



Title: **Review of Community Lease - Oadby Youth Centre, Wigston Road**

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1. Introduction

- 1.1. Following the receipt of a request for a lease renewal, and as part of the ongoing periodic review of Council-owned properties within the Borough, the community lease of land at Wigston Road, Oadby by the Oadby Youth Centre (formerly the Oadby Boys Club and affiliated to Young Leicestershire Limited) is currently under review.
- 1.2. In their most recent letter dated 7 July 2016, and subsequent to a number of previous requests in the preceding years, the Oadby Youth Centre has requested a renewal lease on the basis that they wish to apply for funding grants for building maintenance.
- 1.3. The content of this report seeks to make an overall assessment of the situation in respect of the lease, as it is currently understood, before asking Members' to make a decision as to whether the request for a renewed lease is granted or otherwise.

2. Recommendations

- 2.1. That a decision be made by Members as to whether or not a renewal lease of land is granted in favour of the Oadby Youth Centre in accordance with the proposed terms of reference as set out at paragraph 3.8. of the report; or otherwise and
- 2.2. If Members are minded to grant a renewal, that a decision be made as to whether:
 - (a) an increased, nominal ground rent of £50.00 per annum be agreed; or
 - (b) to delegate authority to Officers to determine and set a more appropriate annual ground rent closer to or at the commercial market value, accordingly.

3. Information

- 3.1. The Oadby Youth Centre (formerly the Oadby Boys Club) has leased the land at the former St Peters Garden, Wigston Road, Oadby from the Council since 1968.
- 3.2. The existing lease expired in 1996 and although a renewal was discussed, this was not implemented. A mutual decision was made to allow the tenancy to 'hold over' on its current terms by way of a statutory periodic tenancy. The Oadby Youth Centre has continued to pay the existing nominal ground rent of £31.00 per annum and there is no recorded breach of any of the terms or covenants contained within the lease to date.
- 3.3. The Oadby Youth Centre contacted the Council on 7 July 2016 to request that a renewal lease of the land be granted in their favour. The purpose of the request was/is to provide the Centre with security of tenure such that they can make an application for funding grants for building maintenance. In effect, the Centre will not be able to secure funding without a formal unexpired lease in force. It is understood that the funding would be used to improve the interior of the facility, to continue to prioritise the work with young people and to enable them to make better use of the facilities.

- 3.4. The lease was last informally discussed at an inquorate meeting of the Place Shaping Working Group on 15 September 2016 where it was decided that further work was needed before any approval of a renewal lease could be given. This included:
- (a) An Equality Assessment being carried out so that the use of the facility by other groups and alternative uses for the lease site could be considered;
 - (b) A Business Plan be prepared and submitted by the Centre demonstrating, amongst other things, its sustainability as an organisation; and
 - (c) A decision be made by the Committee as to an appropriate level of ground rent.
- 3.5. An Equality Assessment has now been carried out so as to ensure legislative compliance and to avoid any challenge of the transparency of the award of any renewal lease in the long-term which is attached at **Appendix 1**. In an ever changing society with increasing diversity, it is important that the Council is aware of the needs of the various groups within the Borough and the Council should ensure that it does not give preference to any one group nor seek to advantage one group over another.
- 3.6. The Oadby Youth Centre has submitted more detailed, written representations to the Council dated 12 October 2016 in support of their renewal request attached at **Appendix 2**. This has been submitted together with a copy of their most recently updated Business Plan (for 2013-15) which is attached at **Appendix 3**.
- 3.7. The Centre has requested that the renewal lease be granted for a term of at least 25 years to ensure the appropriate security of tenure for the funding requirements to be met. They have requested that the nominal ground rent be kept at a “peppercorn” rate as they are a charity and, as such, have to raise the majority of their own income. It is also understood that the Centre has also lost all its funding from the County Council.
- 3.8. The following terms of reference for a renewal lease, if recommended, are proposed:
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|-------|---------------------|--|
| 3.8.a | Term | 25 years (<i>see paragraph 2.6.</i>) or 50 years |
| 3.8.b | Rent | Subject to the resolution of Members |
| 3.8.c | Notice to Terminate | 6 months by either party |

4. Alternative Uses of the Lease Site

- 4.1. The preliminary views of the Planning, Policy and Regeneration and Facilities and Administration Teams have been sought as to possible alternative uses of the site, and having also consulted the minutes of meeting of the Place Shaping Working Group held on 17 July 2016, it has been confirmed that the site could potentially be used as an extension to the existing Oadby Cemetery that lies adjacent.
- 4.2. As Members may be aware, there is a significant shortage of cemetery space in Oadby and the existing lifespan of the cemetery is only approximately two years for burials: however, there is scope to first incorporate a separate parcel of land (also adjacent) upon which the former scout hut was situated) before consideration is given to the lease site in question. To consider this alternative would require a much more detailed consideration concerning a more appropriate lease term, for example 25 years, should Members be minded to approve a renewal for a shorter lease term, and/or may involve the removal of a charitable tenant for the purposes outlined above.
- 4.4. Should Members be minded to terminate the existing statutory periodic tenancy, then the Council would be evicting a charitable tenant operating a facility for the benefit of young people in Oadby. The Council will also be required to serve notice to quit on the Oadby Youth Centre. This would have to provide for a six month notice period.

Equally, should Members be minded to terminate any renewed lease granted at a later date (e.g. to realise the cemetery extension) the same notice period is required providing the Council, and equally the tenants, with some degree of flexibility.

- 4.5. It is furthermore possible that the site could be leased for an alternative commercial purpose, as a result of which the Council could demand a much increased commercial rent, or consolidate the use of the building to accommodate other community events/activities hosted at other Council-owned facilities. As such, any alternative commercial purpose or use may therefore form part of the ongoing Strategic Asset Management work being undertaken by the Chief Finance Officer / Section 151 Officer under the remit of the Change Management. If this is the case, Members may defer any decision whilst the lease site is duly considered under this head of work.

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Implications	
Financial (CR)	It is important that the lease of this length is carefully reviewed to make sure the Council is making the best financial use of its assets.
Legal (AC)	As outlined in the report. There is a need to ensure that formal documentation is prepared for recording the renewal lease terms.
Risk (SB)	CR5 - Effective Utilisation of Assets/Buildings
Equalities (SB)	An Initial Screening has been undertaken in respect of the Oadby Youth Centre in January 2017.
	Equality Assessment:-
	<input checked="" type="checkbox"/> Initial Screening <input type="checkbox"/> Full Assessment <input type="checkbox"/> Not Applicable