottery fund.
- There were sites elsewhere in Crewe that were more suitable for the heavy engineering activities carried out at the site by LNWR

Councillor Macrae Prosperity Portfolio Holder outlined the decision taken on 27 June, referring to the Report Summary (item 5 appendix 2). The Council was seeking to establish a long-term viable future for the Crewe Heritage Centre, by regularising an inherited position from the former Crewe and Nantwich Borough Council. He acknowledged that tensions existed between the trust and LNWR.

Councillor Macrae clarified that the new 125 years lease was a ‘head lease’ and would have restrictive covenants to protect the site for rail heritage. The remaining 30 years of the current lease would also have to be adhered to.

The decision to sell a 125 year lease offered an opportunity to set out a clear way forward for the site and the Heritage Centre. It was suggested that the new lease would provide added security for the long term viability of the site and would improve the chances of securing a successful bid for lottery funding.

In response to questions from the Committee, the Prosperity Portfolio Holder assisted by Head of Regeneration and Asset Manager and Solicitor stated that:

- The Council was not represented on the Board of Trustees for the Heritage Centre.
- The new head lease would be offered for sale on the open market; and therefore was open to bids from any organisation or individual. The successful purchaser of the head lease would in effect become the landlord for the site. If the heritage trust successfully bid for the head lease, the Council would consider merging the existing lease with the new head lease.
- It was acknowledged that there was little commercial incentive for a body to take over the new head lease; it would however provide an opportunity for rail enthusiasts to take on the role of landlord.
- Many options had been explored in the last 18 months and the proposal was considered to be the best option for the future of the heritage of Crewe on this particular site.
- This Council would not make any cost savings from this decision nor was it likely to realise a significant capital receipt from the sale, but the new head lease would give the Council an opportunity to regularise the current alleged unauthorised activities on site.
- Cheshire East would be able to support an application for heritage lottery funding.
- The wording of a lease would include a requirement that 'rail heritage' would include provision of a museum and public access to the site and not just engineering or other rail heritage.
- If a decision was delayed, the issues at the site were likely to continue. The Council had a duty to ensure the sustainability of rail heritage in Crewe

Having answered questions, Councillor J Macrae declared a Personal and Prejudicial interest in this matter and withdrew from the meeting.

The meeting was adjourned for 5 minutes and resumed at 11.20am.

The following answers were given to additional questions raised with the Assets Manager and Solicitor.

- It was possible to amend the current 50 year lease through mutual agreement between the Council and the Board of

Trustees.

- LNWR could bid for the new 125 year lease and would have to satisfy all of the terms of evaluation to be successful.

The Committee then considered the report of the Borough Solicitor enclosing the grounds of the call-in, the options available to the committee in respect of the call-in, together with the original report of the Strategic Director of Places from a meeting on 27th June 2011. The Committee also considered a formal response to the call-in from the Portfolio Holder for Prosperity.

RESOLVED –

That the following advice be offered to the Portfolio Holder for Prosperity:

- a. That the decision to offer for sale on the open market, a 125 year lease in respect of the land at the Crewe Heritage centre, be deferred for two years on the grounds that the Committee is of the opinion that there are no compelling reasons to take this decision at this point in time. The deferment for two years will allow the Board of Trustees time to secure grant funding which will enable them to make improvements to the Heritage Centre.
- b. That the Board of Trustees be requested to prepare a report detailing a clear way forward to secure the long term viability of the Heritage Centre on the existing site; to be submitted to the Council within twelve months of date of this meeting.
- c. That the Cabinet Member for Prosperity be requested to consult Tom Russell the Delivery Executive for Crewe, regarding the significance of this site in relation to the overarching plans for the regeneration of Crewe in the Crewe Vision proposals.
- d. That the Board of Trustees of the Crewe Heritage Centre be requested to give consideration to allowing the Council to have formal representation on the Board.

The meeting commenced at 9.30 am and concluded at 11.55 am

Councillor L Gilbert (Chairman)

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