

INCLUSION OF LAND ADJACENT TO 17-21 PICCADILLY IN THE LEASE TO SPARK:YORK

Summary

1. This report recommends the addition of a small piece of newly acquired land to the red line boundary of the lease of 17-21 Piccadilly to Spark:York. The land will not be used for commercial purposes as it is outside of the boundary of the Spark:York scheme, but will formalise their existing right of access to 17-21 Piccadilly, and would also facilitate improved disabled access to the scheme. It would also transfer responsibility for its upkeep from the council to Spark:York for the duration of the lease, reducing the council's liability.

Recommendations

2. The Executive Member is asked to include the small plot of adjoining land identified in Annex 1 within Spark:York's lease of 17-21 Piccadilly.

Reason: To formalise access arrangements, enable better disabled access to the Spark:York scheme and reduce the council's maintenance liability for the duration of the lease.

Background

3. In November 2016 the Executive approved the lease of 17-21 Piccadilly on a 3 year lease from Spring 2017 to a community interest company called Spark:York. The completed scheme will provide start-up space for new businesses, whilst helping to drive footfall and the vibrancy of the Castle Gateway regeneration area in advance of a permanent use for the site being identified through the masterplan process. Work is progressing on the Spark:York site with an anticipated opening of the scheme in March 2018.

4. In October 2015 the Executive Member for Finance and Performance approved the acquisition of a small triangle of land that is adjacent to the site. The council benefitted from a right of access over this land to 17-21 Piccadilly, but it was in the ownership of Yorkshire Housing. The acquisition of the land increases the size of the site and removes third party ownerships, increasing the long term development value of the total land package. Following negotiations with Yorkshire Housing over the final terms of the contract the purchase completed in September 2017 for £38k, the price approved by the Executive Member in 2015.
5. This small piece of land was not initially included in the Executive decision to offer Spark:York a tenancy for 17-21 Piccadilly as at that point it was not in the council's ownership. The council did however have a right of access over the land to 17-21 Piccadilly and it was always intended that this right of access would be used for access to the entrance of the completed scheme. Now that the land is in the council's ownership it is proposed to include it within the lease to Spark:York to formalise the existing access agreements.
6. The small size of the plot and the right of access it will provide to Spark:York means that it has very limited alternative use. Whilst Spark:York benefit from the right of access now, its inclusion in the lease will allow this arrangement to be formalised, and also transfer responsibility to maintain the land to Spark:York until the expiry of the lease. It will also facilitate a level disabled access in to the Spark:York scheme and may potentially accommodate cycle parking or landscaping to improve the visual appearance of what is currently an unused plot of tarmac.
7. As the council had already agreed to grant Spark:York a right of access across the land, and given that it will not contain any built form or any commercial premises, its inclusion in the lease would carry little or no market rental value to Spark:York. Leasing the land to another third party would interfere with the access rights of Spark:York and be detrimental to the look and feel of the whole scheme. As a consequence it is proposed that it is included within the current terms of the lease, which involves a basic rent to repay any investment in utilities and enabling works to the site in addition to a 30% profit share. Due to the profit share agreement in place any positive impact the land has on Spark:York's commercial returns will also benefit the council.

Consultation

8. The recommendations have been agreed in consultation with officers in property and legal services.

Council Plan

9. The recommendations would help create a prosperous city for all by facilitating a scheme where local businesses can thrive, creating start up space for new enterprise. Spark:York are also a community interest company providing a venue and investment to local community groups.

Implications

10. The following implications have been identified and considered:
 - **Financial** - there is no financial implication arising from including the additional piece of land in the lease
 - **Human Resources (HR)** – Considered to be no implications
 - **One Planet Council / Equalities** - Considered to be no implications
 - **Legal** –The Council has power to grant a lease of general fund/non-HRA land without obtaining the Secretary of State's specific consent provided that either:
 - (i) full market value/best consideration is being obtained
 - Or
 - (ii) the difference between the consideration/price obtained and full market value is less than £2 Million and the Council considers that the disposal is for a purpose which will contribute to the improvement of the economic, environmental or social well-being of the area).
 - **Crime and Disorder** - Considered to be no implications
 - **Information Technology (IT)** - Considered to be no implications
 - **Property** – covered in the report

Risk Management

12. The recommendation is of low risk as it simply seeks to include a small piece of adjacent land in to the lease agreement for 17-21 Piccadilly. This

land was not initially included in the Executive decision to provide Spark:York a three year tenancy of the site as it was not in the council's ownership at that stage. The land would now be included on the same terms of the lease of the whole site, the risks of which were outlined and accepted by the Executive in agreeing to lease Spark:York 17-21 Piccadilly.

Contact Details

Author:

Andy Kerr

Commercial Project Manager
Major Projects
Tel No. 01904 554 153

Chief Officer Responsible for the report:

Neil Ferris

Corporate Director Economy and Place

Report

Approved

Date

29/11/17

Tracey Carter

Assistant Director
Regeneration and Asset
Management

Specialist Implications Officer(s) List information for all

Financial

Patrick Looker
Finance Manager
Tel: 01904 551633.

Legal

Gerard Allen
Senior solicitor
Tel: 01904 552004

Wards Affected: Guildhall

All

tick

For further information please contact the author of the report

Background Papers:

<http://modgov.york.gov.uk/ielIssueDetails.aspx?IId=46706&PlanId=0&Opt=3#AI42542>

Annexes

Annex 1 - Site Plan