

## **West Northamptonshire Council and Northampton Partnership Homes**

### **WESTBRIDGE – HEADS OF TERMS**

Heads of terms to be agreed and signed by Monday 27<sup>th</sup> September 2021

#### **Background**

- A. Northampton Partnership Homes Limited (“NPH”) is a wholly owned subsidiary of West Northamptonshire Council (“WNC”) and operates as an arm’s length management organisation (ALMO) of WNC, managing WNC’s social housing stock through a formal contract known as the Management Agreement (“MA”). WNC replaced a number of councils including Northampton Borough Council, the former owner of NPH, on 1<sup>st</sup> April 2021.
- B. It is important that NPH has suitable accommodation to carry out its functions on behalf of WNC, including management, operations, building maintenance, new house building and tenant engagement.
- C. NPH currently occupies land and buildings at WNC’s Westbridge Depot, off St James’ Mill Road, Northampton (“Westbridge”) but the arrangements for this tenure have not been formalised and NPH is “holding over” on the previous arrangement. NPH’s current office accommodation extends to 1,223m<sup>2</sup> (13,165ft<sup>2</sup>) and in addition has a number of stores and car parking facilities.
- D. Westbridge is also used by a number of commercial tenants and WNC’s environmental services contractor, Veolia. WNC is contractually required to provide toilet facilities for other tenants on the site.
- E. It has been proposed by the parties to seek a solution for NPH to continue to operate principally from Westbridge as its headquarters, with improvements to the buildings, the site, and on a formalised tenure for the remainder of its current management period, which ends on 4<sup>th</sup> January 2030.
- F. These Heads of Terms describe the formalised and agreed arrangements for this.

#### **Strategic Issues**

1. NPH currently pays WNC property occupancy charges of £320k per year, made up as follows:
  - a. Main rent, inclusive of service charge: £250k.
  - b. Parking rent: £20k.
  - c. Site-wide management and security charge: £50k.
2. WNC will use its best endeavours to complete a new additional facility for NPH training/engagement (the “Engagement Building”) on the site of the current CEDOS building within 12 months of the date of agreement meeting the NPH requirements as set out in Appendix 3. Any period longer than 12 months will only be subject to statutory authority for works outside the control of WNC. This package of works will include as required:
  - a. Demolition and site clearance.
  - b. Installation of a new building (probably semi-temporary/demountable in nature).
  - c. Amended road layout to improve traffic flow and site safety.
  - d. Ancillary parking and footpath works.
  - e. Obtaining all necessary consents.
3. On completion of the Engagement Building will be leased on NPH on the terms set out below.
4. WNC will within 12 months implement a new road traffic management system for the

site, including creating a new one-way system (including widening of the roadway where required), in the interests of site safety and to enable the public to access the site more safely. The proposed arrangements are shown on the plan in Appendix 2.

5. WNC will not be obliged to expend more than £1 million in total on providing the Engagement Building, excluding Cedos demolition costs, and the site works, as detailed in 2 and 4.
6. WNC will allow NPH to have direct communication with the site manager (currently Veolia) about issues of site management and security.
7. The current business rates position is being established. WNC is listed as having rates liability for a range of property at Westbridge, which may or may not include the current NPH accommodation. If NPH becomes liable for business rates, or more business rates (allowing for indexation), on its current accommodation than it currently pays, this will be provided for by WNC through an equal adjustment in its annual management fee, thus indemnifying NPH against additional costs outside of its control.
8. WNC will remove the temporary toilet block near the NPH front entrance once alternative provision is agreed and in place.

### Main Heads of Lease terms

Demise	Existing buildings, car parking areas, and storage, predominantly the areas occupied by NPH currently as shown on the Appendix 1 plan.  Shared use of the site roads and footpaths as per the Appendix 1 plan.
Term	To 4 <sup>th</sup> January 2030.
Termination	During term, subject to WNC/NPH mutual agreement.  The Lease will automatically terminate if the MA terminates for any reason.
Review	Every 3 years. This will be a mutual process to consider how the arrangements and workings are operating, and whether any changes should be made. Any changes following review would be by mutual agreement.
Rent	Total £270,000 pa.  This includes: <ul style="list-style-type: none"> <li>• Rent for offices, other buildings, compounds, and car parks.</li> <li>• Service charge, except for security (see below).</li> <li>• Insurance costs.</li> <li>• To the extent WNC currently bears utility costs relating to usage by NPH at Westbridge and does not recharge them to NPH, utility costs.</li> </ul> Annual inflationary indexation (RPI) with a cap of 1% and collar of 3%.

Service charge	Nil, all included with the rent.
Repairing obligations	<p>Internal repairing, maintaining (to existing standard) and servicing are NPH responsibility. This will include:</p> <ul style="list-style-type: none"> <li>• Fire safety responsibility <ul style="list-style-type: none"> <li>○ Fire alarm checks</li> <li>○ Fire extinguishers etc.</li> <li>○ Emergency lighting etc.</li> </ul> </li> <li>• Control of fob access</li> <li>• CCTV</li> </ul> <p>The Landlord will have the right to evidence these have been carried out, and to check on site.</p> <p>Building fabric/structural repairs are Landlord's responsibility, except where damage is the result of the Tenant's acts or omissions.</p>
Insurance	<p>Insurance is provided by WNC as part of its overall portfolio insurance. Cost are included with the rent.</p> <p>NPH shall not do anything which would invalidate the insurance cover or increase the costs of insurance cover.</p>
Alterations	<p>No structural alterations without landlord's consent, which will not be unreasonably withheld.</p> <p>Internal non-structural alterations permitted at NPH's expense, subject to reinstatement at the end of the Lease if required by the Landlord.</p> <p>Tenant to provide plans in electronic form of any alterations carried out.</p>
Statutory right to renew	None (contracted out of the Landlord and Tenant Act 1954).
Parking	Areas for parking as indicated on the Appendix 1 plan.
Business rates	Future charges are payable by NPH as the person in occupation, with WNC adjusting the management fee to cover the additional charge as outlined above.
Site security	<p>WNC is responsible for Westbridge as a whole, acting directly or through an agent (currently Veolia). NPH to have responsibility for its demised areas.</p> <p>NPH to contribute to site security costs in the sum of £50,000 per annum (indexed) payable to WNC. Subject to review should site security arrangements be reduced on the site.</p>

Car parks	NPH will allow all legitimate users of Westbridge, including their visitors and customers, to use the car parks within its lease demise.
Assignment and alienation	No right of assignment. NPH free to provide licence to occupy to 3 <sup>rd</sup> parties who are NPH partners on contracted-out terms. No sub-leases to be created. Licenses to be on commercially sensible and prudent terms and copies provided to WNC.
Completion	Lease to be completed by Friday 29 <sup>th</sup> October 2021.

### **CEDOS block lease**

General	Terms generally to be consistent with main lease, with the specific changes identified below.
Demise	The site currently occupied by the CEDOS building (for the avoidance of doubt, this does not include the pavilion structure linked to the end of the CEDOS building).
Rent	£16 psf  Based on the projected building size of 500m <sup>2</sup> (5,382 ft <sup>2</sup> ), total rent £86,112 per annum.  As for the main lease, this includes the service charge and insurance (but not car parking, as no car parking falls within these lease).
Parking	Facilities for deliveries but no separate provision for parking.
Site security	As per main lease, but no additional charge relating to this lease.
Landlord's use	Not applicable to this lease.
Completion	On completion of the Engagement Building.

**Updated \*\*\*\* please note that there has been some variances requested by NPH since these original ones were agreed and subsequently agreed by WNC\*\*\*\***

### **Variances:**

#### **Rent review period**

#### **Changing from RPI to CPI**

#### **Position in relation to toilets for other tenants**

## Appendix 1: Leases boundaries plan

Red line – main lease demise

Orange line – Engagement Building lease demise

Blue line – Shared areas

Purple hatching – car parking areas

## **Appendix 2: Traffic management proposals**

### **Appendix 3: Specification for the Engagement Building**

The Engagement Building will be adjacent to the NPH main offices at Westbridge. It will:

1. Be circa 500m<sup>2</sup> in gross external area.
2. Contain one main room for use in larger meetings and tenant engagement events, capable of sub-division into two separate spaces.
3. Provide suitable toilet and kitchen facilities.
4. Provide space for receiving people into the building prior to entering the main room.
5. Provide space to rear for deliveries.

**AGREED BY THE PARTIES**

**WEST NORTHAMPTONSHIRE COUNCIL**

Authorised Officer

Signed: .....

Name: Stuart Timmiss

Date:

**NORTHAMPTON PARTNERSHIP HOMES**

Authorised Officer

Signed: .....

Name: Mike Kay

Date: