



## London Borough of Enfield

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<b>Title of Report:</b>	<i>Commercial leases for the Alma Estate</i>
<b>Report to:</b>	<i>Strategic Director of Housing and Regeneration, Joanne Drew</i>
<b>Cabinet Member:</b>	<i>Leader of the Council, Cllr Nesil Caliskan</i>
<b>Directors:</b>	<i>Joanne Drew, Strategic Director for Housing and Regeneration</i>
<b>Report Author:</b>	<i>Amena Matin Amena.Matin@Enfield.gov.uk</i>
<b>Ward(s) affected:</b>	Ponders End
<b>Key Decision Number</b>	KD 5675
<b>Classification:</b>	Part 1 & 2 (Para 5)
<b>Reason for exemption</b>	Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

## **Purpose of Report:**

1. As part of the Alma Estate regeneration scheme, Countryside Partnerships (UK) Limited are responsible for delivering five new commercial units as part of the works carried out in phase 2A. One commercial unit has been delivered in phase 1. The commercial units will be Council owned and managed within the Housing Revenue Account (HRA) asset portfolio.
2. The new commercial units in phase 2A are targeting a phased handover. The first unit handed over in January 2024, and the remainder three units to be handed over in late March 2024.
3. All commercial units will be handed over to Enfield as “shell and core”. The tenant will be responsible for the works to fit out the interior of the new building to create a functional building. This report seeks approval of the lease terms for commercial units where the income is expected to exceed £500k.

## **Recommendations**

- I. Approve the granting of a commercial lease in respect of unit 170B and unit 160C South Street upon terms set out in the table at paragraph 4, within the part 2 report.
- II. Approve the granting of commercial leases for units 172, 170A, 160B, 160A South Street to parties set out in the table at paragraph 4, within the part 2 report.
- III. Delegate Authority to the Head of Regeneration and Growth to finalise heads of terms that are commercially acceptable to the HRA for the commercial leases where the rent is to be under the key decision threshold, including agreeing a rent free period up to maximum of 12 months.
- IV. Delegate authority to the Director of Law and Governance to finalise the form of lease to be entered into.

## **Background and Options**

- 4 The principal outcomes of the Alma Estate Regeneration included a comprehensive masterplan, delivering of 1080 homes (comprising 40% affordable housing overall), a medical centre, a youth centre, a new community hall as well as new commercial units.
- 5 There are 8 phases in total including sub phases. To date, Phase 1, Phase 2a(i) and Phase 2a(ii) have completed. Phases 2a(iii), phase 2A and phase 4 are currently on site and will complete by the end of 2024 and deliver 369 homes. There are 69 council owned homes for the remaining council tenants on the Alma estate, which will support the decant of Curlew House. To date, 97 Council owned units have been completed and are now occupied.
- 6 The Development Agreement for the redevelopment of the Alma Estate (dated 13 November 2014), Countryside Partnerships (UK) Limited are required to

provide the Council with six shell and core commercial units. The commercial units will be delivered in phase 1, and phase 2A.

- 7 The shell and core of one commercial unit was handed over to Enfield Council in January 2024, the remainder four commercial units in phase 2A are due to handover to Enfield Council in a phased approach by end of March 2024. The prospective tenants will be responsible for the fit out works which will be agreed by the Council and form part of the lease.
- 8 The one shell and core commercial café unit in phase 1 is due to handover by March 2024.
- 9 As part of a commitment that was made to the existing businesses on South Street, all businesses would be offered first right of refusal on the new commercial units.(set out in Cabinet report no 46 dated 18<sup>th</sup> July 2021) The Council appointed Spencer Craig Partnership to act as surveyors on behalf of the Council and to lead on all commercial negotiations.
- 10 At present, there are four existing businesses from South Street that have been allocated a new commercial unit. (within phase 1 and phase 2A)
- 11 The table below shows the new Council owned commercial units and whom the units have been allocated to.

Phase	Commercial Unit	Unit address	Allocated to
1	Café	172 South Street Enfield EN3 4FU	Premier Café
2A	East 1	170A, South Street, Enfield, EN3 4GE	Greggs
2A	East 2	<b>170B, South Street, Enfield, EN3 4GE</b>	<b>Pharmacy</b>
2A	West 3	<b>160C, South Street, Enfield, EN3 4GE</b>	<b>Mini Market</b>
2A	West 2	160B, South Street, Enfield, EN3 4GE	Unallocated
2A	West 1	160A, South Street, Enfield, EN3 4GE	Unallocated

- 12 The remaining two commercial units have been advertised on both the Councils and Spencer Craig website.
- 13 Spencer Craig Partnership have confirmed that the rental income achieved on the allocated commercial units to date represent best consideration to the Council.

**Preferred Option and Reasons For Preferred Option:**

- 14 Due to the imminent handovers, it is within the Councils interest to ensure that the appropriate authority is obtained allowing for the conveyancing of the leases to progress and complete ahead of the handovers.

### **Relevance to Council Plans and Strategies:**

- 15 Enfield Council priorities as set out in Enfield Council Plan 2023-2026. The delivery of the community centre is linked to strong, healthy and safe communities.
- 16 The new Alma Commercial units will act as a focus point for the local community benefitting all residents living on and around the estate. The new commercial units bring local people together to help them form new relationships and support networks.

### **Financial Implications:**

- 17 This report is requesting approval to grant commercial leases for six commercial units as part of the Alma Regeneration project.
- 18 Countryside are delivering these commercial units, with the first two units due to be handed over in December 2023 and the remainder four units in February 2024. These units will form part of the HRA shop portfolio managed by Spencer Craig.
- 19 The Heads of Terms have been agreed on two of the Commercial units, with rent-free periods being agreed for these units. The rent-free period will result in a loss of income of £53.2k.
- 20 The six commercial units are expected to generate £192k rental income per annum to the HRA.
- 21 Risk - Delays in handover could result in a loss of income to the HRA

### **Legal Implications**

- 22 Pursuant to S.123 of the Local Government Act 1972 the Council has the power to dispose of land in any manner it wishes, subject to certain provisions. A disposal in this context includes the granting of a lease.
- 23 Any disposal of property (which includes the granting of leases) must also comply with the Council's Constitution, including its Property Procedure Rules which set out mandatory procedures regarding (amongst other things) the acquisition, management and disposal of property assets. Cabinet in April 2015 approved a commitment to be made to businesses displaced by the redevelopment on South Street to be offered newly constructed commercial units and 4 business have taken up that offer. Spencer Craig Partnership will market the unallocated units in accordance with the Council's Property Procedure Rules.
- 24 The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not

prohibited by legislation. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. This power encompasses the power for the Council to enter into contracts.

- 25 Public law principles will apply to the decisions made by the Council, including the Council's duty to take account of its fiduciary duty and to act prudently. The Council is also under a general duty to act reasonably and show that its decisions are made after having given due and proper consideration to all relevant factors.
- 26 The form of Lease must be approved by Legal Services on behalf of the Director of Law and Governance

### **Equalities Implications**

- 27 There are no equality implications arising from this decision as the commercial leases will benefit a range of residents.

### **Public Health Implications**

- 28 Housing is a basic human right essential to health as evidenced by the 30 year+ gap in life-expectancy experienced by the homeless. This work will contribute to increasing the housing stock and should therefore benefit health.

### **Procurement Implications**

- 29 There are no procurement implications as the Property Procedure Rules apply to commercial leases.

### **Property Implications**

- 30 There are no property implications arising from this report.

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### **Appendices**

### **Background Papers**

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