

**LEASE OF THE REDMOND COMMUNITY CENTRE KAYANI AVENUE WOODBERRY DOWN
TO MANOR HOUSE DEVELOPMENT TRUST****Key Decision No. FR J15****CABINET MEETING DATE****24 March 2014****CLASSIFICATION:****Open****If exempt, the reason will be listed in the
main body of this report.****WARD(S) AFFECTED****Brownswood****CABINET MEMBER****Cllr Karen Alcock****Property and Housing Policy****KEY DECISION****Yes****REASON****Affects Two or More Wards****CORPORATE DIRECTOR****Ian Williams Corporate Director of Finance and Resources**

1. CABINET MEMBER'S INTRODUCTION

- 1.1 This report seeks authority to grant a 15 year lease of the site shown edged red on the plan attached at Appendix C to the Manor House Development Trust (MHDT) the existing community organisation that manages the Redmond Community Centre which it currently occupies under a Meanwhile lease. This proposed lease will enable the Manor House Development Trust (MHDT) to secure their future providing them with the ability to obtain external sources of income in addition to grant funding from the Council.
- 1.2 The release of the grant payment from the Council and continuation of the lease being granted for the Redmond Community Centre is contingent upon satisfactory performance against a Service Level Agreement (SLA); terms of which have in principle been agreed and will be entered into simultaneously with the lease.

2. CORPORATE DIRECTOR'S INTRODUCTION

- 2.1 As part of the ongoing Woodberry Down regeneration, it is proposed that a new lease be granted for a term of 15 years to MHDT, for the Priority Community Facility, which forms part of the Ground Floor of Block G on the Former School Site on the Woodberry Down Estate.
- 2.2 Cabinet approval is required for the grant of this lease, as it is in excess of seven years.
- 2.3 It is proposed that the MHDT is granted a 15 year lease on a peppercorn rent, which will be linked to a Service Level Agreement (SLA) that will be monitored on an annual basis by the Chief Executive's Department and relevant Council officers.
- 2.4 Under the terms of the SLA, the Council will award MHDT an annual sum of £60k less maintenance and management, being a grant for the management of the Trust and its contribution to the twenty year programme of regeneration at Woodberry Down, The funding will be tapered over the 15 year period so that by the end of the lease, it is envisaged that MHDT will be completely self-sustaining. Progress towards this position will be formally reviewed on an annual basis.
- 2.5 Release of the grant payment and continuation of the lease of the Redmond Community Centre will be contingent upon the Trust's, satisfactory performance against the SLA. The lease will contain break clauses at 3 to 5 year intervals and will be linked to the Trust's performance under the SLA.
- 2.6 The current in principle heads of terms for the lease and SLA ("HOT's") are set out in Appendices A & B.

3. RECOMMENDATION(S)

Cabinet is recommended to:

- 3.1 Authorise the granting of a lease to MHDT for a term of 15 years at a peppercorn rent.**
- 3.2 Authorise the Corporate Director of Finance and Resources to settle the lease terms and to complete the lease, provided always that they represent the best value that the Council can achieve.**
- 3.3 Authorise the Corporate Director of Legal, HR and Regulatory Services to agree, negotiate, settle, sign and to complete the final form of the lease and service level agreement (“SLA”) and to enter into them on behalf of the Council together with any ancillary legal documentation relating thereto as envisaged in this report.**

4. REASONS FOR DECISION

To secure the future of MHDT as the management organisation for the Community Centre.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

No other feasible alternative options other than offering MHDT a lease were considered as MHDT have been in occupation of these premises under licence since they were completed by Berkeley Homes.

6. BACKGROUND

- 6.1 Woodberry Down in the north of the Borough is undergoing a major long term Regeneration, in conjunction with the Council’s partners, Berkeley Homes and Genesis Housing Association.**
- 6.2 The Redmond Community Centre is part of a community hub, offering a range of activities and services to meet the needs of the local residents, providing training; advice and leisure / social activities.**
- 6.3 The Community Facility is an integral part of the Principal Development Agreement with Berkeley Homes for Woodberry Down which has been delivered early on within the programme. The MHDT has demonstrated its ability to provide and manage this important facility for the community and has established imaginative programmes responding to the diverse needs of Woodberry Down.**

- 6.4 MHDT is perceived as a credible organisation that delivers, engages and responds to an ever changing environment created by the regeneration of Woodberry Down. It is supported by LBH and by independent funding.
- 6.5 MHDT is already in occupation of the ground floor under a Meanwhile lease and the proposed lease will regularise its occupation and help secure its long term future at the property.
- 6.6 The Council has approved the approach being taken and officers have met with the MHDT Board of Trustees and Director, and have secured in principle agreement to the proposal to grant the lease set out in this report.
- 6.7 It had previously been agreed in principle by Cabinet that the rent from the new retail units on Woodberry Grove would help assist in funding the running of the centre but it is now proposed that MHDT be grant funded subject to satisfactory performance under an agreed SLA. The terms of the in principle SLA arrangements to be agreed between the Council and MHDT are set out in Appendix B.
- 6.8 Officers have also contacted the Big Lottery Fund to advise that consent for a long lease is being sought, in order to secure the Trust's funding.

6.8 Policy Context

- 6.9 The lease to the MHDT forms part of a wider regeneration programme for the whole of the Woodberry Down Estate.
- 6.10 The redevelopment proposals have been drawn up in partnership with a variety of stakeholders including residents, key local stakeholders and central, regional and local Government. The proposals will ensure a mix of affordable, social and private housing supported by a new social infrastructure and commercial facilities.
- 6.11 The regeneration of Woodberry Down will make a significant contribution towards achieving the aims of Hackney's Sustainable Community Strategy.
- 6.12 Regeneration is also one of the Mayor's Priority Corporate Programmes of Work

6.12 Equality Impact Assessment

- 6.13 No Equalities issues arise from this report.

6.14 Sustainability

- 6.15 No sustainability issues arise from this report.

6.16 Consultations

6.17 Ward members have previously been consulted on this matter.

6.18 Risk Assessment

6.19 There are a number of risks attached if the Council is unable to grant this lease.

6.20 The Council would need to find an alternative organisation to manage the community centre and consequently there is the potential for it to become vacant.

6.21 If the Council is unable to secure occupiers for all the retail units, the income required to support MHDT could be put at risk.

6.22 The Council would suffer damage to its reputation with the local community and local bodies and stakeholders as a number of assurances have been given that the lease with MHDT will proceed.

7 COMMENTS OF THE CORPORATE DIRECTOR OF FINANCE AND RESOURCES

7.1 The recommendations contained within this report will regularise the current lease arrangements with the Manor House Development Trust, who manage the community facility at Redmond Community Centre. This will help secure the future use of the facility as a community facility and should assist the Trust in raising finance from other sources.

7.2 In addition, it is proposed that as part of an associated SLA, the Trust is awarded an annual grant of £60k (less management and maintenance) for the management of the Trust. This is a change from previous funding arrangements agreed in principle by Cabinet whereby rent from new retail units on Woodberry Grove would have been used to assist funding the running of the centre.

7.3 It is intended that the grant referred to above is tapered over the 15 year term of the lease with the intention that the Trust become self-financing by the end of the lease term

8 COMMENTS OF THE CORPORATE DIRECTOR OF LEGAL, HR AND REGULATORY SERVICES

8.1 The Council has a general power of competence under Section 1 of the Localism Act 2011 to enter into the proposed lease and SLA for the benefit of the local community.

8.2 A disposal of any property by a Council must be at the best consideration reasonably obtainable in terms of Section 123 of the Local Government Act 1972.

- 8.3 By virtue of Sections 123 (2) and (7) of the Local Government Act 1972 it is provided that subject to certain exemptions a Local Authority shall not dispose of land for a consideration less than the best that can reasonably be obtained.
- 8.4 The interim Assistant Director for Strategic Property Services at 9.1 to 9.3 of this report confirms that the proposed disposal by way of the grant of a lease as set out in this report will meet with the best value consideration requirement in terms of Section 123 of the Local Government Act of 1972.

9 COMMENTS OF THE INTERIM ASSISTANT DIRECTOR FOR STRATEGIC PROPERTY SERVICES

- 9.1 Under the terms of the head lease to the Council from Genesis these premises are to be used solely for community use and the rent payable is £1pa . MHDT have been in occupation of and operating from these premises in accordance with their use for community purposes since September 2011 under licence and no rent has been charged.
- 9.2 It is now proposed to regularise MHDT's occupation by granting them a 15 year lease at a peppercorn rent. This should enable them to secure additional funding sources for the work they undertake and help ensure the longer term future of these premises for community use. In addition MHDT will be entering into a Service Level Agreement (SLA) with the Council to ensure satisfactory discharge of the services they are to continue to provide to the community and which are being grant funded by the Council.
- 9.3 The Interim Assistant Director of Strategic Property Services confirms that the proposed lease to Manor House Development Trust which will need to incorporate the restricted user contained within the Council's head lease will meet with the best consideration that can reasonably be obtained and to comply with the requirements of Section 123 of the Local Government Act 1972.

10 APPENDICES

Appendix A Heads of Terms for Lease

Appendix B Heads of Terms for SLA

Appendix C Proposed lease plan

BACKGROUND PAPERS

None

Report Author	Len Welson Senior Development Surveyor Len.welson@hackney.gov.uk 0208 356 2602
Comments of the Corporate Director of Finance and Resources	Michael Honeysett Assistant Director Financial Management michael.honeysett@hackney.gov.uk 0208 356 3332
Comments of the Corporate Director of Legal, HR and Regulatory Services	Dennis Macharaga Senior Lawyer Dennis.macharaga@hackney.gov.uk 0208 356 3981