

Report of COMMERCIAL ASSET MANAGEMENT

Report to The Director Resources and Housing

Date: 23rd November 2018

Subject: Application for a Tenancy at a Peppercorn Rent for 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 premises have been vacant since October 2017.
2. Despite extensive marketing no letting has been secured
3. Kidz in Kampz, a Registered Charity (No 1096118) previous occupants of the premises are being displaced from their current premises in the Holt Park Centre as part of the Asda led site redevelopment scheme which involves a land swap deal with Leeds City Council
4. Allowing the Charity to re occupy 10 Raynel Approach following their impending eviction from the Holt Park Centre will assist the redevelopment of the Holt Park site and expedite the negotiations involving Leeds City Council regarding the land swap.

Recommendations

5. It is recommended that the Chief Officer Property and Contracts gives approval for Kidz in Kampz to occupy the premises at 10 Raynel Approach on a Peppercorn rent to enable them to continue to provide effective support to a variety of defined good causes in the local area and overseas. The peppercorn 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 the premises at 10 Raynel Approach Leeds LS16 6JT

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 extensive support to vulnerable people in the LS16 area. The organisation is run solely by volunteers. 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 For a number of years the organisation has been aware that Asda intended to redevelop the Holt Park Centre and that they would have their tenancy of the premises they occupy terminated. Consequently, with support from local Ward Members and their Patron Greg Mulholland, the former longstanding MP for the area, the group have asked to take a peppercorn tenancy of 10 Raynel Approach, as it would allow them to maintain their strong links with the local community and to continue the provision of selling excellent quality pre owned clothing and goods and providing support services.
- 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. However if Kidz in Kampz were to be granted a peppercorn rent, the premises could be brought back into use removing the empty rates liability and enabling the provision of valuable community support services to be continued by the group.
- 2.4 The property was fully marketed for a period of 12 months but no viable interest was forthcoming.

3 Main issues

- 3.1 The lack of interest in the premises since it became void in November 2017, has meant a large Council property asset has been lying unproductive, accumulating a business rates liability, and providing no benefit to the local community.
- 3.2 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 through their varied operations which can be run from the premises.

- 3.3 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.
- 3.4 The tenancy will be reviewed every two years to ensure the premises are being used for the purposes for which it was initially let. The organisation is well respected and long established so I do not anticipate any issues with their occupation of the premises.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Letters of support to the proposal have been received from Greg Mulholland the Patron of the organisation and MP for the area between 2005 -2017 and from James Gibson (Member for Weetwood Ward).Both letters are included as Background Documents.

4.1.2 Equality and Diversity / Cohesion and Integration

- 4.1.1 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 support to the local community will be provided as Kidz in Kampz have close links with various community and faith organisations throughout the area.

4.2 Council policies and City Priorities

- 4.2.1 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.

4.3 Resources and value for money

- 4.3.1 There are no resource implications. The potential market rental income (£7,000 per annum) would be foregone, but as stated previously there has been no commercial interest in the property and no income nor community benefit has been generated from the premises in the past 12 months and the liabilities as detailed in 4.5.1 continue to lie with Leeds City Council.

4.4 Legal Implications, Access to Information and Call In

- 4.4.1 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.
- 4.4.2 This report is not eligible for Call in.

4.5 Risk Management

- 4.5.1 If Kidz in Kampz was not to be granted a Tenancy at a Peppercorn rent for the premises at 10 Raynel Approach, the property will likely remain void for a further extended period of time. This would result in the Council having an ongoing 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. The neighbouring businesses on the 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. This will be a productive use of a Council owned asset, and the outputs will benefit the local and wider communities. The agreement to be reviewed every two years.

7 Background documents¹

- 7.1 Site Plan.
- 7.2 Site Photo
- 7.3 Supporting information from Kidz in Kampz
- 7.4 Letter from Greg Mulholland(Patron of Kidz in Kampz)
- 7.5 Letter from Cllr James Gibson

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.