

Report of: Commercial Asset Management

Report to: Chief Officer Property & Contracts

Date: 5th February 2015

Subject: Application for a Tenancy at a Peppercorn Rent for the Premises at 10 Raynel Approach Leeds LS16 6JT

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Weetwood	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number::	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The subject property is the former Weetwood Housing Office which was vacated in June 2014 after 22 years of service provision to the local community.
2. Prior to the Housing Office vacating the premises, Commercial Asset Management received no interest from any parties wishing to take a new Lease of the premises for a commercial use.
3. Interest was shown by a registered local charity (Kidz in Kampz), and a tenancy of the premises was granted to them in July 2014 at a rent of £5,000 per annum.
4. In October 2014, the Charity approached the Council to ask if they could be granted a peppercorn rent as the running costs of the 3 storey premises were proving onerous, and footfall was not as high as they anticipated thus threatening their ability to financially support their chosen charitable beneficiaries.

Recommendations

5. That approval be granted for Kidz in Kampz (Registered Charity No 1096118) to occupy the premises at a Peppercorn rent to enable them to provide effective support to various defined good causes in the local area and overseas. The agreement to be reviewed every two years.

1 Purpose of this report

- 1.1 To seek approval to the granting of a Tenancy at a Peppercorn rent to Kidz in Kampz for premises at 10 Raynel Approach Leeds LS16 6JT, to be reviewed every two years.

2 Background information

- 2.1 Kidz in Kampz was established in 2001, initially to raise funds for disadvantaged children fleeing political unrest on the Thai/ Burmese border. Over the years they have diversified to providing support to vulnerable people in the LS16 area. The organisation is run solely by volunteers and has Greg Mulholland MP as it's Patron. The organisation relies on donations of good quality pre owned goods and clothing for re sale, with the proceeds going to their established good causes. They work closely with agencies including Leeds City Council, and the Police to provide a community outreach service in the LS16 area, helping vulnerable people of all ages.
- 2.2 The charity has occupied premises in the Holt Park Centre for many years but were informed in early 2014 by their Landlord (Wal Mart Group) that the centre is to be redeveloped, and no certainty of continued occupation could be given. Consequently, the group applied to take a tenancy of 10 Raynel Approach, as it would allow them to maintain their strong links with the local community and plan for the future.
- 2.3 The subject premises, 10 Raynel Approach, was used by Leeds City Council as a base for office staff supporting Housing Services in the North West Leeds area from 1992 to 2014. The ground floor had previously been used for retail purposes and the two upper floors as living accommodation prior to the conversion to office space for the Housing Office. The costs of converting the two upper floors back to residential use are prohibitive, but the premises in their current layout are not viable for a traditional commercial use. Therefore if Kidz in Kampz were to be granted a peppercorn rent, the premises could continue to be occupied for a use beneficial to the local community.

3 Main issues

- 3.1 No commercial interest was shown prior to the relocation of the Housing Service. The size and layout of the space over 3 floors is not conducive to a sustainable commercial use.
- 3.2 Kidz in Kampz however are using the ground floor space for retail, and the upper floors for office accommodation and as ad hoc meeting space for local community groups. The group agreed to pay a commercial rent of £5,000 p.a for the whole premises, as they were in urgent need of alternative premises close to their existing base at the Holt Park Centre. They did express their concern however at their ability to pay a market rent on an ongoing basis without it having a detrimental effect on the level of donations to their charitable causes.

3.3 Kidz in Kampz have asked if a peppercorn rent could be granted to offset the many onerous outgoings including lighting and heating such a large space. This will enable them to continue to provide financial support to the good causes both locally and overseas.

3.4 Kidz in Kampz will pay all other costs connected with their use of the building under the internal repairing and insuring terms of their Tenancy.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 A letter of support to the proposal has been received from Greg Mulholland MP (Patron of Kidz in Kampz) and an email of support has been received from Sue Bentley(Weetwood Ward Councillor). Both are included as Background Documents.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 A copy of the EDCI Screening Form is included at the end of this report. The screening exercise determined that there was no need to undertake a full Equality Impact Assessment at this time as the decision would have no negative effect on any particular equality characteristics indeed increased provision of this support within the community will have positive benefits as Kidz in Kampz have close links with various community and faith organisations throughout the area.

4.3 Council policies and City Priorities

4.3.1 If the organisation is successful in operating from the premises it is expected that there would also be a positive impact on the Council's strategic priorities, specifically Working with Communities and Increased Sense of Belonging. Kidz in Kampz is staffed entirely by volunteers, many of whom are retired and enjoy being involved in a supportive team environment which aims to help others less well off than themselves. They also provide registered training opportunities for local young people to obtain skills in retailing and to improve their confidence and self esteem.

4.4 Resources and value for money

4.4.1 There are no resource implications. The potential market rental income (£5,000 per annum) would be temporarily foregone, but as stated previously there has been no commercial interest in the property and there is no guarantee in the current economic climate that a commercial tenant offering a service not already provided on the parade would be found for the premises and the liabilities as detailed in 4.6.1 below would then lie with Leeds City Council.

4.4.2 The Charity provides Outreach services to local people in need, supplying essential household items such as bedding, household appliances, and clothing. These goods are provided to vulnerable people, both young and old, to assist them when moving into social housing in the local area. If Kidz in Kampz were not to provide this service there would be a greater strain on the Council's

Discretionary Housing Payment Fund, as such tenants would be more likely to incur rent arrears if they had to spend their limited income on such essential items to set up home. It is estimated that the cost of the outreach support Kidz in Kampz provide is circa £20,000 p.a. A proportion of this in effect providing a saving to the Council.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no known legal implications as the Chief Officer of Property & Contracts has the authority to grant a Tenancy for the premises at a Peppercorn rent.

4.6 Risk Management

4.6.1 If Kidz in Kampz was not to be granted a Tenancy at a Peppercorn rent for the premises at 10 Raynel Approach, the property could be void for an extended period of time. This would result in the Council having liability for Business Rates and all associated maintenance and security costs, with the additional risk of the premises attracting anti social behaviour, which would have a negative impact on the neighbouring commercial and residential tenants. This would also be seen as an ineffective use of a Council asset.

5 Conclusions

5.1 If approval is granted for Kidz in Kampz to take a Tenancy at a Peppercorn rent for the premises at 10 Raynel Approach, there will be clear benefits for the local community. Kidz in Kampz will be able to reinvest the money saved from not having to pay a commercial rent into providing much needed support to vulnerable local people and the disadvantaged children on the Thai/ Burmese border. The neighbouring businesses on the Raynel Approach shopping parade may also benefit through increased footfall.

6 Recommendations

6.1 That approval be granted for Kidz in Kampz to take a Tenancy of the premises at 10 Raynel Approach Leeds LS16 6JT at a Peppercorn rent to be reviewed every two years. This will be a productive use of a Council owned asset, and the outputs will benefit the local and wider communities.

7 Background documents¹

7.1 EDCI Screening Document

7.2 Location Plan

7.3 Background Information Document Supplied by Kidz in Kampz

7.4 Messages of Support from the Local MP and the Weetwood Ward Members

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.