

**Report for:** Cabinet on 24 January 2017

**Item number:** 13

**Item number:** Leasing of Wolves Lane  
Horticultural Centre

**Report**

**Authorised by:** Stephen McDonnell  
Assistant Director: Commercial and Operations

**Lead Officer:** Simon Farrow, Interim Head of Direct Services

**Ward(s) affected:** Woodside Ward

**Report for Key/**

**Non Key Decision:** Key decision

**1. Describe the issue under consideration**

- 1.1. At its Cabinet meeting on 17 May 2016 the Council resolved to cease provision of the current service at Wolves Lane Horticultural Centre (WLHC) in April 2017 and to seek expressions of interest for the future use of the site from suitably qualified organisations.
- 1.2. An expression of interest process was launched by the Council in July 2016. Three bids were received and evaluated. The bidding organisations are the Friends of Wolves Lane (FoWL), Greens and Glass and OrganicLea. A summary of each organisation can be found in Appendix 1.
- 1.3. Members agreement is being sought for the leasing of the site to the successful bidder.

**2. Cabinet Member Introduction**

- 2.1. The recommendations within this report represent an exciting new chapter in the history of Wolves Lane Horticultural Centre. The site will be retained as a community asset and will offer a new source of organically grown vegetables for supply into the local community. People will still be able to volunteer at the centre and will have the opportunity to learn new skills and enjoy working alongside their neighbours and other members of the community. I am very pleased to see the commitment of OrganicLea to work with the other bidders to

explore how key elements of their bids can be incorporated to make the new offer at Wolves Lane even richer.

### **3. Recommendations**

- 3.1. That Members agree to grant a lease of the property known as Wolves Lane Horticultural Centre to OrganicLea, for a term of 25 years based on the Heads of Terms set out in Appendix 2 and that delegated authority be given to the Assistant Director of Property and Capital Projects to agree the rent beyond the initial five year total rent of £19,300.

### **4. Reasons for decision**

- 4.1. Based on the evaluation process that all three bids were subjected to, OrganicLea's bid scored highest on its contribution to the Council's Corporate Plan.
- 4.2. Whilst the bids from FoWL and Greens and Glass proposed a greater level of rental income to the Council both are brand new organisations with no financial history. OrganicLea have a proven track record in delivering schemes similar to those they are proposing for WLHC and have a robust financial history. They also stated that they are willing to take on the site 'as is' with no ongoing liability to the Council.

### **5. Alternative options considered**

- 5.1. Cabinet's decision in May 2016 to cease provision of services at WLHC rules out the option of continuing as now.
- 5.2. The option to recommend offering a lease to a consortium consisting of all three bidders was explored and whilst there were synergies between bidders there were also some significant points of difference. Based on the feedback from the bidders this option was rejected as it was not supported by all the bidders and would require a greater level of ongoing support from the Council.

### **6. Background information**

- 6.1. In February 2009, the Council took over the management of the Wolves Lane Horticultural Centre from a charitable organisation. At that time the Council's intention was to move the management of the

centre into a partnership agreement with a not for profit organisation by 2012.

6.2. The Council's Corporate Plan and MTFS for 2015-18 were approved in early 2015. This included a proposal to reduce the Centre's budget from £70k to zero from April 2016/17. In addition further funding is being withdrawn as part of the MTFS savings from Adult Services, Regeneration and Commercial & Operations. The total reduction over two years is £205,000.

6.3. The Parks Service conducted a review of the services on offer at the Centre. The aim of this review was to recommend the future operating model for the Centre which would meet the savings targets and the Council's objectives.

## **7. Expression of interest process**

7.1. The expression of interest process was launched via an advert on the Council's website on 8 July 2016. It ran for 10 weeks with a deadline of 16 September.

7.2. During this period the Council received 16 requests for application packs and three bids were received by the deadline.

7.3. The application pack clearly stated that expressions of interest should recognise the Council's intention to achieve its objectives by:

- Working together with our communities
- Building resilient communities where people are able to help themselves and support each other
- Value for money
- Achieving the best outcome from the investment made
- Working in partnership
- Delivering with and through others
- Ensuring compatibility with the requirements of Metropolitan Open Land status.

7.4. The application pack also explained the evaluation scoring process. The contribution of the bids to each of the Council's aims and priorities under the Corporate Plan were equally weighted and equated to 60% of the overall score. 20% of the score was applied to income to the

Council and 20% to the viability of the business plan. A higher proportion of the overall score was given to the corporate plan contribution to ensure that expressions of interests from community groups were not unfairly disadvantaged by the standard 60/40 price/quality split.

- 7.5. Having evaluated the bids in line with the methodology set out in the expression of interest, the bid with the highest evaluation score was OrganicLea. The evaluation has been subjected to an independent quality assurance review by the Procurement Team. Full details of the evaluation can be found in Appendix 1. But the key points are summarised in the table below.

<b>Organisation</b>	<b>Pro's</b>	<b>Con's</b>	<b>Score</b>
Friends of Wolves Lane	Less disruption to existing users of the site. Local community organisation. High level of rent	New organisation with no track record Expectation of high level of ongoing support from to maintain a number of key facilities on the site. Perpetuation of services the Council had agreed to cease.	44%
Greens & Glass	Supported by Mill Project Co. Innovative use of site and its features. Potential to create a number of jobs and apprenticeships. High level of rent.	New organisation with no track record Expectation that council would undertake a number of repairs on the site	68%
OrganicLea	Existing organisation with strong track record. No expectation that the Council would invest any money in the site. Track record of securing external funding	Low rent levels offered Existing service users would need to be transferred to other sites.	74%

- 7.6. Areas to be leased to OrganicLea can be found in Appendix 3 marked in green and blue. Part of the existing Wolves Lane site has been set aside for a potential new parks depot (shown in red). The use of this site as a parks depot is part of a wider options appraisal based on future service need. Part of the area marked in red may also be used to facilitate the potential partnerships with other bidders.

## **8. Other Bidders**

- 8.1. During the evaluation process it became apparent that there were synergies between the bidders and complimentary uses of the site were recognised. Whilst officers felt there was potential for bidders to work together there were also conflicting areas that needed to be addressed between the three parties.
- 8.2. During the evaluation process discussion and feedback with all three bidders indicated they were happy to consider developing partnering arrangements. Therefore, officers concluded it was appropriate for OrganicLea to engage with the other bidders to explore partnering arrangements which would allow elements of their bids to be included within the overall site offer.

## **9. Staffing Implications**

- 9.1. There are eight staff at WHLC directly employed by the Council. The May 2016 Cabinet report confirmed that all posts would be retained until April 2017.
- 9.2. The posts of Centre Manager and Nursery Team Leader will be retained post April 2017 to deliver a variety of landscape improvements including the production of the plants for the use within the landscape improvement schemes.
- 9.3. Prior to April 2017 the posts of Nursery Operative and Gardener will be transferred to the Parks Operational Team to provide further support to the Council's parks. This will support the reduction of the current financial subsidy.
- 9.4. As set out in the May 2016 Cabinet report the four remaining staff will be subject to the Council's redeployment/redundancy process as there is no continuation of current services offered by the Council.

## 10. **Financial considerations**

- 10.1. The proposals outlined in this report will from 2017/18 deliver the full £205,000 savings required by the MTFS.
- 10.2. The Council is required to ensure it obtains best consideration from the leasing of the site. Both Greens and Glass and FoWL are offering a five year rent of £54,000. However, whilst these two bids offer a level of income higher than that being offered by OrganicLea they also require additional investment or ongoing revenue expenditure from the Council that would reduce the level of income received by the Council.
- 10.3. The bid submitted by OrganicLea indicates that they would be prepared to take on the Wolves Lane site with no expectation of investment or ongoing liabilities from the Council. Therefore, the £19,300 rental income over five years would be received by the council. OrganicLea also identified in their bid how they planned to fund key infrastructure investments both in the short and medium term.
- 10.4. The bid submitted by Greens and Glass indicated that they would wish to discuss with the Council (post award) a level of investment into the site to address key issues identified within the Wolves Lane condition survey. The condition survey identifies a total of £230,000 worth of work to be undertaken. Any agreement to fund more than 15% of the backlog maintenance identified by the condition survey would eradicate any differential between the Greens and Glass bid and the OrganicLea bid.
- 10.5. The bid submitted by FoWL indicated that they would expect the Council to continue to maintain the palm house, desert area, rain forest area and the public toilets as an existing community space and asset with the friends carrying out day to day maintenance. Officers have calculated the ongoing liability of the Council. The expected costs would include utilities, cleaning, weekly safety/maintenance inspections, repairs and maintenance and would total circa £15,000 per annum. Over the five year period the Council would receive £54,000 worth of income and incur circa £75,000 worth of costs leading to an ongoing subsidy of £21,000 over five years. In addition the bid included an expectation to contribute to some of the condition survey works.

## 11. **Contribution to strategic outcomes**

- 11.1. The evaluation criteria for the expressions of interest sought to test the alignment of the bids against the strategic outcomes of the council. OrganicLea's bid was deemed to provide the strongest contribution to the strategic outcomes. Organic Lea scored 53% out of possible 60% on the quality of their bid. Their bid sort to:
- 11.2. Support children and young people in the borough by offering horticultural training opportunities to those young people not in education, employment or training (NEETs). Also by offering healthy eating and healthy food choice education.
- 11.3. Support adults in the pursuit of healthy and long fulfilling lives by offering opportunities to volunteer and be trained to produce organic vegetables that they could use for themselves or to use those skills to start their own business.
- 11.4. Support a clean and well maintained borough by producing food organically and by reducing food miles leading to less carbon emissions
- 11.5. Support employment of local people by giving them the skills to set up their own food growing business. Also by providing jobs within partner organisations.
- 11.6. Support the creation of a community food hub that would provide a unique local facility that people want to be involved in and see as making a positive contribution to Haringey being a great place to live and work.

## **12. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)**

### **12.1. Finance and Procurement**

- 12.1.1. The centre currently cost the Council £88,000 per annum in running costs which comprises £294k on staffing, £172k on other costs and income of £378k. Current estimates of capital investment needs are £230k but there is currently no provision for any investment in the site in the Council's 10-year capital programme.

An earlier cabinet decision was made in May 2016 to close the Wolves Lane Centre in March 2017 and to make some staff redundant and the cost of redundancy to be funded centrally.

Under the Council's current MTFs, the requirement is for saving of £205k to be made in 2016/17, which is made up of reducing the Centre's budget from £70k to zero in 2016/17 within the Commercial Services and the residual contribution from Adults Services (£100k)

would also cease in 2016/17. The contribution from Economic Development (£35k) would cease in 2017/18. The proposal to lease the site to the preferred body, OrganicLea would generate an income of £19,300pa over the 5 years with no additional revenue cost to the council. The income receivable is phased as follows year 1 and 2 would be £1800 £2500 respectively and then in years 3-5 £5,000 per year. The total rent expected in business plan would be £19,300 at the end of year 5.

The income to be generated is proposed for an alternative use to Wolves Lane which is not part of the MTFS savings.

There will be no staff TUPE'd to OrganicLea as part of the new arrangement. However, there will now be 1 voluntary redundancy and 4 compulsory redundancies of which the costs will be met corporately, at present we have no cost for this. The remaining staff will form part of the Parks Service or be subsumed within existing staff vacancies in Finsbury Park & Nursery.

## **12.2. Assistant Director of Corporate Governance**

12.2.1. The grant of a lease for a term of 25 years is a disposal for the purpose of section 123 of the Local Government Act 1972. The Council must therefore obtain best consideration otherwise the consent of the Secretary of State is required.

12.2.2. It is unlikely that any of the staff at WLHC employed by the Council will transfer to OrganicLea's employment under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") in the event that Cabinet agrees recommendation 3.1. Only those employees assigned to WLHC's growing plants and shrubs operation could potentially transfer to TUPE, as OrganicLea will not be running the school education and adults with disabilities learning services currently provided at WLHC. Apart from the Centre Manager, the employees assigned to WLHC's growing plants and shrubs operation will be permanently reassigned to the Parks service prior to the 31st March 2017. As they will not be assigned to the growing plants and shrubs operation as at 31st March 2017 they cannot TUPE transfer to OrganicLea. Although the Centre Manager will be working on that operation at that date, as part of winding down that operation, he could not be considered as assigned to that operation as against to WLHC as a whole. Accordingly he would also not TUPE transfer to OrganicLea.

## **12.3. Assistant Director Corporate Property & Major Projects**

12.3.3. In terms of satisfying the requirement for the council to achieve "best consideration" the offers from all three bidders has been reviewed. OrganicLea are an established company, satisfying all due diligence



tests as being a properly structured/funded company, they do not require the investment that the other companies, which are new entities, need and despite offering a lower level of initial rent – because there is an open market rent review in the 5th year, as well as providing additional non financial returns to the Council, I am satisfied that their offer represents best value.

#### **12.4. Equality**

12.4.1. The Council has a public sector equality duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment, victimization and any other conduct prohibited by or under the Act.
- Advance equality of opportunity between people who share a ‘relevant protected characteristic’ and persons who do not share it. ‘Relevant protected characteristic’ means the characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- Foster good relations between people who share a ‘relevant protected characteristic’ and persons who do not share it.

12.4.2. As a leaseholder of Wolves Lane Horticultural Centre, OrganicLea will be expected to demonstrate a strong commitment to fairness and equality in its site uses and employment practices and comply fully with duties under the Equality Act 2010.

12.4.3. The site is being leased on condition that the land is used for activities that benefit the local community. As part of their bid OrganicLea will provide horticultural volunteering and training opportunities, including work with the Council’s Pupil Referral Units. They are to promote healthy eating and affordable local food growing and distribution. The site will remain public facing and as a local community asset for all groups to enjoy.

#### **12.5. Procurement**

12.5.1. The evaluation process for technical and financial aspects of this contract has been satisfactorily carried out.

### **13. Use of appendices**

Appendix 1 – Evaluation report

Appendix 2 – PART B Community buildings heads of terms

Appendix 3 – Map of site

