

Finance Committee – 1 August 2023

Questions Received from Members of the Public

Name	Question	Member(s)
<p>Mike Kidder (Chair of Friends of Millhouses Park)</p>	<p>1) Given the background report to this matter prepared by the Property Services department for the Council, does the Committee consider the proposed lease agreement to represent the best value for money for the Council and the community? Especially when it is apparent that no rental income has been received from True North Brew (TNB) for the use of the land under the Tenancy at Will (TAW), which has been in place for a considerable period of time, and when the promised contribution of £20,000 to be made by TNB, supposedly put in place to persuade the Council to agree to the lease, was then withdrawn. This is a considerable sum of money that was intended to form part of the supposed agreement for use of the land and intended to be used to further develop the facilities in the Park. Why was this not formally confirmed under the TAW? In addition, TNB has been offered a 12 month rent free period in recognition of their costs involved in developing the site, which in effect means the Council and the community are in part paying for the works carried out by TNB in creating the seating area and sales kiosk. How does this represent value for money, even when viewed on a long term basis? The lost rental income and £20,000 contribution represent a considerable amount.</p> <p>Response: It is standard practice for commercial leases to include a rent-free period to account for investment by tenants in the property / space.</p> <p>The Tenancy At Will included a rental figure and this will be charged to True North Brew.</p> <p>The lease terms agreed with True North Brew are in line with other commercial leases for similar operations elsewhere in the city. The £20k contribution was part of the negotiations but has not formed part of the agreed lease terms.</p> <p>Parks and Countryside have confirmed that the proposed lease arrangements will lead to a considerable investment</p>	<p>Zahira Naz</p>

	<p>in the park and that playground improvements will form a part of this as hoped by the Friends of Millhouses Park.</p>	
	<p>2) Why was TNB allowed to use the land when it was not permitted to do so under the TAW, and why after having the TAW terminated, were they allowed to continue selling takeaway products from the land which they knew would damage the other commercial operators in the park, namely the ice cream vendor and cafe? Why were the negotiations carried out by Property Services for the occupancy of the site not dealt with before TNB developed the land? Does the Committee think that this is acceptable?</p> <p>Response: The Tenancy At Will allowed True North Brew to occupy the land under the terms agreed. The Tenancy At Will made it clear that True North Brew were not allowed to sell takeaway products, Sheffield City Council took action to terminate the Tenancy At Will when True North Brew were in breach.</p> <p>A Tenancy At Will is a temporary measure put in place to enable work to commence in lieu of Lease negotiations being concluded. At the time the Tenancy At Will was put in place, there were many uncertainties facing the hospitality trade due to the COVID pandemic and government-imposed lockdowns. True North Brew were unable to operate due to Covid and therefore it was felt that in order to provide some offer within the Park the Tenancy At Will would allow residents to make use of the park which was a much-needed facility during COVID.</p>	
	<p>3) In respect of the redacted information contained in the report prepared by Property Services, does the Committee agree that the requirements of "commercial sensitivity" should be balanced against the rights of the community to have such details about the proposed lease to enable an evaluation of Value for Money to take place. This is after all public land and money that is being scrutinised. There is also the matter of accountability, especially where the Council is the both the land owner of not only the land in the Park, but also the freehold of the Waggon & Horses public house.</p> <p>Response:</p>	

	<p>The Council is required under Section 123 of the Local Government Act 1972 to achieve best consideration in the disposal of its land. The lease as proposed is in line with commercial practice.</p> <p>The City Council is the Freehold owner of the site of the Wagon and Horses pub, which is subject to a long lease for which the Council receives a nominal ground rent. As this is a long lease rather than a commercial lease the Council has no commercial interest in the pub. This matter has therefore had no bearing on the negotiations to secure the lease for the outdoor seating.</p>	
	<p>4) The threat by TNB to sue the Council if the lease does not proceed is noted, but the Friends cannot envisage what legal grounds TNB would have to do so. Does the Committee consider that this may have influenced the negotiations in this case? It would appear to the Friends that once TNB managed to take possession of the land, the negotiations then entered a phase where some of the original proposals were abandoned rather quickly and easily, with no formal redress upon which to restore the original intended agreement which was in the interest and benefit of the public.</p> <p>Response: No. Negotiation is standard practice in determining lease terms. Whilst the negotiations with True North Brew have been long and complex, the threat to take legal action has not influenced the negotiation. Legal action should always be a last resort for any party and therefore the Council always seeks to find a solution through negotiation where possible. However, the Council will enter into, defend and take legal action where there is a case to do so and has been successful in a number of recent property matters.</p>	

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