

WEST NORTHAMPTONSHIRE COUNCIL

Decision of the Leader

Cllr Malcolm Longley – Cabinet Member for Finance

Report Title	Northampton Partnership Homes – Westbridge lease and development
Report Author	Stuart Lackenby Stuart.Lackenby@westnorthants.gov.uk

Contributors/Checkers/Approvers

MO	Catherine Whitehead	
S151	Martin Henry	
Other Directors/Officers	Simon Bowers – Assistant Director Assets and Environment Stuart Timmiss – Executive Director Place, Economy & Environment	

List of Appendices

Appendix A: Record of Decision

Appendix B: Heads of Terms

1. Purpose of Report

- 1.1. Further to the decision in principle made on 27th September 2021, this report seeks a further decision to enter into the lease with Northampton Partnership Homes for office and depot accommodation at the Council's Westbridge site (see Appendix A).
- 1.2. The report also seeks support for the development of the office and depot accommodation for Northampton Partnership Homes to ensure it is fit for purpose and

enables the organisation to deliver the requirements of the management agreement between the Council and Northampton Partnership Homes. For the avoidance of doubt, this also includes approval of a capital budget for the redevelopment of the CEDOS block into a Tenant Engagement Centre and associated additional works as described within this report.

- 1.3. The report also notes the delegation to the Assistant Director Assets and Environment to agree the terms of the lease and enter into any documentation required to deliver the decision.

2. Executive Summary

- 2.1 Northampton Partnership Homes (NPH) has had its office, depot and storage capacity located at the Westbridge Depot, St James Mill Road, Northampton, since 2015 when NPH was created as an Arms-length Management Organisation to manage the housing stock and provide housing services on behalf of Northampton Borough Council (NBC).
- 2.2 Westbridge is owned by the Council. The site also accommodates the Council's waste contractor and a number of other tenants. There is no current lease in place between the Council and NPH for their accommodation at Westbridge. While a lease was previously prepared by NBC, this was never completed.
- 2.3 The Westbridge site had originally been intended as the temporary home for NPH with an expectation that more permanent accommodation would be sourced. Since the creation of NPH a number of options have been considered as alternatives to Westbridge including properties in the estate of NBC, other predecessor councils to WNC, and properties that were in private ownership.
- 2.4 Whilst options outside the Council's estate could potentially meet the accommodation requirements of NPH a move out of the Council's estate would create a financial liability to the Council and represent a poor use of public assets.
- 2.5 Following significant negotiation, a proposal has been developed in agreement with the Council and NPH that would see a new lease at Westbridge being offered to NPH with a commitment for the site to be developed to be fit for purpose in the context of NPH's operational requirements. As a component part of the negotiation the Leader of the Council provided a commitment to NPH on the new lease and development of the site to mitigate the financial risk of NPH moving outside of the Council's estate.
- 2.6 This report therefore seeks endorsement for the Council to enter a lease for the Westbridge site with NPH and for the site to be developed as set out in this report and Appendix 1.

3. Recommendations

- 3.1 That the Leader agrees:
 - 3.1.1 That the Council should finalise and enter into the leases with Northampton Partnership Homes based upon the Heads of Terms. **(Appendix B)**
 - 3.1.2 A General Fund capital budget of £1.2 million is created to take forward the demolition and the commitments in the Heads of Terms.
- 3.2 That the Leader notes the delegated authority to the Assistant Director Assets and Environment to take forward the development of the site.

4. Reason for Recommendations

- 4.1 The recommendations of this report provide NPH with accommodation that enables them to operate effectively and deliver against the management agreement with Council.
- 4.2 The proposal provides a rental income for the Council which offsets the cost of providing the accommodation to NPH.
- 4.3 The decision in principle required that Cabinet make a further detailed decision in relation to the Heads of Terms. This decision meets that requirement but as there is insufficient time for this to wait until the next meeting of Cabinet this is being taken by the Leader.

5. Report Background

- 5.1 Northampton Partnership Homes Limited (NPH) is a wholly owned subsidiary of West Northamptonshire Council and operates as an arm's length management organisation (ALMO) of the Council, managing the Council's social housing stock through a formal contract known as the Management Agreement which was entered into by NBC in 2015. The Agreement currently runs until 2030.
- 5.2 It is important that NPH has suitable accommodation to carry out its functions on behalf of Council, including management, operations, building maintenance, new house building and tenant engagement.
- 5.3 NPH currently occupies land and buildings at the Council's Westbridge Depot, off St James' Mill Road, Northampton but the arrangements for this tenure have not been

formalised. NPH's current office accommodation extends to approximately 1,223m² (13,165ft²) and in addition has a number of storage and on-site car parking facilities.

- 5.4 Westbridge is also used by a number of commercial tenants and the Council's environmental services contractor, Veolia.
- 5.5 It has been proposed that the parties seek a solution that enables 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 4th January 2030.
- 5.6 To enable the Westbridge site to be appropriate for the long term accommodation needs of NPH, the CEDOS building, currently derelict will be re-developed to provide NPH with an engagement building. This building will enable NPH to undertake tenant engagement and training as required by the management agreement. The outline development of the building is set out in the heads of terms in Appendix 1. The Heads of Terms limit the Council's responsibility in this regard to that which can be accommodated within £1m, plus, if applicable, the costs of demolishing the CEDOS block.

6. Issues and Choices

- 6.1.1 As part of the negotiation on accommodation the Council worked with NPH to consider a range of sites with the Council's estate. These include the elements of the Guildhall and County Hall in Northampton. However, after consideration of each site, NPH's board identified the Westbridge proposal detailed in this report as the most appropriate in the context of their organisational requirements.

7. Implications (including financial implications)

7.1 Resources and Financial

- 7.1.1 As highlighted in the Heads of Terms, the Council has committed as part of the agreement to undertake various works at Westbridge to facilitate the ongoing occupation of the site by NPH and to ensure that it is fit for purpose to enable them to deliver the services to the Council required under the Management Agreement. These works include: -
- Demolition or remodelling of the CEDOS building to create a Tenant Engagement Centre, and associated site works.
 - The implementation of a new traffic management system for the site within 12 months. These works will include the creation of a revised one-way system and associated road works.

Under the agreement with NPH, WNC will not be obliged to expend more than £1m in total on providing the Engagement Centre. This excludes cost of demolishing the CEDOS building. These costs would be in addition to the £1m budget and would need to be funded by WNC as part of the project. It should be noted that the provision of the revised one-way system is in the interest of site safety and to enable safer public access to the site. These improvements are therefore commensurate with good estates management principles and would enhance the wider offer on site.

- 7.1.2 The Council could choose to expend more, for example if it concluded this offered better overall value for money, but it has no obligation to do so. Therefore, this report only seeks the budget required to comply with the Heads of Terms.
- 7.1.3 The costs would be incurred in the General Fund, with income coming from NPH paid into the General Fund. NPH is largely funded from the HRA.
- 7.1.4 As part of its current occupation of the Westbridge Depot, NPH currently pays the Council a rent of £320k per annum which is made up of £250k rent, £20k for on-site car parking and a contribution of £50k towards the Council's cost of providing site wide management and site security. NPH currently pays its rent from the Housing Revenue Account (HRA) and is received by the Council into its General Fund and as such remains within the Council and ensures that it makes best use of the funds available to best serve the residents of West Northamptonshire. If NPH was to secure accommodation from a third-party landlord, this would cause a financial pressure (loss of rent) to the Council but would also create an additional financial pressure as it would have to hold the property empty until an alternative tenant could be located. Agreeing a position where NPH remains at Westridge therefore offers the best financial outcome of the Council.
- 7.1.5 Under the proposed terms, NPH will be obliged to pay the Council a rent of £270k per annum which is to include Rent for both the property and the car parking and includes provision for NPH to contribute up to £50k towards site management / security costs. This is therefore consistent with the current payments. As now, this rent is 'inclusive', in that it includes utility costs where these were previously included.
- 7.1.6 Where the CEDOS building is concerned, the Council currently receives no income from this building. On completion of the works as set out in this report, the Council would receive an additional rent of £16 per sq ft for the completed Engagement Centre, which will therefore deliver a return to the Council for the costs that it has expended on the site works.
- 7.1.7 Therefore, subject to completion of the Engagement Centre, it is currently anticipated that, based on the current square meterage, the Council would receive approximately £406,112 per annum from NPH. As noted above, this would be an 'inclusive' rent, including utility costs to the extent the Council currently pays them and does not recharge them to NPH. The rent will then increase every three years in line with the increase in CPI.

7.1 Legal

- 7.1.1 As highlighted above at paragraph 2.2 it is to be recommended that the occupation of the Westbridge by NPH be formally regularised by the NPH and the Council, as outlined at paragraph 3.1.1, to accord with normal conveyancing practice and to allow each party to abide by its obligations contained in the Agreement for the delivery of housing management and other services dated 5th January 2015.
- 7.1.2 It is noted that the Council intend to re-develop part of the Westbridge in order to better support the delivery of housing management and other services from the Westbridge within a specific budget, and that it is the intention of the Council to do undertake such re-development in order to fulfil the Council's obligations under the aforementioned 2015 Agreement.
- 7.1.3 Legal services will provide advice and support in delivering the transactional elements of the proposal as and when required.

7.2 Risk

- 7.2.1 As highlighted previously in this report, and within the Heads of Terms attached to this report, as part of the agreement the Council has committed to redevelop the CEDOS building to facilitate the creation of Tenant Engagement Centre. While the CEDOS block sits adjacent to the existing NPH administration building, it is in a dilapidated state. As such, it may require demolition and replacement.
- 7.2.2 While demolition may fit with the Council's longer-term plans for the Westbridge Depot, there are some significant "unknowns" in relation to the cost of completing the works given that some of the main services that serve the estate run through the building. If possible the CEDOS building will be retained, in whole or part, and remodelled, to reduce this risk, as well as for environmental and cost reasons.
- 7.2.3 In addition to the above, consideration has also been given to the risk posed by including the CEDOS provisions within the main site lease. This risk has been mitigated on the basis that the parties have agreed that the agreement on the CEDOS building will be completed independently of the main site lease. Adopting this approach allows the parties to work collaboratively to deliver the CEDOS solution but also allows the Council to regularise the position on the main part of the site as soon as practicably possible, a mutually desired position.

7.3 Consultation

There has been considerable consultation and joint-working with NPH to find a suitable accommodation solution to meet their organisational needs and deliver high quality services to council tenants.

7.4 Climate Impact

The specification of the building works for the Tenant Engagement Centre will meet current building regulations in terms of climate change and if the site conditions and budget allow it would be designed to support the Council's policy of carbon neutrality in its operations by 2030.

7.5 Community Impact

The improvements to the Westbridge site and the addition of a Tenant Engagement Centre would enable NPH to enhance its service offer to Council tenants having a significant beneficial community impact.

8. Background Papers

None