



Lease of former Youth Centre Stocking Farm to Community Shop

Decision to be taken by: City Mayor
Decision to be taken: 22 September 2021
Lead director: Andrew Smith

Useful information

- Ward(s) affected: Abbey
- Report author: Louise Seymour/Greg Pollard
- Author contact details: 37 2901 / 37 2137
- Report version number V7

1. Purpose of report

This report is to seek authority for the grant of a lease, on a one to one basis, of the former Youth Centre at Marwood Road, Stocking Farm (edged black on the attached plan at appendix 1) to Community Shop Ltd, which is a social enterprise company within the Company Shop group, and in addition to approve a capital contribution of up to £150,000 towards repairs and the creation of flexible community hiring space.

The property would be used as a members only shop (currently proposed opening hours are 9am – 5.30pm Monday – Friday and 9am – 2.45pm Saturdays) for the sale of surplus provisions at deeply discounted prices to members of the public who are in receipt of a means tested benefit and live in the top 10% most deprived areas of the UK. In addition, the property would be used as a community café (which will be available to both shop members and non-members). Space to the rear of the property will also be made available for community groups (in accordance with a Community Space Hiring Strategy, see appendix 2 and associated plan) to use within and outside of the normal operating hours of the Community Shop.

2. Summary

As the City Mayor will recall the recent community consultation for the Stocking Farm area included reference to the proposed conversion of the former youth centre building to a Community Shop. The consultation received a good level of response from the local community and there were no specific comments relating to this proposal. A planning application for change of use to Community shop has been submitted.

Heads of terms have been agreed to let, on a one to one basis, the former Youth Centre at Marwood Road, Stocking Farm to Community Shop Ltd to provide deeply discounted provisions to qualifying members of the public, a community hub facility to provide life changing training and personal development, a community café and space for use by members of the community for meeting and function purposes. In order to facilitate this lease approval is sought for a capital contribution of up to £150,000 for works to the building.

3. Recommendations

It is recommended that Community Shop Ltd be granted a 10 year lease on the former Youth Centre at Marwood Road, Stocking Farm basis of the terms outlined in the report and a capital contribution of up to £150,000 to the Community Shop Ltd to undertake various repairs and alterations. The capital contribution will be funded from existing capital budgets and a contribution from a departmental reserve. .

4. Report/Supporting information:

4.1 Company Shop Ltd opened an outlet at Wembley Road, Leicester in August 2020 and shortly thereafter expressed an interest to the Council in seeking appropriate premises (within areas of Leicester which are in the top 10% most deprived areas of the UK) to open a Community Shop facility. Company Shop has recently been bought by Biffa Waste Management. Community shop is a social enterprise owned by Company shop.

A review of potential Council properties was undertaken resulting in Community Shop viewing a number of sites. It quickly became apparent that the former Youth Centre at Marwood Road, Stocking Farm was considered by Community Shop to be their top choice and therefore discussions have taken place (and concluded) to agree suitable heads of terms for a one to one letting of the premises at a peppercorn rent.

4.2 Consultation took place in 2016 relating to community facilities at Stocking Farm, subsequently in the context of looking at a wider regeneration proposal for the Stocking Farm neighbourhood centre area a community consultation was undertaken in January and February 2021. This sought the Community views on how they used both the retail and community facilities in this neighbourhood centre. The consultation summary is attached as Appendix 4. This consultation is part of a proposed regeneration scheme for the neighbourhood centre. The conversion of the Youth Centre to a Community Shop was referenced in this consultation, and there were no specific comments. Planning application has now been submitted for this change of use (Ref. 20210864)

4.3 Community Shop propose to fit out and improve the property under a 2 month licence once they have obtained planning permission for a change of use and building regulation consent for their proposed works. Upon satisfactory completion of the agreed works (and completion, by the Council, of the required process for the disposal of a small area of Public Open Space at the front of the property) Community Shop will then take a 10 year lease on the terms outlined below. It is proposed the Council shall provide Community Shop Ltd with a capital contribution payment of £150,000. The capital contribution will be payable upon completion of the lease agreement. It is proposed the funding for this scheme will come from a contribution from the Leicester North West Regeneration scheme and departmental reserve set aside for this scheme. The capital contribution will assist with the creation of community space within this building will ensure additional community hiring space is made available, which should assist future consultation on the rationalisation of buildings as part of the masterplan consultation

The opening hours for the Community Shop and café element of the property is currently proposed to be 9am – 5.30pm Monday – Friday and 9am – 2.45pm on Saturdays, whilst it is proposed the community rooms will be available for use both during these times and also into the evening until 9pm.

4.4 The following heads of terms have been agreed for Community Shop to take a lease of the property.

Community Shop will be required to obtain consents and approvals for their works and then be granted a 2 month license to complete the agreed schedule of works as detailed below. On satisfactory completion of the works the agreed lease will be granted and the Council will provide a capital contribution of £150,000 to assist with Community Shop's costs associated with their fit out and improvement of the building. The provisions relating to the capital contribution payment (including VAT) shall be incorporated in the agreement for lease (Community Shop will have incurred expenditure relating to the works before receiving payment from the Council on lease completion).

1. **Lessor:** Leicester City Council (the Council).
2. **Lessee:** Community Shop Ltd.
3. **Property:** the lease is to be in respect of the premises shown edged black (the Property) on the attached plan (the Plan).
4. **Access and parking:** the Lessee, in common with others, to have:
 - a) vehicular and pedestrian access/egress over the land shown block hatched on the Plan,
 - b) no express right will be provided in the lease but the area hatched black on the Plan will be available for customer parking until it is used for other purposes.
5. **Term:** the lease is to be for a term of 10 years (with a tenant break clause on the 5th anniversary of the lease commencement date) contracted out of S.24 to 28 (inclusive) of the Landlord and Tenant Act 1954. The Landlord shall be entitled to determine the lease by serving not less than 3 months notice in writing on the Lessee in the event the Lessee has breached the agreed Community Space Hiring Strategy (to be appended to the lease) and such breach is incapable of remedy.
6. **Rent:** the rent shall be a peppercorn per annum exclusive of rates.
7. **Commencement:** on a date to be agreed.
8. **Use:** the Property is to be used as a retail shop for Community Shop members only together with a café and community facility which are both to be open to Community Shop members and also non members.

The Lessee shall ensure the Community hiring space is made available for use by members of the public and community groups within and outside of the normal operating hours of the Community Shop for a fee to be agreed prior to completion of the lease in accordance with the agreed Community Space Hiring Strategy. The Community Café may be made available (subject to demand) outside of the normal operating hours of the Community Shop.

All hiring fee income is to be retained by Community Shop to contribute to their operating costs of the Property.

9. **Repair:** Upon completion of the agreed works and the lease a photographic schedule of condition will be appended to the lease and the Lessee will be

required to keep the whole property and those boundaries (including boundary treatments) marked with inward facing T marks as shown on the plan in no worse a state of repair than evidenced by the schedule of condition.

The Council may wish to install (at its own cost) a pitched roof to the property at any time during the lease term. The Lessee will be required to provide access to facilitate such work and the Council will use reasonable endeavours to not disturb the Lessee's business.

10. **Outgoings:** the Lessee shall be responsible for the payment of rates, energy charges and all other outgoings.
11. **Insurance:** the Council is to insure the main building (but not the Lessee's fixtures, fittings or contents) and the Lessee will not be required reimburse the Council an amount equal to any premium paid by the Council for the purpose of fire insurance and other risks that the Council deem necessary on the Property, such insurance to include the provision for costs of demolition, supervision and loss of rent.
- 12.1 **Alienation:** the lease is not assignable.
- 12.2 **Subletting:** no subletting of the whole or part of the Property will be permitted. However, daily hiring of part of the Property in accordance with the user clause would be permitted.
13. **Costs:** each party shall bear their own costs in relation to the letting of the Property.
14. **Alterations:** Lessee may only make alterations after first receiving the consent of the Council.

15. Summary of works

Community shop are to undertake works to the property. The schedule of works is included in appendix 3

4.5 As the proposed leasehold disposal is on a one to one basis an independent market rental valuation report has been obtained dated March 2021. This report states that if it were let under a 10 year lease on the open market the premises would have an open market rental value of £24,500 pa (exclusive of rates).

The rental arrangement agreed with the prospective tenant is clearly at less than best consideration but will secure social well being benefits via the re-opening of the premises (once re-fitted and improved) for use as a retail premises for the benefit of members of the public who are in receipt of a means tested benefit and live in the top 10% most deprived areas of the UK, a community hub facility to provide life changing training and personal development and a community café.

In addition, rooms will be made available, in accordance with the agreed Community Space Hiring Strategy, for use (both within and outside of the opening

hours of the Community Shop) by members of the community for meeting and function purposes.

It is therefore considered the 2003 General Disposal Consent is satisfied. The General Disposal Consent enables the Executive to undertake such lettings based upon the social wellbeing benefits they would support.

5. Financial, legal and other implications

5.1 Financial implications

5.1.1. The lease of the building will save the running costs currently being incurred by the Council.

5.1.2 The capital contribution detailed in this scheme will be funded from the Leicester North West Regeneration (£105,000) scheme and a contribution from the departmental earmarked reserve (£45,000).

Amy Oliver, Interim Head of Finance Ext 454 5667

5.2 Legal implications

5.2.1. Under the provisions of the Local Government Act 1972 and the Orders made thereunder, the Council is required to obtain the best consideration reasonably obtainable on a disposal of land (which in this context includes the grant of a lease for more than 7 years). The Council is permitted to dispose of land for less than best consideration in certain circumstances under the 2003 General Disposal Consent for land and property ("GDC"), and the disposal must be one which will secure the economic, social or environmental well-being of the area in question.

On the basis of the terms as set out in this report the disposal would appear to be compliant with the requirements of the Consent.

The Council's Framework for the Disposal of Land and Property presumes disposal on the open market except in certain circumstances and lettings for the proposed purpose are covered by the Framework.

In addition, the Council will need to ensure that the Council's general fiduciary duty to its taxpayers is complied with. The Council should also ensure that it has obtained an independent valuation of the open market value of the property for valuation purposes.

5.2.2. The Council will ensure the lease and associated legal documents include appropriate provisions to ensure the delivery of the objectives as set out in this report.

5.2.3 Part of the site currently constitutes public open space. Prior to the agreement for lease becoming unconditional, the Council will need to advertise the public open space in accordance with s.123(2) of the Local Government Act 1972 (objections must be considered). The contract shall have the necessary provisions to this effect.

Rohin Popat, Property Lawyer, ext 0111

5.3 Climate Change and Carbon Reduction implications

Buildings are a major source of carbon dioxide emissions in Leicester and reducing these emissions is vital in responding to the Climate Emergency declared by Leicester City Council in 2019 and the council's carbon neutrality ambitions..

As noted in the report, the new tenant will undertake works to the property, supported through council grant funding, which presents the opportunity to encourage them to further improve the energy efficiency of the property. This would not only reduce carbon emissions, but could also significantly reduce the energy bills paid by the tenant. As such it is recommended that opportunities to further improve energy efficiency are investigated, for example through fitting or upgrading of insulation, fitting of LED lighting and use of low carbon heating systems, including as part of future repair works as appropriate.

Aidan Davis, Sustainability Officer, Ext 37 2284

5.4 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report provides an update on the proposed letting of former Youth Centre Stocking Farm to Community Shop. Community co-operatives can bring people together of all ages, backgrounds, interests, and give them a purpose to interact which should lead to positive impacts for people from across all protected characteristics and help foster good relations

The Equality Act 2010 also requires that reasonable adjustments be made so that disabled people are not excluded from places that serve the public, including publicly accessible open spaces. This duty is on-going and anticipatory and, therefore, reasonable and proportionate steps to overcome barriers which may impede people with different kinds of disabilities. This is relevant not only to the occupiers of the buildings but also to the planning and building control process.

When fitting out the premises for the use by Community Shop and the wider community it is important to take inclusive design principles into account. Facilities being offered must be accessible and provide equal access to toilets for disabled customers / visitors and employees, to the same standard as non-disabled people.

The Equality Act protects the rights of all disabled people, as individuals - which includes sanitary facilities that are provided.

Inclusive design acknowledges diversity and difference and is more likely to be achieved at every stage of the development process.

Surinder Singh Equalities Officer Ext, 37 4148

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

6. Background information and other papers:

7. Summary of appendices:

Appendix 1 – Site plan

Appendix 2 – Community Space Hiring Strategy & Community Space Plan

Appendix 3 – Schedule of works

Appendix 4 – Community Consultation 2021 Response summary

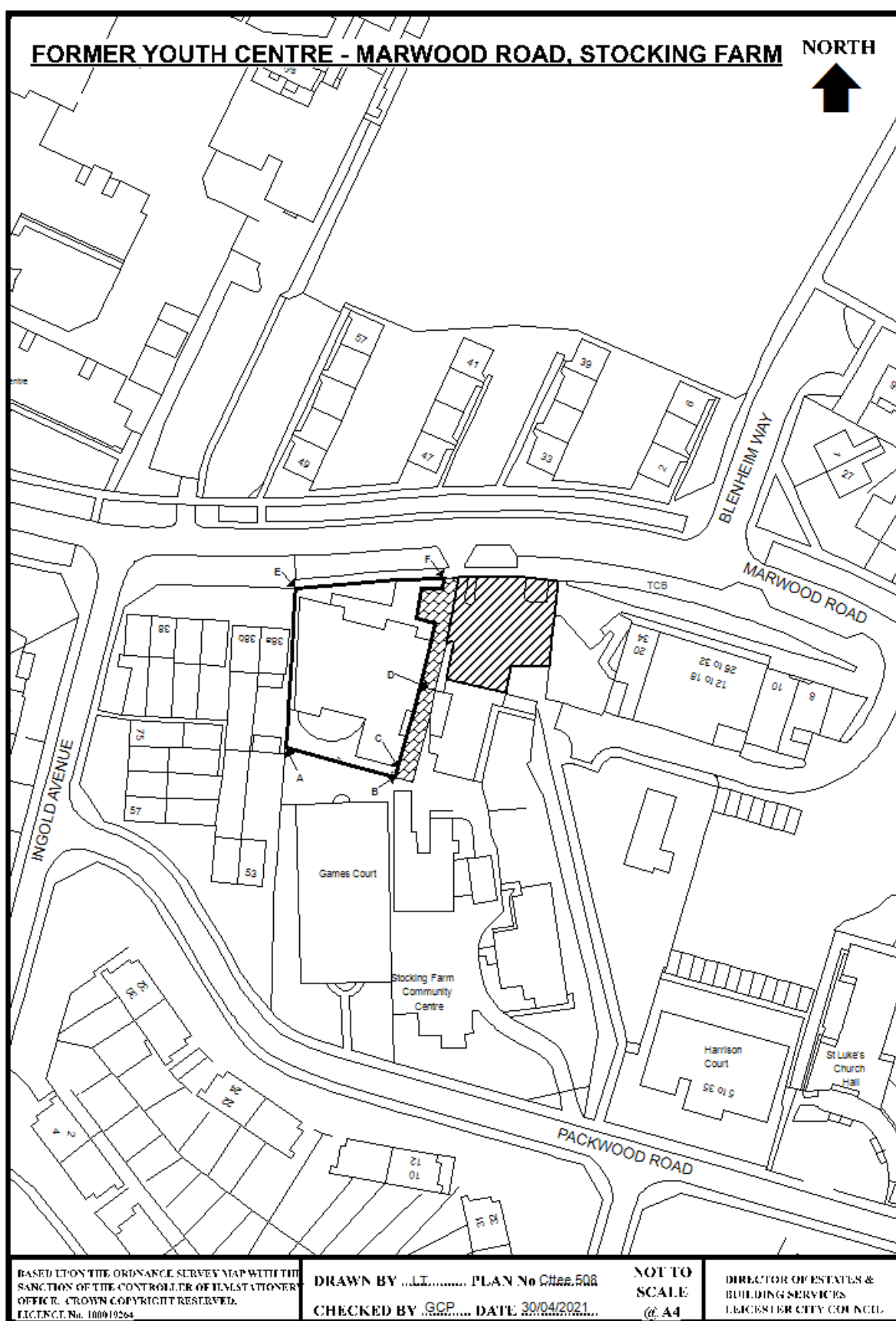
8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”?

No

Appendix 1 – Site Plan



Appendix 2

Leicester City Council (the Council) and Community Shop want to help meet demand from local people and community groups to hire spaces for community events and activities. This document sets out the principles of this Community Spaces Hiring Strategy.

This hiring of space will fall into two categories, with the names of rooms taken from the plan called Appendix 2:

Category 1 - Within Community Shop's core facilities, it can decide at its own discretion whether to make the spaces called Community Cafe, Meeting Room 1, Meeting Room 2 and Training Room available for hire if it wishes within or outside its usual opening hours.

Category 2 - To the rear of the building there are currently 4 spaces called Community Music Room, Community Circulation Space, Community Office and Community Meeting Room which are surplus to the operational needs of Community Shop and will be available for hire at the times detailed below. The Council and Community Shop are exploring the potential for these 4 spaces to be converted by Community Shop at the expense of the Council into a large single community space for hire.

The provisions below will apply to any community spaces hired under both Category 1 (where applicable) and Category 2 unless specifically stated otherwise.

Community Shop will take reasonable steps to market the availability of the community spaces for hire to local people and community groups including clearly visible material in a prominent location within and outside the building (but not outside of the demise of the premises).

The community space(s) within Category 2 will be available for hiring from 9am to 9pm Monday to Saturday (other than where they are being used as a polling station when the opening times will be 7am to 10pm) including Bank Holidays but excluding Christmas Day and on Sundays will be available for hiring from 10am to 5pm.

The spaces will be available to hire by all of the following people and community groups:

- Formal community groups (i.e. organisations with a constitution, bank account etc);
- Informal community groups; and
- People wanting to hold meetings with other members of the local community, to book children's parties etc.

The local community in this context is principally Stocking Farm (the area between Red Hill Way, Abbey Lane and Beaumont Leys Lane), although

Community Shop can at its discretion accept bookings from people and community groups in other adjacent / nearby areas.

Community Shop will take responsibility for clarifying the purpose of a meeting and will retain the right to refuse entry if they deem the use to be inappropriate (illegal, immoral etc) and potentially damaging to the reputation of the Council and/or Community Shop.

During the standard opening hours of Community Shop, Community Shop will manage entry to the community spaces for hire within the building. Outside its standard opening hours - and subject to approval from Community Shop's insurers - Community Shop will use its reasonable endeavours to identify a number of trusted local keyholders. If this is not possible, the Council and Community Shop will collaborate to agree an alternative option.

Community Shop will manage the community spaces, insure the public (those hiring the space and otherwise attending events and activities) and contents and collect a reasonable payment for the hire of the space from local people and community groups. Community Shop can retain this payment to meet its additional management costs of making these community spaces available to hire.

Prior to the Community Shop opening for the first time, the Council and Community Shop will collaborate to agree an initial range of charges for the community spaces and a periodic charge review mechanism, each party acting reasonably. Community Shop can at its discretion take payment in advance or require a deposit. This will cover Community Shop's costs and in relation to Category 2 will not include a return.

If there is demand, Community Shop will make catering available to users of the community spaces in return for an appropriate and reasonable additional charge.

To enable the Council to determine demand for local community space, Community Shop will keep reasonable records of the bookings made (including nature of use, frequency of use and price paid) and share details (excluding any personal data) with the Council on the 1st of January, April, July and October each year.

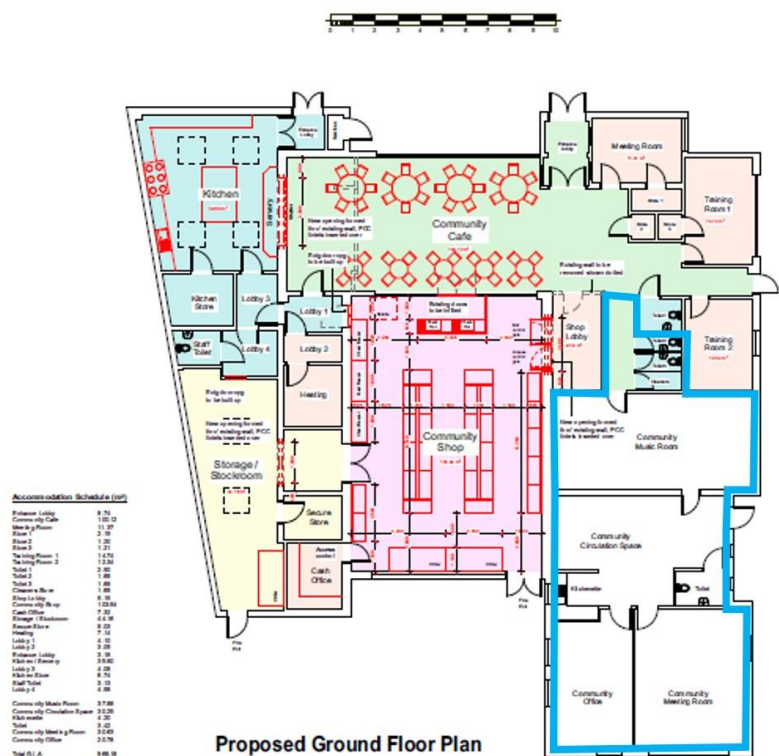
To protect those using the community spaces, Community Shop will

- Put in place appropriate safeguarding arrangements;
- Arrange and maintain appropriate public liability insurance;
- Put in place appropriate fire protection measures; and
- Put in place other appropriate health and safety measures (e.g. noting the Category 2 community space(s) includes a kitchenette).

Community Shop will make available to the Council details of the above protection measures if required.

Community Shop will monitor any additional facilities and equipment those hiring the community spaces identify would be beneficial to them (e.g. storage space) and share this with the Council so the potential to introduce this can be considered in due course.

Community space plan



Account definition	Schedule (row)
Refinance liability	8-74
Current city Cde	100-13
Use in p-Rosen	11-27
Rosen 2	1-20
Rosen 3	1-21
The living Rosen 1	1-6, 74
The living Rosen 2	1-23
Tulsa 1	2-80
Tulsa 2	1-89
Clemens & Rose	8-9
Tulsa 3	1-89
Current city life up	100-84
Cash Office	7-33
Cash Office - Investments	4-4, 9-10
Rosen 3	8-23
Holding	7-14
Lola 1	4-10
Lola 2	4-12
Refinance liability	3-18
Current city Cde	3-18
Lola 3	4-10
Rosen 3	8-23
Cash Office	7-33
Lola 4	4-10
Current city Tulsa-Rosen	3-7, 8
Current city Clemens-Rose	3-30
Tulsa	4-20
Current city West & p-Rosen	3-42
Current city Office	3-40
Total (O) A	8-88

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Appendix 3

Community Shop are to undertake works to the Property which shall include:

- 1) A comprehensive re-wire (including installation of a comprehensive fire alarm system and new lighting) of the Property to be evidenced by a NIC EIC certificate.
- 2) Service and undertaking all required repairs to the gas boiler to be evidenced by a Gas Safe certificate.
- 3) Testing and repair of all water goods to be evidenced by a Legionella Safety Certificate.
- 4) Installation of a comprehensive intruder alarm, access control system (including, for the avoidance of doubt, access control for the community use access door) and an internal and external CCTV system to fully protect the Property.
- 5) Installation of close mesh anti climb fencing (in grey colour) of at least 1.8 meters height along the boundary marked A-B on the Plan.
- 6) Installation of an inward opening close mesh anti climb lockable gate (in grey colour) of at least 1.8 meters height along the boundary marked B-C on the Plan following the removal at the Lessee's cost of any bollards along the same boundary.
- 7) Removal of existing fence and replace with close mesh anti climb fencing (in grey colour) of no more than 1.5 meters height along the boundary marked E-F on the Plan including a wheelchair accessible inward opening lockable gate.
- 8) Full removal of any asbestos or asbestos containing materials identified for removal by a licensed asbestos removal contractor and the provision of a 4 stage clearance/Certificate for Reoccupation to the Lessor.
- 9) Any works required to ensure the Energy Performance Certificate rating for the Property is E or higher.
- 10) Roof water down pipe at the front of the Property is to be brought back inside the premises, existing hole in wall made good, down pipe to be re-connected to existing drain under floor once part of floor has been removed, existing collapsed drain made good (or blockage removed) and floor replaced.
- 11) install new lockable door to separate café from 2 existing toilets so access to café can be prevented whilst the community space is in use outside of Community Shop opening hours. Community users access to the 2 existing toilets to be maintained at all times, knock through between community music room and community circulation space, install RSJ to support roof, relocate wheelchair accessible toilet to agreed location, relocate kitchenette to agreed location, remove all internal partition walls and doors between community meeting room community office and community circulation space, install new flooring and make good.