

## MUNICIPAL YEAR 2015/2016 REPORT NO.

**ACTION TAKEN UNDER  
DELEGATED AUTHORITY**

**PORTFOLIO DECISION OF :**

**Cabinet Member for Finance  
Efficiency**

**and**

**Cabinet Member for Education,  
Children's Services and Protection**

**Part: 1**

**ASSET MANAGEMENT – NEW LETTING  
OF VACANT SPACE AT PALMERS GREEN  
LIBRARY**

**WARDS : PALMERS GREEN**

**Key Decision No.**

**Cabinet Members consulted:**  
Cllr. Stafford and Cllr. Orhan

**Contact officer:**

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### **1. EXECUTIVE SUMMARY**

This report seeks approval to grant a new lease to Fit4less in the vacant space on part ground and lower ground floors adjacent to the newly refurbished Palmers Green Library building in Broomfield lane, N.13.

### **2. RECOMMENDATION**

- 2.1 That approval is granted for a new lease for a term of 10 years to Fit4less in accordance with the Heads of Terms detailed in the part 2 report.
- 2.2 To delegate agreement on the detailed lease terms to officers under the scheme of delegation subject to any amendments being non material in nature and otherwise in accordance with the Heads of Terms set out in the part 2 report.

### 3. BACKGROUND

- 3.1 Capital expenditure for the refurbishment and re-modelling of the Palmers Green Library funded, in part, from the sale of the former Southgate Town Hall was approved by Cabinet and Full Council in October 2013 and November 2013 respectively.
- 3.2 Enabling works were completed in May 2014 following planning approval for the works and change of use in February 2014.
- 3.3 Internal remodelling and refurbishment works included the creation of a new library experience on part ground and first floors, new public space/entrance from Green lanes and external works consisting of upgrades to the parking and public realm. The library was re-opened on time and within budget in October 2015.
- 3.4 The final phase of the project involves the identification of an appropriate occupier for the remaining vacant space and creation of a revenue stream to assist in offsetting the balance of capital expenditure on the library refurbishment scheme.

This work commenced in August 2015 with the marketing of the part ground and lower ground floor areas which were retained at 'Shell & Core' design stage pending identification of a future complementary "community facing" occupier.

- 3.5 GVA, the Council's co source partner (property consultancy), under instruction from Strategic Property Services, were appointed to market the vacant space to a wide variety of potential occupiers within the Town Planning Use Classes Order D1 Non Residential Institution or D2 Assembly and Leisure.
- 3.6 Potential occupiers targeted by GVA's marketing campaign included (but were not limited to) the following market sectors :
  - Fitness and Gym operators
  - Childrens Nurseries and Early years centres
  - Health and Medical sector
- 3.7 The marketing period ran for 8 weeks with advertising in relevant trade journals, and direct marketing to GVA's internal database of known and credible interested parties, internet link to the Council's own website and local and specialist property agents experienced in letting D1 and D2 space.

- 3.8 Enquiries and viewings were conducted jointly by LBE and GVA staff.
- 3.9 Bid letters requiring final and best offers were circulated by GVA in September 2015 with 5 bids received in total from two childrens nursery operators and three health and fitness operators.
- 3.10 An analysis of the bids, Heads of Terms, financial details and reasons for recommendations are fully examined in the part 2 report.

#### **4. PROPOSAL**

- 4.1 To accept the offer from Fit4less on the Heads of Terms set out in the Part 2 report.

#### **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 Retention of the property in a vacant state is clearly not in the Council's best financial interest. If the property remained unlet it would fail to deliver a rental income stream to support borrowings and repayment of capital on the library refurbishment scheme. In addition the Council would remain liable for outgoings including but not limited to repair, maintenance and business rates.

#### **6. REASONS FOR RECOMMENDATIONS**

- 6.1 The letting of this vacant space is recommended as being in the Council's best financial interests balanced against service and community needs.

#### **7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

##### **7.1 Financial Implications**

The net capital borrowing requirement for the refurbishment of the library after netting off the capital receipt for the sale of Southgate Town Hall was £2.4m. Based on an annual annuity the capital finance costs charged to revenue for this borrowing are £113k per annum. The rental income stream of £90k per annum will contribute towards a reduction in this borrowing requirement and the difference can be met from future overage and the corporate capital financing budget.

##### **7.2 Legal Implications**

By Section 123 of the Local Government Act 1972 ("S.123 LGA") and/or Section 1 of the Localism Act 2011 the Council has the power to lease land or property in any manner it wishes, subject to certain provisions.

The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions.

In accordance with the Council's Property Procedure Rules the letting requires approval either by the appropriate Cabinet member or by Cabinet itself.

All lettings should be made on a competitive basis, unless justified and approved otherwise, as required by the Property Procedure Rules.

Lease contracts will be in a form approved by the Assistant Director of Finance, Resources and Customer Services (Legal Services).

### **7.3 Property Implications**

The Assistant Director of Finance, Resources and Customer Services (Property Services) will confirm that the proposed terms of the letting comply with statutory duties and the Council's Property Procedure Rules.

## **8. KEY RISKS**

The risk of default by the tenant in failing to pay the rent or otherwise comply with the terms of the lease has been mitigated as far as is reasonably possible by granting the tenant an agreement to lease.

The granting of a 10 year lease will only occur upon satisfactory discharge of its obligations under this agreement.

In addition, the lease will be signed by the Parent Company with a sublease to the occupying tenant which provides the Council with potential financial recourse in the event of non performance by the tenant.

The specification for the refurbishment and "fitting out" of the gym space will also be attached to the agreement for lease and will need to be signed off prior to the commencement of the 10 year lease term.

## **IMPACT ON COUNCIL PRIORITIES**

### **9.1 Fairness for All**

The letting of property generates revenue income , which is used to fund spending priorities within the Council, helping protect services essential to those most disadvantaged in the borough.

**9.2 Growth and Sustainability**

The letting of vacant property attracts inward investment and funding and boosts local economic activity.

**9.3 Strong Communities**

Revenue income helps fund projects that assist the Council in building strong communities.

**10. EQUALITIES IMPACT ASSESSMENT**

Equality Impact Assessments will be conducted where appropriate.

**11. PERFORMANCE MANAGEMENT IMPLICATIONS**

Rationalisation and more efficient use of property will contribute to improving service delivery to assist in meeting the Council's objectives.

**12. PUBLIC HEALTH IMPLICATIONS**

The letting of the vacant space for a Health and Fitness user will have wider public health benefits and contribute towards a potential reduction in health spending elsewhere.

**13. HEALTH AND SAFETY IMPLICATIONS**

A Health and Safety plan will be prepared for the building as part of the lease agreement and will be reviewed/updated as appropriate from time to time.



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Part 1

**MEETING TITLE AND DATE:**

Operational Decision by  
the Director of Health,  
Housing and Adult Social  
Care

**REPORT OF:**

Pauline Kettless  
Head of Procurement and Contracting

**Agenda – Part 1**

**Item:**

**Subject: Carterhatch Service Contract**

**Wards: All**

**Key Decision Number: KD 4054**

**Cabinet Member consulted:**

**Councillor Cazimoglu**

Contact officer and telephone number:

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**1. EXECUTIVE SUMMARY**

- 1.1 This Delegated Authority Report sets out the rationale and work undertaken by commissioning and the contract team and the support provider (Outward) to establish a contracted service model to best meet the needs of the customer.
- 1.2 This report provides information pertaining to the current arrangements with any commercially sensitive financial and contractual information appearing in the accompanying Part 2 report.

**2. RECOMMENDATIONS**

- 2.1 To review the information in part 2 and consider granting the extension allowed within the contract; and
- 2.2 Note that further savings will be delivered though reconfiguration of the service

**3. BACKGROUND**

- 3.1 Cabinet in its meeting on 23<sup>rd</sup> of November 2011 endorsed the recommendation to award a 3 year contract with the option to extend for a further 2 years(subject to satisfactory performance), to a large scale voluntary and community sector organisation called Outward. The contract was awarded in April 2012 and was to provide integrated care and support services to 47 people with learning disabilities living at the Carterhatch facility ("The Service") and to work in partnership

## RESTRICTED

with the Landlord, Newlon, and the Council to remodel the Carterhatch (which was transferred to the bidder as part of the procurement) and, therefore, the Services. The Service provides specialist supported accommodation services delivering extra care to older people with learning disabilities who may also have dementia and a separate service for people with profound and multiple learning disabilities.

- 3.2 Please note; that Outward (Support provider) is a subsidiary of Newlon Housing (Landlord)
- 3.3 The Service provides shared accommodation for people with learning disabilities with a wide range and level of need.
- 3.4 In July 2013, it was announced that Newlon had successfully bid for £840,000 from the Mayor's Care and Support Specialist Housing Fund. Redevelopment of the Carterhatch facility by Newlon started once the capital funding had been secured.
- 3.5 The first phase of the redevelopment of Carterhatch was for Newlon to commission a demolition and construction firm to demolish the existing provision at 140 Linwood Crescent, (which provides 8 units of shared accommodation for people with learning disabilities), and redevelop the site to deliver 14, 1-bedroom units of accommodation with communal facilities for adults with learning disabilities.
- 3.6 The redevelopment of the site will create more focussed and reorganised specialist services that respond to primary grouped need i.e. older people with a learning disability who may also have dementia. The redevelopment will also promote greater opportunities for dignity, privacy and respect as we will seek to decommission shared living housing and replace with self contained accommodation.
- 3.7 The safe transition of the 8 people living in the service required careful consideration and planned approach. Service users and their families have been engaged throughout the redevelopment of Carterhatch and have been kept informed of progress to date.
- 3.8 Service users living at 140 Carterhatch have been safely and successfully moved to voids created within the Carterhatch scheme. Service users have expressed a wish to stay within their friendship groups and continue to live at the Carterhatch service where possible.
- 3.9 The new build will seek to utilise assistive technology to aid service users in living independently. The development will provide 4 self-contained flats to meet the specialist needs of adults with Profound and Multiple Learning Disabilities. The remaining 10 flats shall provide specialist 'extra care' accommodation to meet the needs of older people (50 years and over) with learning disabilities and dementia.

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- 3.10 The new build will act as a hub for all of Outward service delivered to the Carterhatch scheme.
- 3.11 There have been significant delays to Newlon awarding the demolition and construction contract via a tendering process . The completion of the build is now due for November 2015.
- 3.12 Further announcements have been made that the Mayors Care and Support funding will be made available for another bidding round. The Council is considering working in partnership with Newlon to further develop the site for Move On accommodation for vulnerable people who require minimal support to live independently. This provision will form part of the adult care pathway and enable people who have acquired independent living skills to move on / step down from intensive support services. This has the additional benefit of improving housing options in the borough for vulnerable people who require minimal support to live independently affording them a better quality of life and creating throughput within intensive support services.
- 3.13 In order to support the people with learning disabilities living at Carterhatch to manage the significant redevelopment of the site and the impact that this will have on their day-to-day lives , it would be prudent for the Council to extend the current contract arrangement with the service provider, Outward, to ensure that there is continuity of service during this period of uncertainty and transition, We believe that this will reduce anxiety and minimise disruption. We are recommending that the current contract is extended for a further two years in conjunction with the terms and conditions of the current contract. This proposal is subject to the Service Provider agreeing; please see Part 2 for further details on proposed negotiation levers.
- 3.14 The extension period will enable the remodelling of the site and allow the Carterhatch project group to plan a model of care that is based on the principles of Personalisation i.e. conversion of the block contract to a core and flex model which will increase the take up of direct payments across the scheme and promote greater choice and control promoting a better quality of life.
- 3.15 Outward continue to deliver a good service with the last review against the Quality Assessment Framework scoring a 'B'.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 See part 2 of the report

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 See part 2 of the report

**6. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS**

**6.1 Financial Implications**

See part 2 of the report

**6.2 Legal Implications**

6.2.1 The Council has the general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals generally may generally do provided it is not prohibited by legislation. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way.

6.2.2 The Council must comply with its obligations with regards to obtaining best value under the Local Government (Best Value Principles) Act 1999.

6.2.5 To extent the value of the proposed contract is £250k or above the Council must comply with Key Decision procedure.

6.2.6 The Council is entitled to extend the current contract, without a fresh procurement, provided that the terms of the contract in this regard are adhered to, and that the services to be carried out fall within the terms of the original procurement and contract,

**7. KEY RISKS**

7.1 The continuity for service users and their families is a risk if the service provision were to change, especially whilst there has been major redevelopment work being undertaken by Outward.

7.2 The risk of handing over the support service to another provider whilst Outward's property arm is redeveloping the site

**8 IMPACT ON COUNCIL PRIORITIES**

**8.1 Fairness for All**

This service provides independent living for vulnerable service users with Learning Disabilities. It provides an environment that meets their immediate needs and ensures their future safety and well-being.

**8.2 Growth and Sustainability**

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The current investment into the accommodation looks to deliver a sustainable service to vulnerable service users. This investment is reassuring for the families who in a lot of cases see the Carterhatch site as a home for life for their son or daughter.

### **8.3 Strong Communities**

The Carterhatch site is seen as key provision of independent living for service users and their families.

## **9. PERFORMANCE MANAGEMENT IMPLICATIONS**

### **9.1**

## **10 HEALTH AND SAFETY IMPLICATIONS**

10.1 No Health & Safety implications have been identified.

### **Background Papers**

No Background Papers have been attached

