

Not for Publication

Exempt information relates to the financial or business affairs of any particular person including the Authority holding that information.

The information contained in this report is strictly confidential and in accordance with the appropriate Codes of Conduct, must not be disclosed to unauthorised persons

Land and Asset Management Committee

10 March 2016

Leasing arrangements for the occupation of Greets Green Resource Centre, Harwood Street, West Bromwich and adjacent lands by XXXXX

1. Summary Statement

- 1.1 The purpose of this report is to advise of a request received from the XXXXX to be granted a 25 year lease of the Greets Green Resource Centre (“the Centre”) at the former Housing Office off Harwood Road, West Bromwich to include a parcel of land adjoining which is currently part of an amenity space for the local area.
- 1.2 On 13 October 2010 the Cabinet granted, in accordance with existing policy on land and premises for the voluntary and community sector, a full repairing lease of the former housing neighbourhood office off Harwood Street, West Bromwich to XXXXX (Minute No. 108/10 refers). The lease is for a term of 10 years from July 2011 at a reduced rental of £X per annum. The market rent payable at the time the lease was granted was assessed as being £X pa but in recognition of the services provided by XXXXX and in accordance with policy a reduced rent was granted.
- 1.3 In 2013 according to the XXXXX and in response to concerns expressed by local residents regarding the amenity land adjoining the centre, XXXXX approached the Council with a scheme to transform the space into a children’s play area, a ball games court and a community garden.

- 1.4 XXXXX has requested that its current 10 year lease be surrendered and a 25 year lease encompassing the land adjoining be granted. It has further requested that the 25 year lease be granted on the basis of a X% rent subsidy since the current £X per annum rent it pays for the Harwood Street office could be utilised on service delivery instead.
- 1.5 In accordance with the voluntary sector policy approved by Cabinet at its meeting on 9 March 2011 (Minute No. 28/11 refers), the grant of a 25 year voluntary body lease is usually only applicable where the voluntary organisation is undertaking capital works to the asset concerned utilising external funding and where that funder requires a longer term lease. Under normal circumstances leases are granted for a maximum period of 10 years either on a full repairing or shared repair responsibility.
- 1.6 In this particular case XXXXX has obtained external grant to fund the construction of the play area and community garden estimated to cost in the region of £X. There are no capital works to be undertaken to the office utilising this grant money but from a management perspective it would be preferable to encompass the CBO's occupation with one rather than two leases.
- 1.7 To proceed with the grant of one 25 year lease would, however, be outside the scope of the existing policy and in these circumstances it is not possible to deal with the matter in accordance with the powers delegated to the Director – Regeneration and Economy as would be the usual course of action for the grant of the lease to a voluntary sector body. It should also be noted that pursuant to Section 123 (2a) of the Local Government Act, 1972 the disposal of the amenity land will require advertisement for two consecutive weeks in a local newspaper circulating in the area. Members of the public will be given the opportunity to make comment with regard to the proposed disposal and any objections and/or comments received must be fully considered.
- 1.8 The market rent for a 25 year lease based on both the land and the property is estimated to be in the region of £X pa. It is suggested that XXXXX be given X% subsidy for the duration of the term in order to give them long term stability and in line with other voluntary sector leases where the council monitors the occupation of the premises (including the rent subsidy) through the agreed statement process. The community garden project has been included in phase 1 of the Facing the Future Community Partnership strand as an example of how a tired council asset can be completely transformed with the energy and vision of a voluntary sector partner.

1.9 An initial Equality Impact Assessment (EIA) screening has been carried out and it has been assessed that a full EIA is not required for the proposals in the report.

Further details are attached for your information

2. Recommendation

That Cabinet be recommended to approve:-

- 2.1 that, subject to no adverse comments being received regarding the intention to dispose of the land following the advertisement in accordance with Section 123 (2) of the Local Government Act 1972, an exception to the existing policy on land and premises for the voluntary and community sector, be made on this occasion to accommodate the grant of a 25 year of the Greets Green Resource Centre at the former Harwood Housing Office and adjoining land to XXXXX
- 2.2 that subject to 2.1 above the Director – Governance be authorised to proceed with the grant of a 25 year full repairing lease of the Greets Green Resource Centre and the adjoining land (as shown on Plan No. SAM/22860/005) to XXXXX with X% rent subsidy on terms and conditions to be agreed by the Director - Regeneration and Economy
- 2.3 the Director - Governance be authorised to enter into or execute under seal if necessary any related documentation in connection with the recommendation outlined in 2.2 above.

Nick Bubalo
Director - Regeneration and the Economy

Neeraj Sharma
Director - Governance

Adrian Scarrott
Director - Neighbourhoods

Contact Officers:

Heather Chinner
0121 569 3020
Kerry Jones
0121 569 3954

3. Strategic Resource Implications

- 3.1 The current market rental value of the building is now estimated to be £X pa and the estimated value of the surrounding land is £X pa, bringing the total value of the premises as a whole to £X pa. The council currently receives a reduced rental of £X pa from XXXXX for the building. This arrangement is an anomaly when compared with other voluntary sector partners who deliver services that support the council's objectives. XXXXX have asked that they be given an X% rent subsidy for the land and buildings so that they can use the resources on service delivery instead of rent. The building and land both sit within the Housing Revenue Account.

4. Legal and Statutory Implications

- 4.1 State Aid: The services that XXXXX provide from the premises are local only services and therefore the proposed rent subsidy will not fall within the definition of state aid.
- 4.2 The recommendations outlined in this report are outside the scope of the council's existing policy on land and premises for the voluntary and community sector. The policy states that: "All leases will normally be for a maximum period of 10 years. Exceptions may be made when other funders require a longer lease in order to fund capital works when a lease of up to 25 years may be given". XXXXX is not undertaking any capital works to the building and therefore is not entitled to be granted a 25 year lease.
- 4.3 As this is a lease for more than 7 years then section 123 Local Government Act 1972 requires the Council to obtain "best consideration" for the disposal. The proposal is for a disposal at an undervalue, therefore the Secretary of State's consent for this transaction is required. However, the Secretary of State has issued a general consent for cases where disposals will help to secure the improvement of the economic, social or environmental wellbeing of the local area, and the undervalue is only up to £2m less than market value. This appears to apply in this case although care should be taken to follow the steps required in the general consent.
- 4.4 The adjacent land over which the new lease is intended to be granted may constitute open space. Section 123(2A) of the Local Government Act 1972 states: "a Principal Council may not dispose under subsection (1) of any land consisting or forming part of an open space unless before disposing of the land they cause notice of their intention to do so, specifying the land in question, to be advertised in two consecutive weeks in a newspaper circulating in the area in which the land is situated, and

consider any objections to the proposed disposal which may be made to them”.

It will need to be considered whether the relevant land constitutes open space and if so, section 123(2A) will need to be complied with

- 4.5 If the property is held for Housing Purposes then a further consent is required under section 32 Housing Act 1985. Again the Secretary of State has issued a general consent and consent A3.2 appears to apply in this case.
- 4.6 There is a low risk of persons claiming a public right of way over the lands, in particular along the path within the red line, continuing along the blue path shown on the plan attached.
- 4.7 Equalities Act 2010. An initial Equality Impact Assessment (EIA) screening has been carried out and a full EIA is not required for the proposals in this report. The proposals will bring the lease arrangements into line with current practice of waiving rent for voluntary sector partners who deliver services that support the council’s objectives; as the current payment of rent is an anomaly when compared with other voluntary sector partners. The overall impact on service users is likely to be positive as the development and use of the surrounding land will enhance and increase the level support and services for local communities.

5 Implications for the Council’s Scorecard Priorities

- 5.1 The services provided by XXXXX contribute to Great People: “In Your Neighbourhood” and “Healthy Lifestyles”. The community garden project has been included in phase 1 of the Facing the Future Community Partnership strand as an example of how a tired council asset can be completely transformed with the energy and vision of a voluntary sector partner.

6 Background Details

- 6.1 XXXXX is a member of X and receives a Council grant of £X pa to deliver advice including welfare rights, debt and immigration advice. In 2014/15 they supported over 1,100 new clients and 1,300 repeat clients and they generated over £1.7 million in confirmed welfare rights gains.
- 6.2 Proposal for transformation of the external space
The idea to transform the space around the centre came from a discussion with local residents as part of the launch of the new

centre in 2011. XXXXX secured a grant of £X from Community Builders to carry out a feasibility study and after discussion with planners and funders secured planning permission for a final plan on 23rd January 2015. The plan includes a children's play area, a ball games court and a garden and will cost £X. XXXXX are making good progress with the following applications for funding:

BBC Children in Need	£X
Sports England "Be Inspired"	£X
BIFA (land fill)	£X

XXXXX have set themselves a local fund raising target of £X in order to build local involvement in the project. The balance of the funding will be secured from local trusts.

6.3 The business case for a rent subsidy

At present XXXXX receive a rent subsidy of £X pa on the building and pay rent to the HRA of £X.

The current market rental value of the building is now estimated to be £X pa and of the surrounding land £X, bringing the total value of the premises as a whole to £X pa. XXXXX have requested that they be given a full rent subsidy of £Xpa. XXXXX provide extremely good value for money for the funding that they receive from the council and have also secured significant levels of external funding from the Big Lottery Fund and BBC Children in Need to provide additional services. If they are given a X rent subsidy the rent that they currently pay will be re-invested into services. This will contribute to the continued development of the centre and it's offer to the local community.

The council is responsible for maintaining the land surrounding the centre and the cost of regular grass cutting and tidying up the site is in the region of £X pa. The proposal to establish a community garden will result in a saving for the council.

6.5 Agreed statement

XXXXX have been assessed and meet the criteria for a voluntary body lease with a rent subsidy. It is proposed that the Greets Green Resource Centre, Harwood Street lease with XXXXX will include an agreed statement outlining rent subsidy requirements

Source Documents

Council Policy on Land and Premises for the Voluntary and Community Sector
June 2012