

Item No. 19.	Classification: Open	Date: 21 March 2017	Meeting Name: Cabinet
Report title:		Agreement of the Heads of Terms for the grant of a long leasehold interest in refurbished space to be provided at Maydew House and surrender of premises at Abbeyfield Road, SE16	
Ward(s) or groups affected:		Rotherhithe	
Cabinet Member:		Councillor Fiona Colley, Finance, Modernisation and Performance	

FOREWORD – COUNCILLOR FIONA COLLEY, CABINET MEMBER FOR FINANCE, MODERNISATION AND PERFORMANCE

I'm delighted to bring forward this report which takes forward our long-standing ambition to deliver a new home for the Bede Centre as part of the regeneration of Maydew House.

Bede are a key community partner for us and this agreement will see them move into bigger and better premises on the ground and first floor of Maydew House. The agreement also releases their current premises. This site has the potential for the development of approximately 90 new homes, the majority of which will be council homes.

RECOMMENDATIONS

1. That cabinet approves the grant of a 125-year lease of refurbished space to accommodate the Bede Centre at Maydew House, SE16.
2. That Bede surrender their existing lease on the premises in Abbeyfield Road.
3. That cabinet delegate authority to the head of property to conclude the detailed terms of the grant of the 125-year lease.

BACKGROUND INFORMATION

4. This report recommends the relocation of the Bede Centre, which currently occupies premises adjacent to Maydew House, into a new facility on the Ground and First floors of Maydew House. The location of both premises is shown on the plan in Appendix 1.
5. Bede's current premises are of 1970's construction, design and build quality and whilst broadly fit for purpose are approaching the end of their useful life. The Council owns the freehold and has granted a lease to Bede.
6. A programme of refurbishment and development works to Maydew House offers a unique opportunity for the relocation of the Bede Centre into better premises without any significant change in location. Importantly for the council it will also facilitate the early release of development site for the delivery of Affordable Housing.

7. Bede has operated a community facility from their current premises since the early 1970's and has been active in Bermondsey and Rotherhithe since 1938. They are a local community charity which provide support and services in the following areas; Learning Disabilities, Youth Work, Starfish Domestic Violence Project and Community Engagement. Relocation of the Bede Centre to adjacent, new, better and larger premises at Maydew House will allow Bede to continue this work within the local community with a minimum of disruption to the services they offer.
8. Bede have been involved with the design of the new facility which offers new, larger and higher quality fitted out space at Maydew House which is adjacent to their current premises on Abbeyfield Road, SE16.
9. Maydew House is held in the Housing Revenue Account (HRA), the space proposed to be let to the Bede Centre remains to be declared surplus to operational requirement.

KEY ISSUES FOR CONSIDERATION

10. The works to Maydew House were detailed within the approved 13 December 2016 cabinet report "Gateway 1: Procurement Strategy Approval Abbeyfield Estate HINE (Maydew House) Works". This includes cost provision for the new facility proposed to be used by the Bede Centre on the Ground and First floors.
11. A planning application for the Maydew House works and refurbishment inclusive of the refurbished ground and first floor space has been submitted and is under going the validation process of the planning department
12. The refurbishment and works to Maydew House are currently estimated to be completed by August 2021.

Policy implications

13. The Southwark Housing Strategy to 2043 targets the delivery of 11,000 new Council Homes by 2043, the relocation of the Bede Centre facilitates the early release of Council owned site which will be used for the delivery of Social Housing.
14. In November 2016 cabinet agreed the Southwark Voluntary and Community Sector Strategy 2017-2022. The course of action recommended with regard to Bede is fully consistent with the objective of building a sustainable, confident and resilient voluntary and community sector.

Community impact statement

15. Local people that benefit and use Bede's services will experience minimum disruption as The Bede Centre will continue operating from their current premises until the new facility at Maydew House is ready for occupation. Upon completion of lease in the new premises The Bede Centre will be able to continue offering their services to the local community for the next 125 years.
16. Refurbishment of the ground and first floor at Maydew House will happen within the construction programme for the wider refurbishment and works at Maydew

House, it will not cause additional inconvenience to local residents.

Resource implications

17. The cost of works for refurbishing and fitting out the ground and 1st floor of Maydew House proposed to be let to the Bede Centre has been accounted for in the total cost of the refurbishment and works to Maydew House. The procurement of the work was agreed at cabinet on the 13 December 2016 as part of the Maydew House works and refurbishment.

Legal Implications

18. Head of property is satisfied that the terms agreed represent Market Value, allowing for the cost of delivering the new accommodation, the premium agreed, and the benefit of obtaining early possession of the existing Bede site.
19. The Trustees of Bede have been represented by a chartered surveyor in negotiations with council property officers and are satisfied that the deal agreed meets their obligations under Section 119 of the Charities Act 2011.

Consultation

20. The following consultation has taken place concerning the refurbishment and development works at Maydew House of which space for the Bede Centre is part: Local residents will be consulted at each stage of proposals. Ward Councillors are being fully briefed prior to any public consultation and their comments and feedback incorporated in any initial proposals. Council officers will meet with tenant and resident association (T&RA) groups following Councillor briefings.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

21. Section 1 of the Localism Act 2011 grants councils a general power of competence whereby a local authority has power to do anything that individuals generally do. However, that power does not enable a local authority to do anything which it is unable to do by virtue of a pre-commencement limitation. Section 32 of the Housing Act 1985 and Section 120 of the Local Government Act 1972 are pre-commencement statutes which impose limitations on the Council's power of disposal and acquisition.
22. As the property falls within the Council's Housing Portfolio, the disposal can only proceed in accordance with Section 32 of the Housing Act 1985, for which purposes the consent of the Secretary of State for the Department of Communities and Local Government is required.
23. A number of general consents have been issued in the general housing consents 2013.
24. Consent A3.1.1 of the General Consent for the Disposal of Land held for the purposes of Part II of the Housing Act 1985-2013 enables a local authority to dispose of land for a consideration equal to its market value subject to exceptions in paragraph A3.1.2. The exceptions in paragraph A3.1.2 are

disposals to a body owned or partly owned by the local authority, disposals that fall into a separate consent for reversionary interests in houses and flats and disposals that would result in a local authority tenant becoming the tenant of a private landlord.

25. The report confirms that the transaction represents market value.
26. The disposal is conditional upon a declaration of surplus being obtained.
27. Section 120 of the Local Government Act 1972 states that a principal council may acquire by agreement any land, whether situated inside or outside of that area for the purposes of:
 - (a) any of their functions under that or any other enactment; or
 - (b) the benefit, improvement or development of their area;
28. Section 120(2) states that a principal council may acquire land for any purpose for which they are authorised by that or any other enactment to acquire land, notwithstanding the land is not immediately required for that purpose and until it is required for the purpose for which it is granted, any land acquired will be used for the purpose of any of the council's functions.

Strategic Director of Finance and Governance (FC16/045)

29. This report is requesting cabinet to approve the grant of a 125 year lease of refurbished space to accommodate the Bede Centre at Maydew House, SE16.
30. The strategic director of finance and governance notes that Bede will surrender their existing lease on the premises in Abbeyfield Road as part of the relocation arrangement and this will facilitate the early release of the development site for the delivery of Affordable Housing.
31. It is also noted that the costs of the refurbishment will be contained within the overall Maydew refurbishment costs budgeted within the Housing Investment Programme.
32. Staffing and any other costs connected with this recommendation to be contained within existing departmental revenue budgets.

Strategic Director of Housing and Modernisation

33. The new refurbished space in Maydew House offers an opportunity for a new community resource and allows the release of land to help the council achieve its aims to deliver new council homes.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 1: Procurement Strategy Approval Abbeyfield Estate HINE (Maydew House) Works	Constitutional Team 160 Tooley Street SE1 2QH	Constitutional Team
Link: http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=5376&Ver=4 (Item 17)		

APPENDICES

No.	Title
Appendix 1	Maydew House and Bede Centre location plan

AUDIT TRAIL

Cabinet Member	Councilor Fiona Colley, Finance, Modernisation and Performance		
Lead Officer	Eleanor Kelly, Chief Executive		
Report Author	Toby Sowter, Surveyor		
Version	Final		
Dated	9 March 2017		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments Included
Director of Law and Democracy		Yes	Yes
Strategic Director of Finance and Governance		Yes	Yes
Strategic Director of Housing and Modernisation		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			9 March 2017