

REPORT TO: SCRUTINY COMMITTEE

DATE: 2 FEBRUARY 2016

TITLE: REVIEW OF PAY DAY LOANS – REVIEW OF THE COUNCIL’S POWERS AS LANDOWNER

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RECOMMENDED that the Scrutiny Committee notes the content of this report.

BACKGROUND

1. At the 20 October 2015 meeting, the Committee resolved to consider the appropriateness of controlling pay day loan shops and betting offices in neighbourhood centres through the Council’s land ownership powers.
2. Of the Council’s 143 retail units, four are leased to betting offices: one within Bush Fair Shopping Centre, one at the Stow, one at Prentice Place and one at Fishers Hatch. Betting offices have been trading in these locations for a considerable number of years, in some instances since the construction of the retail centres back in the late 1950’s.
3. The Council doesn’t currently lease any properties to pay day loan providers.

ISSUES/PROPOSALS

4. In order to address the question as to the appropriateness of controlling pay day lending shops and betting offices through the Council’s land ownership powers, it is necessary to consider the Council’s legal ability to introduce such controls and the financial implications of doing so, both in relation to existing and future operators.

Existing betting offices

5. The letting of the existing betting offices generates a significant General Fund income. Footfall associated with these properties also contributes to the viability of the shopping centres themselves, an important consideration given the recent shift in consumer behaviour.
6. Turning now to the Council’s legal ability to impose controls on existing

operators. It is important to note that the councils are unable to revoke the leasehold contracts held by existing tenants. The security of tenure provisions of the Landlord & Tenant 1954 also afford those tenants an automatic right to renew their lease at the end of the contractual term.

7. Under Section 30(1) of the Landlord & Tenant Act there are certain grounds upon which landlords can oppose the renewal of an existing lease, specifically where the landlord requires the property back either for development purposes, or to occupy itself, or where the tenant has a history of not complying with the lease obligations.
8. The Council is currently unable to rely on any of the grounds cited above. It is therefore not within the Council's powers to terminate any of the existing betting office tenancies.

Potential future betting offices and pay day loan shops

9. In contrast, the Council in its capacity as landlord does have the ability to resist the introduction of any new betting office and pay day lending shops, however the Committee is asked to consider the financial implications of doing so.
10. Any proposal to restrict the introduction of new betting offices and pay day loan shops has the potential to undermine the Council's ability to maximise returns from its investment portfolio. This would conflict with the Council's ongoing fiduciary duty and represent a marked deviation from the Council's existing custom and practice.
11. The restriction of such trades within the Council's portfolio may not ultimately reduce the number of trading outlets, as providers, where sufficient market demand exists, are likely to secure accommodation options within the private sector.

IMPLICATIONS

Place (includes Sustainability)

Contained within the report

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

As set out in the report.

Author: **Simon Freeman, Head of Finance**

Housing

Identified in the body of the report.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

Contained within the report.

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

As set out in the report.

Author: **Brian Keane, Interim Head of Governance**

Background Papers

[Background Papers are papers referred to in the preparation of the report that are not attached as appendices but that are available for public or Councillor study.]

None.

Glossary of terms/abbreviations used

None.