

DATE:

FROM: WEST MIDDLESBROUGH NEIGHBOURHOOD TRUST ("The Landlord")

TO: MIDDLESBROUGH BOROUGH COUNCIL ("The Tenant")

The Landlord intends to grant the Tenant a lease on the following heads of terms. These heads of terms are not intended to create any legally binding obligations. They are subject to contract, completion of formally executed legal documentation and approval of the board of both parties as appropriate.

These heads of terms are confidential to the intended parties to the proposed lease and to their professional advisors.

The proposed lease may contain further terms as the Landlord may require, including additional terms on matters that are covered in this document.

Agreed Terms

1. **Landlord**

WEST MIDDLESBROUGH NEIGHBOURHOOD TRUST

Company number: 04345294

Registered office address: Melbourne House, Newport Road, Middlesbrough, TS1 5QH

2. **Tenant**

MIDDLESBROUGH BOROUGH COUNCIL

Office Address: Town Hall, Middlesbrough, TS1 2QQ

3. **Property**

3.1. First Floor premises at Whinney Banks Community Centre, the demise to be agreed on a plan of the proposed property.

3.2. The tenant will have the right to use car park spaces in common with other occupiers of the building.

4. **Term**

4.1. The lease will be for a term beginning on a date to be agreed, coinciding with practical completion of the new centre and ending ten days before the termination of the Head Lease

4.2. The lease will exclude the security of tenure provisions of Part II of the Landlord and Tenant Act 1954.

4.3. The tenant will have the right to break the lease at the end of each 7 years of the term. To exercise the right to break, the tenant must give the landlord 6 months' prior written notice. The Landlord will have reciprocal rights to break, but only on the basis that the Council's

contribution (as detailed in clause 6) falls below the open market rent for the property, to be decided by an expert in the event of a dispute.

5. **Rent and Rent Review**

- 5.1 MBC will make an annual financial contribution in lieu of rent on a basis to be agreed. This will include all service charge elements.
- 5.2 If the Council ever assign their lease to an organisation not fulfilling the functions of the Council, then a rent shall be assessed to an open market rent and a rent will then be reviewed every five years after that date. Any rent review thereafter will be upwards only and on an open market basis.

6. **Services and Service Charge**

If the Council ever assign their lease as referred to in clause 5.2 above then the new tenant will pay a service charge. The amount will be based on the floor area of the property calculated as a fair proportion of the total service expenditure, excluding any unlet area.

7. **Insurance**

- 7.1. The landlord will insure the centre.
- 7.2. The landlord and the tenant will be able to terminate the lease if the property is damaged or destroyed by an insurable or uninsurable risk so that the tenant cannot occupy the property and if the property has not been re-instated within 3 years.

8. **Use**

- 8.1. The property can only be used for the provision of non commercial community use, including activities and services for young people.[a definition to be agreed describing the Council's services to be provided].
- 8.2. The tenant can change the use of the property only with the landlord's prior written consent.

9. **Assignments and Underleases**

- 9.1. The tenant can assign the lease with the Landlord's prior written consent, which cannot be unreasonably withheld. The tenant will always be required to give an authorised guarantee agreement in respect of any assignee of the lease. It may also impose other reasonable conditions depending on the covenant strength of the assignee.
- 9.2. The tenant can underlet the whole of the property with the Landlord's prior written consent, which cannot be unreasonably withheld. Such underletting must be an excluded tenancy and in all material terms follow the terms of the sub-lease.

- 9.3. The tenant cannot underlet any part of the property. However, the tenant will be able to engage with organisations to help deliver its service, for example a dance group or a martial arts provider
- 9.4. The tenant cannot share occupation of the property without the agreement of the landlord.

10. **Repair**

The lease will be a full repairing lease with the tenant directly responsible for all internal repair. If the tenant assigns as mentioned previously, other repairs will be covered by a service charge

11. **Alterations**

- 11.1. The tenant cannot make any structural or external alterations to the property.
- 11.2. The tenant can make internal alterations to the property with the Landlord's prior written consent, which cannot be unreasonably withheld.
- 11.3. The tenant can put up signs on the outside of the property or that would be visible from the outside of the property with the Landlord's prior written consent, which cannot be unreasonably withheld.

12. **Tenant's Fitting-out Works**

The tenant must obtain the Landlord's written consent before carrying out any fitting-out works to the property. The landlord requires 3 copies of the drawings and specification showing the proposed fitting out works as soon as possible.

13. **Landlord's Works**

The Landlord does not intend carrying out any works and the property will be let as built.

14. **Conditions**

There will be a requirement for an Agreement to Lease and completion of the lease will be conditional upon the Landlord completing the development of the community centre. The Tenant will have an opportunity to inspect the Property before Practical Completion but cannot refuse to complete for snagging matters.

15. **Costs**

Each party is responsible for its own legal costs in connection with this transaction.