

Property Sub-Committee - Wednesday 19 July 2023

Renewal of Lease on the Landywood Voluntary Services Day Centre Premises at 154 Walsall Road, Great Wyrley, Staffordshire WS6 6NQ

Property PID 4736

Local Member:

Cllr Kath Perry – Cheslyn Hay, Essington and Great Wyrley ED

Recommendation(s) by Councillor Mark Deaville – Cabinet Member for Commercial Matters

- 1.To grant Landywood Voluntary Services Day Centre a 3 year lease renewal term on their premises at 154 Walsall Road, Great Wyrley, Staffordshire at a peppercorn rent with other terms similar to their existing lease.
- 2.Other terms of the proposed lease will be delegated to the Assistant Director for Commercial and Assets to approve.

Transaction Summary

It is proposed to give a new three year lease at a peppercorn rent to the Landywood Voluntary Services Day Centre to enable them to carry on providing services to the elderly and other disadvantaged residents of the local community.

1. Current Arrangements

Landywood Voluntary Services Day Centre are currently operating from the premises and have been since 1984.

2. Proposals

The proposal is to allow the Day Centre to continue in operation for a further three years by granting a new lease to them for this period.

3. Undervalue Transaction

The letting will be at a peppercorn rent and will therefore be at an undervalue.

Supporting Details

4. Background Information

- 4.1 These premises have been let to Landywood District Voluntary Help Centre by Staffordshire County Council on successive lease terms since 1984. The current lease is for a term of 5 years at a peppercorn rent from 18th October 2018 and will therefore expire on 17th October 2023. The tenant to pay the County Council's costs of maintaining and insuring the property plus the cost of any utilities they use. They are also restricted on the use of the building to that of a headquarters for the Voluntary Services Association and cannot assign or sublet the whole or any part of the building but can grant occasional sublettings to other community organisations only.
- 4.2 The tenants contacted the County Council earlier in the year to ask whether they could be given a new lease of the premises so that they would have some certainty in making their short and medium term plans. It was explained to them that the council has expectations of charitable and community groups peppercorn leases. These include the requirements for these organisations to serve as large a section of the local population as possible, and also to scrutinise the organisation's accounts and funding to ensure they are solvent enough to keep the building in good repair and have a reasonably secure financial future.
- 4.3 A copy of the tenant's latest business plan is attached at Appendix 2, and this has raised some concerns. Firstly, it seems from the business plan that the premises are only really used on a Monday evening for a bingo session, for a Thursday coffee morning and for a short time each week for the Rainbow Club supporting adults with additional needs. They have comparatively recently opened a very small charity shop in the front room of the property to try to generate funds although the room is probably too small to be able to generate the throughput needed to make money and it is not well located being some distance from other shops in the village and on a main road where parking is very difficult. According to the business plan submitted, this shop generates a sales income on average of under £50 per week. The organisation runs a minibus which it uses to ferry elderly local residents around, and which is also often used on a Tuesday to take some of the users of the Centre to a local hostelry for lunch. From our visit to the premises, and going through the business plan we feel that the

centre is not as well used as it used to be, largely as a result of the covid epidemic and the reluctance of some elderly people to attend functions where they are likely to be in fairly close proximity to others. Secondly it seems from the business plan that the organisation is generating very little income as the premises are not used that frequently, and there seem to be very few other sources of funding. The figures provided in the business plan suggest that the Centre is currently making a monthly loss of around £71, which may not sound too significant, but over time this sort of performance cannot be sustained by any charity.

- 4.4 The Trustees have said that if they were granted a new lease they have plans to improve the use of the premises and to generate more income. As a result, it is recommended they be granted a further shorter term lease of 3 years at the same peppercorn rent with the proviso that the organisation makes strenuous efforts to increase the use of the premises by local residents and to generate significant additional income to help in the upkeep and running costs of the centre.
- 4.5 Our estimate of market rent for the premises is probably in the region of £5,500 to £7,000 per annum due to the slightly awkward layout of the building and on the basis that the lease did not restrict the use to the voluntary day centre only which could bring the market rent significantly downwards. If the building were to be marketed we would estimate the property to be worth in the region of £120,000 to £140,000 if it were to be sold in its current condition on the open market with vacant possession which would allow for the cost of reinstating it to residential use – its most likely alternative potential use.

5. Alternative Options

The two alternative options for this property would be either to offer the Voluntary Services Day Centre a new lease at a more commercial rent, or to take the premises back and sell them on the open market to generate a capital receipt as in 4.5 above.

6. Implications of Transaction for County Council (Risks)

Strategic – There are no particularly strategic risks identified here.

Financial – The County Council will be foregoing either rental income or a capital receipt here if a new lease is granted.

Operational – There is virtually no operational risk to the Council in either granting or not granting a new lease to the Day Centre.

Legal – No significant legal risks identified.

7. Community Impact*

Should a new lease be granted, it will enable the centre to continue to offer services to a small section of the local population who are elderly or who have learning difficulties and it is hoped that by the end of the three year lease, the centre will be able to offer more services to a wider section of the local community.

8. Comments from Local Member

To be reported to the Committee if any are received.

9. Support/Approval of the Proposal

Proposal supported by Assistant Director for Commercial and Assets

Signed: 

Name: Ian Turner

Date: 21st June 2023

10. Author/Valuer/Officer(s) Advising on this Transaction

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List of Background Documents/Appendices:

Appendix 1. Site plan and photograph of premises.
Appendix 2. Business plan of Landywood Voluntary Services Day Centre

- *3 priority Outcomes for the people of Staffordshire are:
- To be able to access more good jobs and feel the benefits of economic growth
 - To be healthier and more independent
 - To feel safer, happier and more supported in their community.