

Cabinet Meeting

Meeting Date	4 th February 2015
Report Title	Swale Fisherman's Association – Lease
Cabinet Member	Cllr Mike Whiting. Cabinet Member for Localism.
SMT Lead	Dave Thomas
Head of Service	Dave Thomas, Head of Commissioning & Customer Contact
Lead Officer	Len Mayatt, Commissioning & Open Spaces Manager
Key Decision	No
Classification	Open
Forward Plan	Yes

Recommendations	1. To offer Swale Fisherman's Association a twenty year lease for the nine fisherman's berths, quayside and fisherman's store at Queenborough. To include a break clause which can be invoked after ten years if required.
	2. To delegate authority to the Head of Commissioning & Customer Contact, in conjunction with the Cabinet Members for Finance and Localism, Sport, Culture and Heritage to agree the final terms of the 20 year lease.

1 Purpose of Report and Executive Summary

- 1.1 The purpose of this report is to seek approval from Cabinet to agree a twenty year lease with Swale Fisherman's Association for the nine fishing vessel berths, operational quayside and fisherman's store at Queenborough.
- 1.2 The Association is a formally constituted body which represents the majority of fishermen who operate from Queenborough. The proposed lease will offer the Association security for their business operations for the next twenty years and provide an opportunity to apply for external grants to improve the quayside and ancillary facilities that would not otherwise be available.
- 1.3 The proposed transfer will realise a small reduction in the Council's administrative process in issuing mooring agreements and managing the nine berths.

2 Background

- 2.1 Swale Fisherman's Association have requested a twenty year lease for the fishermen's quayside, storage building and berths for nine vessels.
- 2.2 The Association were pivotal in securing funds to build the storage area and redevelopment of the quayside in 1995 from DeFRA which brought the area up to a decent operational standard. They have subsequently occupied the fisherman's store and used the quayside at no cost. However, they do currently pay the Council an annual fee for usage of the berths. The current annual fee is £393 per vessel.
- 2.3 The annual fee previously included free use of the then Council operated dinghy storage area and scrubbing-off berth. These areas are now under the control of Queenborough Harbour Trust (QHT). The Association now pay QHT an annual fee to use those facilities.
- 2.4 The Association is an important business within the local community, providing jobs for local people and trade for other local businesses. However, the Council wishes to reduce its ongoing involvement in allocating and managing the nine berths, as well as fulfilling its obligations to achieve best value from its assets and provide value for money services.
- 2.5 By offering the Association a twenty year lease, the Council will be fulfilling its obligation to manage its assets by means of an appropriate agreement. In addition, the Association will be in a better position to attract external investment into the area for any future improvements they may wish to make.
- 2.6 In support of their application for a twenty year lease The Association has produced a summary Business Plan which outlines their ambitions for the next three to ten years.
 - Aim to sub-let the fisherman's store for £900 to £1000 per annum to a local business
 - Continue to accommodate up to fifteen fishing vessels on the berths controlled by the Association. (Nine berths offered as part of the proposed lease with the Council and six other deep-water moorings already controlled by the Association independently of the Council)
 - Build on the Associations current financial reserves of £9,106
 - Improve security to the fisherman's quayside working area by installing gates and fencing. (Estimated at £25,000 to £30,000)
 - Introduce a secure fuel bund on the quayside, 15,000 litre capacity. (Estimated cost of £15,000)
 - Introduce electrically powered landing hoists to aid the movement of equipment and loads. (Estimated cost of £10,000)

2.7 In order to achieve an appropriate fee for the proposed lease DVS were appointed to supply an independent valuation in June 2014. Having considered the local market and tried to find comparable facilities, they have suggested an annual rent of **£5,000** per year could be considered appropriate. Having discussed this proposal with the Association, they have suggested that a lesser rent of **£2000** per annum for the first three years, rising to **£3375** in the fourth year is more reasonable to reflect the outgoings and financial position of the Association.

2.8 The Association have cited the following expenses as being material considerations for them in determining an appropriate rent:

Table 1

Increased SFA Outgoings	Value	Issue
Public Liability Insurance	£350 per annum	The association do not currently hold public liability insurance but will be required to under the terms of the lease
Use of the scrubbing off berth	£600 per annum	Annual use of this berth used to be included in the cost of hiring the fisherman's berths from Swale Borough Council before Queenborough Harbour Trust took over the management of the mooring service
Use of the dinghy park	£1350 per annum	Annual use of this facility used to be included in the cost of hiring the fisherman's berths from Swale Borough Council before Queenborough Harbour Trust took over the operation of the facility as part of the mooring service
Increased Annual Spend	£2,300	

2.9 The proposed fee of £3,375 is based on the initial valuation of £5,000 per year, less the full cost of the insurance (£350) the full cost of the scrubbing off berth (£600) and 50% of the cost of the dinghy park (£675)

2.10 In order to allow the Association a period of time to adjust to the new payments; because of the volatility of the fishing industry; and to build up a small financial reserve, they have asked for the proposed fee of £3,375 to be reduced to £2,000 for the first three years.

2.11 The Homes and Communities Agency are developing plans for the south side of the creek (opposite the Fisherman's Quay). If those plans are fully developed, the Council may wish to retain a level of control over the Fisherman's Quay in the future. It is therefore proposed that a break clause is included in the lease. The clause could be invoked after ten years, if there was a suitable business case for the Council to do so. At which point the Council could withdraw from the lease offering the Association six months' notice.

2.12 If approved, the proposed fee structure will result in a minimal reduction in the Council's income as described in the table below. However, there will be a

minimal reduction in administrative duties and the Council will be offering the Association some longer term security.

Table 2

Current income	Proposed income	Difference per annum
£3,537	£2,000 for the first three years.	(£1,537)
	£3,375 in future years.	(£162)

3 Proposal

- 3.1 The proposal is to agree a twenty year lease; at £2000 per year for the first three years, rising to £3375 in the fourth year and reviewed every five years thereafter as described within the Council's Community Asset Transfer Policy updated in November 2014. The annual fee payable will be subject to an annual RPI linked price increase.
- 3.2 To encourage the Association in their desire to achieve the aims of their summary Business Plan, by offering a reduced rent for the first three years. It is anticipated that any future improvements to the building would be the responsibility of the Association.
- 3.3 To assist the Association in delivering the objectives of their Business Plan by offering appropriate Officer support if requested.
- 3.4 The lease will not be completed until any outstanding payments due to the Council have been collected.

4 Alternative Options

- 4.1 The Council could continue to offer the nine berths to individual vessels on an annual basis. This would not provide the Association with the security and control over their own future they are looking for; opportunities to invest in the area could be missed and the Council would not be controlling occupancy of the land it owns in an appropriate manner.

5 Consultation Undertaken or Proposed

- 5.1 Consultation has been undertaken with the Cabinet Member for Localism, Sport, Culture and Heritage who supports the proposal and Cllr Mike Haywood, who is assisting the Swale Fisherman's Association. The Cabinet Member for the Environment and Rural Affairs has also been consulted on the proposal. Swale Fisherman's Association have also been consulted on this proposal.

6 Implications

Issue	Implications

Corporate Plan	<p>This proposal supports the corporate priority for Embracing Localism by offering a 20 year full repairing lease to the Association.</p> <p>The proposal is compatible with the corporate priority of being Open for Business by supporting the individual businesses represented by the Association.</p>
Financial, Resource and Property	<p>With a full repairing lease, responsibility for maintaining the building and quayside will be the responsibility of the Association.</p> <p>There will be a minimal reduction in revenue income from the nine vessels (which currently stands at £3500 per annum) to £2000 per annum for the first three years.</p>
Legal and Statutory	None noted at this time.
Crime and Disorder	None noted at this time.
Risk Management and Health and Safety	The new Trust will be responsible for ensuring facilities are maintained in a safe condition and complies with all appropriate health & safety legislation.
Equality and Diversity	None noted at this time
Sustainability	None noted at this time
Health & Wellbeing	None noted at this time

Annex 1 – Location Plan