

CABINET	DATE 18 September 2024	ITEM NO 9
TITLE: Approval of Lease for Royal Hill, SE10	WARD(S) Greenwich Park	
CHIEF OFFICER: Director of Regeneration, Enterprise & Skills	CABINET MEMBER: Planning, Estate Renewal & Development	
DECISION CLASSIFICATION Non Key Forward Plan – entered 16 July 2024 Non-Exempt Report Exempt Appendix 1 by virtue of paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended): Information relating to the financial or business affairs of any particular person including the authority holding that information.	IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING? Yes	

1. Decision required

This report makes the following recommendations to the decision-maker to:

- 1.1 agree to enter into a **Lease** to enable the long term occupation of the flats and shared house at Royal Hill, SE10 (the “**Property**”) which will be managed by Golden Lane Housing (GLH);
- 1.2 note the full Lease terms are a leasehold disposal at best consideration reasonably obtainable;
- 1.3 note a separate delegated authority decision has been taken by the Adult Social Care director in order to approve the management agreement for the Property which will be occupied by Greenwich residents with learning disabilities;
- 1.4 to agree that the information contained in Appendix 1 to this report be exempt from publication on the grounds that they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended) and to agree that this exempt information contained in the confidential Appendices shall not be released to the press or public.

2. **Links to Our Greenwich missions**

2.1 This report relates to the Council's agreed missions as follows:

- People's health supports them in living their best life – living in this specialist supported accommodation will support residents' health
- People in Greenwich have access to a safe and secure home that meets their needs – this accommodation is safe, secure and meets the needs of the proposed tenants
- Greenwich designs services around the needs of our residents – the accommodation and associated services were designed around the proposed tenants' needs

3. **Purpose of Report and Executive Summary**

3.1 The purpose of this report is to:

- (a) approve the full Lease terms for a 10-year leasehold disposal to be made in accordance with best consideration reasonably obtainable requirements.
- (b) Note the property will be managed by GLH, which is a charity that provides supported housing for people with learning disabilities, to allow the continued use of the Property.

4. **Introduction and Background**

4.1 In February 2019, Cabinet agreed the feasibility of developing the Royal Hill site as housing for people with learning disabilities. The development was progressed in order to provide high quality housing for people with learning disabilities. In June 2021 the Lead Member approved the scheme and estimate budget approval report for the Royal Hill development.

4.2 The Royal Hill development was completed in June 2023 and this report is seeking agreement to the grant of a full repairing and insuring Lease to GLH.

4.3 Requirement for specialist housing for people with learning disabilities.
A number of Council residents with learning disabilities require specialist housing, together with social care support to enable them to live full and healthy lives. The Council has an obligation to meet the needs of these residents and the delivery and operation of the Property will help the Council meet this obligation.

This type of specialist housing is currently being delivered by external providers at a high cost to the Council. The Council decided to develop its own specialist accommodation to both improve the quality of care delivered for these residents and to reduce the cost to the Council's General Fund.

4.4 Site at Royal Hill

The Property was designed and developed through the Greenwich Builds service and as set out in the Scheme & Estimate report of June 2021 and was completed in June 2023.

4.5 Requirement for external provider: benefits regulations

The original decision report from February 2021 did not determine how the Property would be operated. On further analysis it is considered most appropriate that the building is leased to an external provider who specialises in providing housing for people with learning disabilities. This approach also provides better value to the Council under benefit regulations. Adopting this operating model does not affect residents financially because their costs are met through their benefits.

4.6 Procurement process

A number of providers were approached to bid to operate the Property. Initial responses were received from three potential providers albeit only one formal bid was submitted. The rent offered by GLH was compared with other rents received and payable by the Council for similar properties with equivalent uses and was found to satisfy best consideration requirements.

4.7 In consultation with the Council's Legal and Property services, officers concluded that this response from the market combined with the Council's assessment of the rent received represent market rent and offers good value to the Council.

4.8 The sole bidder, GLH's tender was judged to be of good quality in terms of the management of the Property and their past experience of delivering equivalent services.

4.9 Lease

The Lease have been drafted in line with standard industry practice.

4.10 Residents' care needs and management agreement

In parallel with the Lease, the Adult Social Care Director has entered into a management agreement with GLH, setting how care and support will be

provided, and how voids and nominations will be managed, for the Property and the management agreement is intended to run concurrently the Lease.

5. **Available Options**

5.1 Option 1: agree the Lease based on the terms set out in Exempt Appendix I.

5.2 Do nothing which will require the Property to cease being used.

6. **Preferred Option**

6.1 Option 1 is the preferred option.

7. **Reasons for Recommendations**

7.1 Option 1 is the preferred option because it allows the Council to provide high quality specialist housing and support to Council residents with learning disabilities, resulting in a saving to the Council (Health and Adult Services) on the costs they currently pay for this support.

8. **Consultation Results**

8.1 There is no requirement to consult on this specific report. However, consultation with residents and businesses local to the Property took place during the design and planning process, as well as consultation with potential residents of the Property to ensure that it meets their individual needs and preferences has taken place through HAS colleagues working with GLH.

9. **Next Steps: Communication and Implementation of the Decision**

9.1 Subject to the approval of this report, the associated report on the management arrangements with GLH will be considered by the Adult Social Care Director. This will enable the lease to be completed with GLH.

10. **Cross-Cutting Issues and Implications**

Issue	Implications	Sign-off
Legal including Human Rights Act	The Council has the power to enter into the Lease in accordance with section 1 of the Localism Act 2011, and section 111 of the Local Government Act 1972.	Azuka Onuorah Interim Director of Legal Services 28 August 2024

	<p>Under Part 3 of the Council’s Constitution (Responsibility for Functions), the Director of Regeneration Enterprise and Skills is authorised to agree the recommendations in paragraph 1.</p> <p>Paragraph 1.4 of this report recommends that the contents of the Appendix 1 to this report not be published pursuant to paragraph 3 of Schedule 12A to the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person) (as amended). The information in the Appendices to this report satisfies these criteria and, accordingly, must be exempt from publication.</p> <p>There are no specific Human Rights Act implications.</p> <p>The report author should consult with the Legal Department regarding the drafting and execution of the Lease.</p>	
<p>Finance and other resources</p>	<p>The Chief Officer is requested to agree the grant of a Lease with Golden Lane Housing Ltd in respect of premises at Royal Hill.</p> <p>The revenue implications, including the transfer of liabilities during the licence period are set out in the confidential appendix to this report and have not been previously reflected in the Councils revenue forecasts.</p> <p>As set out in 1.3 and section 4 of the report, this decision will be taken in conjunction with a delegated decision to determine the management and service provision for the premises in support of</p>	<p>Michael Horbatchewskyj Accountancy Business Change Manager (P&I) 28/08/2024</p>

	<p>the residents with learning disabilities. The financial implications arising from this decision will be reflected in this separate report.</p> <p>A lease of 7 or more years constitutes a disposal, therefore Cabinet will be required to approve the terms of a subsequent lease as noted at decision 1.2. The Lease does not fetter this decision.</p> <p>The site has not been opted to tax.</p> <p>The asset will remain 'On Balance Sheet', therefore no financial implications arise from the adoption of IFRS16.</p>	
Corporate Property	The procurement exercise, due diligence checks, and the subject transaction's reported favourable terms relative to other similar arrangements provide that this transaction can be considered to represent best consideration reasonable obtainable.	Simon Marsh Valuation & Estates Manager 18 July 2024
Equalities	The decisions recommended through this report have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users. This report contributes to the Council's Equality and Equity Charter and the Council's Equality Objectives 2020-2024 in that it supports inclusion, participation and equal access for people with learning disabilities, eliminating barriers to them participating in their communities, and in that the services were designed taking their views and needs into account.	Simon Marsh Valuation & Estates Manager 18 July 2024
Climate change	This report contributes to Royal Greenwich's Carbon Neutral Plan agreed by Cabinet on 18 November 2020 in that the building has been fitted with low carbon technologies including solar panels and a heat pump.	Simon Marsh Valuation & Estates Manager 18 July 2024

<p>Risk Management</p>	<p>The most significant risk to this project is that we are unable to enter into a Licence and a Lease for the Property and therefore are unable to provide suitable accommodation to residents with learning disabilities and incur high costs as a result. This report mitigates this risk by recommending that the Licence is granted and an Agreement for Lease is entered into with GLH.</p> <p>The most significant ongoing risk once the report has been signed is that residents' housing and social care needs are not met by GLH. This will be mitigated by close work between GLH and the Council, with any housing issues being escalated to HSC.</p>	<p>Simon Marsh Valuation & Estates Manager 18 July 2024</p>
<p>Health and wellbeing</p>	<p>This report supports the health and wellbeing of residents who will live at the Property by providing them with housing which suits their personal needs and preferences and which is integrated effectively with social care support.</p>	<p>Simon Marsh Valuation & Estates Manager 18 July 2024</p>

11. **Report Appendices**

11.1 The following documents are to be published with and form part of the report:

- Exempt Appendix 1: Lease Heads of Terms

12. **Background papers**

- Cabinet report: Development of the former Royal Hill Police Station Car Park (February 2019)
- Cabinet Member: Advance Design Works (January 2021)
- Cabinet Member: Scheme Estimate and Budget Approval Report for Royall Hill development (June 2021)

Report Author: Simon Marsh, Valuation & Estates Manager
Email: Simon.marsh@royalgreenwich.gov.uk

Reporting to: Steve Dunevein, Head of Property
Email: Steve.dunevein@royalgreenwich.gov.uk

Chief Officer: Pippa Hack, Director of Regeneration Enterprise and Skills
Telephone: 020 8921 5519
Email: pippa.hack@royalgreenwich.gov.uk