

Delegated Decisions report



23 March 2021

LEASE OF 14 BURNERS LANE, KILN FARM

Name of Cabinet Member	Councillor Peter Marland (Leader of the Council)
Report sponsor	Sharon Bridglalsingh Director - Law and Governance
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Exempt / confidential / not for publication	No
Council Plan reference	Not in Council Plan
Wards affected	All wards

Executive Summary

Milton Keynes Council will take a lease of 14 Burners Lane from MK Community Foundation which it will use to host Foodbank Xtra for a maximum of five years. The partnership arrangement with MK Foodbank will allow it to continue operating at a higher level, as a result of COVID demand so the forward funding of the premises by MKC is part of its contribution to the partnership.

1. Decisions to be Made

- 1.1 That the lease of 14 Burners Lane, Kiln Farm, from MK Community Foundation for a term of five years, and the spend of £50,000 for initial fit out costs plus ongoing rent and other revenue costs, be approved.
- 1.2 That an underlease to MK Food Bank along with licences for occupation to Baby Basics and others, be granted.
- 1.3 That discussions with partners, including the Community Foundation and MK Foodbank, commence to enable a more sustainable and permanent property solution.

2. Why is the Decision Needed?

- 2.1 As part of a partnership between the Council and MK Foodbank, Foodbank Xtra has been operating from Saxon Court since the start of the pandemic in March 2020. The Council intends to continue its relationship with MK Foodbank for the foreseeable future. The current set up at Saxon Court has worked well as an interim solution, but it is now necessary to exit the building because:
- (a) it is required for the Election count in May; and
 - (b) the building has been sold to First Base and completion of the sale is expected later this year.
- 2.2 The Foodbank is unable to return to its original premises at Stacy Bushes because the scale of the operation has outgrown the space. The Council intends to enter into a long-term relationship with MK Food Bank with the aim of creating a new charities hub which will be built out in around 2-3 years' time. Until then, a decision has been taken in principle to lease in a Warehouse unit to relocate Foodbank Xtra in the medium term.
- 2.3 A premise of this proposal is the inability of the charity to fund its ongoing premises and running costs at the scale it is currently operating, as a result of COVID demand so the forward funding of the premises by the Council is part of its contribution to the partnership. The MK foodbank will have funds available when it moves out of its Stacy Bushes premises (which it leases from the Community Foundation) later this year. MK Foodbank has indicated that it will contribute to costs, but the actual use of that contribution will be agreed as part of the partnership arrangement. For example, it may be that the money is used to fund additional outreach which benefits the partnership and adds value to residents.
- 2.4 Before the pandemic MK foodbank never bought food and comfortably depended on donations. However due to the spike in the demand at the start of lockdown in 2020, they needed to buy food for the first time. The Council gave them £50,000 which they leveraged with MK Community Foundation to match fund and corporate sponsors. In total between 1 April and 30 November 2020 £102,491 was spent on food.
- 2.5 The warehouse solution will also house Baby Basics another charity that is currently operating out of Saxon Court and the new XTRA service which provides essential non-food items to those in need. Over time it may house other charities which the Council partners with.
- 2.6 The search for a suitable property has led to discussions with the landlord of Unit 14 Burners Lane - a 13,325 sq ft Warehouse on Kiln Farm. An initial viewing has taken place with the landlord's agent, property colleagues and representatives from Foodbank and the unit is considered suitable.

2.7 Negotiations are taking place with the Landlord and a draft set of heads of terms have been provided and are attached. The landlord is the Community Foundation which is strategically a good fit. They are the current landlords of the Foodbank at Stacy Bushes, already provide funding for Foodbank and have a long-standing close relationship with the charity. They are also interested in entering into the long-term partnership to provide the charity hub with the Council.

3. Implications of the Decision

Financial	Yes	Human rights, equalities, diversity	No
Legal	Yes	Policies or Council Plan	No
Communication	No	Procurement	No
Energy Efficiency	No	Workforce	No

(a) Financial Implications

The financial implications are set out in the following table:

New Foodbank Xtra Costings		Year	Year	Year	Year	Year		
		1	2	3	4	5		
	Rent	£ 73,288	£ 73,288	£ 73,288	£ 73,288	£ 73,288		
	Insurance	£ 2,937	£ 3,025	£ 3,116	£ 3,209	£ 3,306		
	Service Charge	£ 2,131	£ 2,195	£ 2,261	£ 2,329	£ 2,398		
We will probably not need to pay this as we will sub let to the charity who will get rates relief	Business rates	£ 16,695	£ 17,196	£ 17,712	£ 18,243	£ 18,790		
Estimate	Cleaning	£ 25,000	£ 25,750	£ 26,523	£ 27,318	£ 28,138		
As per Philip at Hornbeam	Gas - there is no gas	£ -	£ -	£ -	£ -	£ -		
As per Community Energy	Electricity solar panel system	£ 1,200	£ 1,236	£ 1,273	£ 1,311	£ 1,351		
Estimate	Electricity non - solar panel system	£ 20,000	£ 20,600	£ 21,218	£ 21,855	£ 22,510		
Estimate	Water	£ 5,000	£ 5,150	£ 5,305	£ 5,464	£ 5,628		
Estimate	Maintenance, servicing etc	£ 20,000	£ 20,600	£ 21,218	£ 21,855	£ 22,510		
Estimate	Fit out	£ 50,000						
John Lewis offered to do this	Moving	£ -						
Based on quote	Space Planning	£ 825						
		£ 217,077	£ 169,042	£ 171,915	£ 174,875	£ 177,924	£ 910,833	5 year costs with NN
		£ 200,382	£ 151,846	£ 154,204	£ 156,632	£ 159,133	£ 822,197	5 year costs without NN
			£ 386,119					2 year cost with NNDR
			£ 352,228					2 year cost without NNDR

Some of the initial fit out costs may fall into the current financial year, but most works will take place in April once the Foodbank has relocated to the unit from Saxon Court.

The full five year costs can be financed by one off funding approved in the 2020/21 and 2021/22 budgets to support foodbank Xtra.

(b) Legal Implications

The Council will enter into an FRI lease with Community Foundation for five years with a rolling tenant break after 24 months (subject to approval from the landlord). We will need to consider how Foodbank will have occupational rights via a sub-lease. This could also be beneficial in that Foodbank could claim charitable relief on the business rates.

(c) Other Implications

The Council will be responsible for repairs and maintenance of the unit. The Landlord will be undertaking some works prior to occupation as per the heads of terms.

4. Alternatives

- 4.1 The space requirements for Foodbank Xtra are around 13,000 - 15,000 square feet. An additional 15,000 sq foot of space is required for facilities and other storage as a result of the pandemic and estate rationalisation purposes.
- 4.2 Options were considered to look at joint warehousing for both Foodbank Xtra and facilities storage, but a search of the market found no properties in the 30,000 sq ft range and so was discounted. Instead, we will utilise existing space within the portfolio for this purpose. Building a purpose-built facility is the preferred longer-term option but this would not be achievable in the timescales.
- 4.3 The Council could choose not to extend its support to Foodbank meaning it returns to its base at Stacey Bushes. However, because of the pandemic the demand on the service has grown enormously and so this property would not be able to meet current needs.

5. Timetable for Implementation

Date of Decision:	23 March 2021
Expiry of Call-in:	30 March 2021
Lease Completion:	30 March 2021

List of Annexes

None.

List of Background Papers

None.