

Welcome In Community Centre and Café, Bedford Drive Leeds, LS16 6DJ, Less Than Best Lease extension.

Date: 13/11/24

Report of: Land and Property

Report to: Chief Officer Asset Management and Regeneration

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- Older People's Action in the Locality (OPAL), occupy the subject property and have requested to increase the number of years remaining on their lease in order to provide for longer term occupation and an increased capability to secure future funding.
- The purpose of this report is to seek approval to the provisionally agreed terms for the grant of a new longer-term lease.

Recommendations

It is recommended, for the reasons set out within this report, that the Chief Officer, Asset Management and Regeneration approves the extension of the OPAL's ground lease on the basis of the provisionally agreed terms set out in the confidential appendix, of which are considered to be at less than best consideration.

What is this report about?

- 1 The subject site incorporates the former Bedford Arms public house and associated land as detailed on the plan attached to this report. The site extends to approximately 0.61 acres (0.24 hectares). The ground lease dates from 08/03/1957 for a period of 85 Years (exp 2042, 19 years unexpired). Further terms of the ground lease are detailed in the confidential appendix to this report. OPAL commenced their occupation of the site in 2015 when they acquired the lease from the previous leaseholder Bondwell Properties Ltd.

- 2 OPAL (Older People's Action in the Locality) is a registered charity and was established in January 2002 as part of the Leeds Neighbourhood Network schemes. OPAL support older people within the Cookridge, Tinshill, Adel and Bramhope areas to live independent lives without isolation. This is achieved through the range of services and activities it offers, including advice, information, advocacy, social and health activities and home support.
- 3 OPAL provide support to approximately 680 older people in the community to assist with reducing isolation and improving health and wellbeing. Through the 'Healthy Holidays Leeds' scheme, OPAL has supported over 150 children with more than 50% being children who access free school meals. Activities OPAL hold at the subject property include youth groups and a not-for-profit café.
- 4 OPAL work closely with other agencies to provide a comprehensive range of much-needed services, as well as providing facilities so that other agencies can deliver their services within the LS16, LS17 and LS18 areas.
- 5 Since OPAL commenced occupation in 2015, it has expanded both employment and volunteer opportunities within the community. Both the staff and volunteer team have increased from 6 to 11 paid staff and from 100 to 200+ volunteers. OPAL have made significant investment in the building and are seeking to raise a further £200,000 to complete renovation works to the building and its grounds. OPAL have full responsibility under the ground lease for the repair and maintenance of the building and the site as a whole.
- 6 OPAL have approached the Council with a request to extend the number of years remaining on their lease, The key reason being that OPAL will be able to demonstrate long term security of occupation when making funding applications to enhance both their service delivery and the building and site.
- 7 The site (including the building) is vested with the Communities, Housing and Environment Directorate.
- 8 Negotiations have been undertaken and terms have been provisionally agreed for the surrender of the existing lease and the grant of new lease, and which are detailed in the attached confidential appendix.
- 9 In view of the social value of services provided OPAL from the subject property, OPAL are seeking a transaction at less than best consideration and have requested that the Council forgo the premium payment that it would otherwise seek in respect of extending the term of the ground lease for 50 years. A valuation has been undertaken to ascertain the level of premium the Council would seek in respect of an extension of the current ground lease. It is considered this figure would be in the region of £20,000.
- 10 The Chief Officer, Communities, Housing & Environment has been informed of OPAL's request to seek a transaction at less than best consideration and the amount of the premium the Council would forgo and has provided support to this proposed course of action.
- 11 Advice has been sought from Legal Services in respect of compliance with the Subsidy Control Act. Under this act, Minimal financial assistance (MFA) allows public authorities to award low-value subsidies (up to £315,000) without the need to comply with the majority of the subsidy control requirements. It is therefore proposed that any transaction at less than best consideration would be subject to OPAL having, in advance, provided the Council with signed

confirmation that it would not be receiving financial assistance from the Council which amounts to over £315,000.

What impact will this proposal have?

12 It is considered that the proposal would assist OPAL in securing the funding it requires to continue to provide its services to the community and to enhance the building and site, as referred to above and more comprehensively within appendix 2.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

13 It is considered that the proposal will assist in promoting the health and wellbeing of the residents of Leeds using the services delivered by OPAL.

What consultation and engagement has taken place?

Wards affected:
Have ward members been consulted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Weetwood ward members have been consulted and all are supportive of the proposal for a longer term lease.

What are the resource implications?

14 There are no resource implications for the Council in terms of the maintenance of the site and building as OPAL are fully responsible under the terms of their lease.

15 The Council will be foregoing a small annual ground rent if the new lease is granted.

What are the key risks and how are they being managed?

16 There are not considered to be any key risks associated with this proposal.

What are the legal implications?

17 Under Part 3, Section 3E(g) of the Council's Constitution (Officer Delegation Scheme (Executive Functions)) the Director of City Development has authority to discharge any function of the Executive in relation to Asset Management.

18 The Chief Officer Asset Management and Regeneration, Head of Asset Management and Deputy Head of Land and Property have authority to take decisions in relation to Asset Management as delegated in the Director of City Development's sub delegation scheme.

19 The proposal constitutes a **Significant Operational Decision** and is therefore not subject to call in.

20 (**Public Interest paragraph – grant of lease**) The information contained in the Appendix attached to this report relates to the financial or business affairs of particular persons, or organisations, and of the Council. This information is not publicly available from the statutory registers of information kept in respect of certain companies and charities. It is considered that since this information is to be used as part of one-to-one negotiations in respect of the leases of these properties in this report, it is not in the public interest to disclose this information at this

point in time. Also, it is considered that the release of such information would or would be likely to prejudice the Council's commercial interests in relation to other similar transactions of other similar properties. It is therefore considered that this element of the report should be treated as exempt under Rule 10.4.3 of the Access to Information Procedure Rules.

Options, timescales and measuring success

What other options were considered?

21 The option of not granting an extension of OPAL's lease was considered. This was rejected given the need to ensure that OPAL can continue to provide their services to the community into the future.

How will success be measured?

22 Success will be measured by completion of the new lease agreement.

What is the timetable and who will be responsible for implementation?

23 Completion of the new lease is to be at the earliest opportunity. Officers from Land and Property and Legal Services will be responsible for ensuring legal completion.

Appendices

Confidential appendix.

Background papers

None.