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10 November 2021

To: All Members of the Corporate Committee

Dear Member,

Corporate Committee - Tuesday, 16th November, 2021

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

- 12. DECISION MAKING FOR THE ACQUISITION OF ALEXANDRA HOUSE
(PAGES 1 - 30)**

- 16. DECISION MAKING FOR THE ACQUISITION OF ALEXANDRA HOUSE
- EXEMPT (PAGES 31 - 52)**

Yours sincerely

Fiona Rae, Principal Committee Co-ordinator
Principal Committee Co-Ordinator

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LATE BUSINESS SHEET

Report Title: Agenda Item 12 &16 - Decision Making for the Acquisition of Alexandra House

Committee: Corporate Committee

Date: 16 November

Reason for lateness and reason for consideration

There was a need for additional consultation with Legal and Property services to enable the finalization of these reports.



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Report for: Corporate Committee – 16 November 2021

Item number: 12

Title: Decision Making for the Acquisition of Alexandra House
Report authorised by: Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision: Information**

1. Describe the issue under consideration

- 1.1 At the last meeting of the Corporate Committee on 9 September 2021, the Chair of the Corporate Committee referred to an action point on the Alexandra House purchase, which had been raised at its previous meeting in March 2021. The Chair advised that there would be an exempt part to the November Committee meeting to consider the Mazars audit report looking at the initial opportunity to acquire Alexandra House and the subsequent exempt part of the Cabinet report where the decision was made to acquire Alexandra House.
- 1.2 There is a need to note non-exempt Cabinet report entitled “Acquisition of the freehold interest in Alexandra House, Wood Green – Part A” which is attached to this paper at Appendix B; to understand the context and additional information in exempt papers which are appended in the exempt part of the agenda. It should also be noted that the redacted Mazars report has been made publicly available following a Freedom of Information request and is attached at appendix A.
- 1.3 The Committee will consider the exempt papers under its terms of reference, specifically the Council’s internal control environment and its governance arrangements. It is noted responsibility for scrutinising the decision of the Cabinet to purchase Alexandra House rests with the Overview and Scrutiny Committee; the role of this committee is to consider the process by which the decision was made.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

The Corporate Committee is recommended to:

- 3.1 Note the report and attached documents.
- 3.2 Note the improved internal control governance arrangements for dealing with property acquisition detailed in the Mazars report.

4. Reasons for decision

4.1 The Corporate Committee is responsible for monitoring the effectiveness of the Council's Internal Audit Strategy; policies on Anti-Fraud and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing risk.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report has been compiled from information held by Audit & Risk Management and the report presented to the Cabinet in February 2020.

7. Contribution to strategic outcomes

7.1 The Audit & Risk team makes a significant contribution through its internal audit work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Statutory Officers comments - Chief Finance Officer and Head of Legal & Governance (Monitoring Officer)

8.1 Finance and Procurement

There are no direct financial implications arising from this report.

8.2 Legal

The Head of Legal & Governance has been consulted in the preparation of this report, and makes the following comments.

It is important to highlight the Committee's relevant Terms of Reference pursuant to Part Three, Section B of the Council's Constitution as follows:

(d) the Committee has the following Audit functions:

(i) providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them;

(ii) Maintaining an overview of the Council's Local Code of Corporate Governance;

(iii) Monitoring the effectiveness of Council policies on "Whistleblowing" and Anti-Fraud and Corruption;

iv) Considering and recommending for adoption the Council's Annual Governance Statement;

(v) Approving the Annual Internal Audit Plan and the Strategic Audit Plan and arrangements for the provision of internal audit services to the Council and considering reports on internal audit activity;

(vi) Receiving the Annual Audit Plan and the Annual Audit Letter from the external auditor and making recommendations on the latter. Considering arrangements for the appointment of the external auditor;

- (vii) Commissioning work from the internal and external auditors and receiving reports from the Head of Audit & Risk Management on any matter; and
- (viii) Questioning officers and Cabinet members on matters relevant to audit and to financial and non-financial performance and making recommendations on these matters to Cabinet and full Council.
- (ix) The Head of Audit's Annual Report

Accordingly, any action which Members seek to take beyond accepting the terms of the Recommendation must fit within one of the categories above.

In addition, the Head of Legal & Governance endorses the accuracy of the comment made at paragraph 1.3 of the report in terms of the role to be played by this Committee, and that of Overview and Scrutiny Committee.

8.3 Equality

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

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- advance equality of opportunity between people who share those protected characteristics and people who do not.
- foster good relations between people who share those characteristics and people who do not.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

9. **Local Government (Access to Information) Act 1985**

Appendix A – Redacted Mazars report

Appendix B - Cabinet report on Acquisition of the freehold interest in Alexandra House, Wood Green – Part A presented on 11 February 2020.

Appendix C- Part B Cabinet report on Acquisition of the freehold interest in Alexandra House, Wood Green presented on 11 February 2020 - Exempt

10. **MAZARS REPORT**

- 10.1 Internal audit (Mazars) were commissioned to investigate and report on the process by which a decision was taken not to purchase Alexandra House, Wood Green, London N22 7TY. The purpose of this investigation was to examine the processes in place for considering the purchase of Alexandra House and whether Council policies and procedures were followed. The investigation did not consider nor give a view on whether Alexandra House should have been acquired or comment on its fair value.

- 10.2 The Corporate Committee received the internal audit findings at its meeting in March 2021 summarising the key points from the Mazars report. The Corporate Committee considered the findings as part of its terms of reference and requested a follow up into the purchase of Alexandra House. Following further discussions on Alexandra House at this and its subsequent committee meetings, the Committee is presented with the redacted Mazars report, attached at Appendix A.

11. CABINET DECISION

- 11.1 A report was presented to Cabinet on 11 February 2020 setting out the rationale for the acquisition of the freehold interest in Alexandra House, for use by the Council as office accommodation initially and then for longer term strategic purposes.
- 11.2 The report comprised two parts; A and B. Part A was non-exempt and discussed by Cabinet at its meeting in the open part of the agenda and is attached as Appendix B to this paper. The Cabinet also received an exempt report, Part B at the same meeting, which was not open to the public, this is attached at Appendix C in the exempt part of the agenda.
- 11.3 The Chair of the Overview and Scrutiny Committee received the exempt paper as there was a right to access this information as part of the requirements of the Access to information Rules set out in the Constitution at Part 4 section D paragraph 18.2 The key decision on The Acquisition of the Freehold interest in Alexandra House, Station Road, Wood Green was subject to call in and no call in of this decision was received.



Audit and Risk Management

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London N22 7TR
Tel: 020 8489 5973 Fax: N/A

Head of Audit and Risk Management [REDACTED]

BRIEFING NOTE
Opportunity to Purchase of Alexandra House

STRICTLY CONFIDENTIAL

1. Introduction

- 1.1 Internal audit (Mazars) were commissioned to investigate and report on the process by which a decision was taken not to purchase Alexandra House, Wood Green, London N22 7TY. Alexandra House is an administrative building located in Wood Green, which the Council leased from Workspace.
- 1.2 The purpose of this investigation was to examine the governance arrangements in place for considering the purchase of Alexandra House and whether Council policies and procedures were followed. As part of this investigation, internal audit examined reports and documents presented at the Corporate Property Board and the Strategic Property Board. The investigation did not consider nor give a view on whether Alexandra House should have been acquired or comment on its fair value.

2. Background

- 2.1 In September 2019, the Assistant Director – Capital Projects and Property (Interim) was made aware of a press article indicating Alexandra House had been sold by Workspace to the Ability Group. Separately, the Council received a planning application from the Ability Group, the new owners, to convert Alexandra House into flats. Upon looking into this, it became apparent Alexandra House had been sold to the Ability Group.
- 2.2 Prior to this investigation, management were tasked with investigating the possible breaches of the Council's rules and procedures. We have, in part, relied on the outcome of this management information to inform our own work. In addition, our approach as outlined below, has included interviews of key stakeholders.
- 2.3 Management confirmed that, in November 2018, an Agent representing an organisation called Workspace, contacted the Strategic Property Unit (SPU - lease section) to discuss the Council's lease as Workspace had received an offer for the building. Workspace asked if the Council was interested in buying Alexandra House. This enquiry was referred to, the then Assistant Director for Property & Economic Development before being shared with the Director Housing, Regeneration and Planning. Officers opened a dialogue with Workspace recognising the possibility Workspace's approach to the authority may have been a negotiation ploy to extract better financial value. In May 2019, Workspace was

informed the Council was not interested in purchasing Alexandra House. Neither the Chief Executive nor the Leader were aware of this decision. Appendix A provides a timeline around the opportunity to purchase Alexandra House.

- 2.4 The Chief Executive has asked for assurances that management in Property Services have taken appropriate action to ensure that there are effective processes and controls in place to ensure all property acquisitions are managed in accordance with robust governance processes. From our discussions with Assistant Director for Capital Projects and Property (interim), we understand the planned Property Governance Review is the mechanism to ensure appropriate controls and governance are embedded within the Council.

3. Methodology

- 3.1 To enable us to provide this requested assurance we have:

- Interview the Assistant Director – Capital Projects and Property (Interim) ; and
- Obtained evidence where available including minutes of Corporate Property Board (please refer to Appendix B for terms of reference) and the Strategic Property Board (please refer to Appendix C for terms of reference).

- 3.2 During her review, the AD Capital Projects and Property (interim) received access to all the former Director of Regeneration, Planning and Housing and the former Assistant Director Environment & Neighbourhoods' emails and diaries. The Director of Transformation & Resources, Director of Finance and former Director of Housing & Regeneration, all checked their emails and passed anything relevant to the AD Capital Projects and Property. Minutes and notes of meetings with Cllr Tucker and Cllr Adje plus agendas and minutes of Strategic Property Board and Capital Board were reviewed by the AD Capital Projects and Property. Officers involved provided information to the AD Capital Projects and Property (the Programme Director and the Property Consultant were involved in detail). The former AD for Property and Economic Development has written to the AD Capital Projects and Property with his explanation of what happened at the time. We have relied on the testimony of the Assistant Director in these areas.

4. Key Findings and Observations

- 4.1 From our review, we note the former Interim AD Property and Economic Development was open to the suggestion to purchase Alexandra House as:

- a) it could help deliver MTFS savings for Environment & Neighbourhoods (the budget for Alexandra House rental was part of this directorate). The Council leased Alexandra House from Workspace at an annual cost of £675,000 per annum; and
- b) it may support the accommodation strategy. We did not find any evidence of work done to consider this and found no formal consideration in any meeting of an outline or detailed business case to buy the building though there were some references as part of the accommodation strategy at the Strategic Property Board and the Corporate Property Board. It is noted the Council was developing its accommodation strategy, and at the time, the strategy was still in its infancy. Consequently, it is likely the future need for office accommodation was not fully understood, compromising the clarity of

any decision concerning Alexandra House specifically and the implication of this on other office accommodation such as River Park House more generally. It is understood any consideration of the purchase of a commercial property would be in the context of the CIPFA prudential borrowing conditions and at the time in CIPFA had raised the approach of Spelthorne Borough Council who had taken out loans to purchase commercial property. Concerns had been raised about this strategy by CIPFA and central government as it was felt that it was risking public money on commercial activities. Further guidance has now been issued by CIPFA. From our discussions with officers, one of the options that was considered to be available to the authority was the Council would continue to lease the use of Alexandra House from the new owner.

4.2 We have not been able to find any evidence of a formal assessment and business case setting out the opportunity to purchase Alexandra House prior to its sale to the Ability Group. From our enquiries, it is unclear where the opportunity to buy Alexandra House was presented and discussed with consideration of options formally. We noted the following:

- a) It appears the AD Property and Economic Development spoke to his Director of Housing, Regeneration and Planning at the time about the potential to buy. We did not find any evidence the Director (at the time) advised the Chief Executive or the Leader, though she took ownership of this issue.
- b) We have seen a one to one briefing dated 27 November 2018 which states "Major property purchase - Alex House, Next 1:1 agenda" raised with Councillor Tucker who was Cabinet member for property at the time but not at subsequent meetings. The then Director of Regeneration, Planning and Housing left the authority before any decision was made. The Director had sent on a briefing note to her successor the former Head of Regeneration and Director of Regeneration and Housing at the end of January 2019 when he became Director but he does not recall the opportunity to purchase Alexandra House and he had no involvement.
- c) the AD Property and Economic Development commissioned a review of the 2015 valuation of Alexandra House in January 2019. The review did not significantly raise the valuation, did not support a higher offer and no further analysis was done. In our view, it would have been advisable to commission a new valuation and to seek advice on whether the purchase could proceed on that basis, based on a thorough business case on the merits of acquiring the building, considering all options.
- d) The purchase of Alexandra House appears to have considered as a possibility of generating income and / or supporting the Council's wider accommodation strategy. We have seen two separate papers presented to the Strategic Property Board in December 2018. In the absence of a formal business case, these or other options do not appear to have been developed further and discussed at appropriate fora as part of a structured approach to aid decision making, which would include the Chief Executive and the Leader of the Council. Bearing in mind the significance of this purchase, the organisation was not collectively appraised of the business case (or otherwise) for evidence based and transparent decision making. The business case would have included the strategic, economic, commercial, financial and management case for considering the purchase.

5. Conclusions

- 5.1 The governance arrangement to manage acquisition of a significant property asset such as Alexandra House was weak. This led to an ad hoc and largely informal process being adopted and a failure to raise the matter at appropriate fora and with appropriate officers and members at the right time and in the correct way. There is also a lack of documented evidence as to who was involved and what decisions were taken by them. No evidence was available that the option had been presented within an established framework with a supporting business case nor had any decision been formally recorded in line with the approved scheme of delegation.
- 5.2 The failings noted include:
- Lack of documented governance framework leading to decisions being taken at an inappropriate level and a failure to consider all possible options;
 - No obvious forum for consideration of such matters in terms of reference;
 - Lack of formal reporting of options leading to formal decisions on progress;
 - Lack of clear delegation to determine who was the decision owner; and
 - Failure to formally record decisions and discussions.
- 5.3 It appears the conclusion not to progress the purchase of Alexandra House was taken by AD Property and Economic Development though the audit trail around this position is weak. It is unclear what the governance framework for this position was at the time and the trail of records of meetings and referrals is lacking in key areas.
- 5.4 There is no record of this purchase ever being raised at Corporate Board. We believe a formal business case could have considered other options. The Strategic Property Unit were aware of the matter and should have advised potential alternative options for the building apart from office accommodation and ensure this is fully captured.
- 5.5 The matter should ideally have been written into an options report for Director level consideration at either Capital Board (please refer to Appendix B for terms of reference), Corporate Board or a relevant Priority Board.
- 5.6 From our review, we understand there was a verbal instruction issued to an officer within the Strategic Property Unit by the AD Property and Economic Development to inform Workspace the Council would not be putting in an offer. This was in May 2019.
- 5.7 We are of the opinion changes in key staff during the process have led to a lack clarity on decision making and responsibility.
- 5.8 We are aware officers have improved arrangements for dealing with property acquisition including:
- Acquisitions and disposals policy agreed by Cabinet as part of the Asset Management Plan February 2020 with an update scheduled for February 2021 including transparency about principles and tests applied to any acquisition proposal;
 - Review of Governance has taken place with principles of a corporate property approach agreed at Statutory Functions Board;
 - Changes to the senior reporting arrangements which cover acquisitions (Capital Board) to be considered by Corporate Board 28/1/2021;

- Improved formalised communications with Cabinet Lead Member and Leader about property matters through Property 1-1 and Strategic Property Board, including possible acquisitions including those which are not recommended, with appropriate officer clearance in place and minuted;
- Development tracker held in SPU as a central register of all possible or agreed acquisitions in one place; and
- Officer procedures for acquisitions and disposals proposals have been reviewed and improved.

Internal Audit will review the arrangements as part of its internal audit plan for 2021/22.



Mazars - Senior Internal Audit Manager

January 2021

Appendix A

Timeline as per AD Capital Projects and Property

We discussed the events with the AD Property and Major Projects and obtained the following information for the acquisition of Alexandra House. We have added to this timeline in November and December 2018 (as set out below).

Summer 2018

The Council was informed that the previous valuation (2015) reviewed and updated figure of c£10m arrived at, based on deduction of rent paid since that time. Discussions started, internally and then with Workspace, linking Chocolate Factory deal.

Discussions had been taking place with Workspace with Regeneration (and advised by Strategic Property Unit) in Summer 2018 around the Chocolate Factory aspiration to take forward the proposed development scheme on their site. There is no reference /link with Alexandra House at this point.

Workspace view at that stage was that they were looking at a conversion for workspace units at Alexandra House which would have been acceptable from a Regeneration or Planning perspective at the time, so whilst there were discussions about a possible land swap as an option this was not a driving force.

November 2018

The SPU (lease section) was contacted by an agent representing Workspace separately from any discussion with Regeneration to discuss the Council's lease, as Workspace had an offer to sell. The agent asked if the Council was interested in buying. This was referred to Head of Property, AD Property & Economic Development and Director Housing Regeneration and Property and work started to explore this land swap for Alexandra House. We did not find any papers setting out a business case for this review.

December 2018

Strategic Property Board - There is reference in the minutes to briefing with the Leader on Accommodation Strategy to be held that day and verbal update to go to January Strategic Property Board. There are also discussions about income generation / Capital Budget / MTFs. The minutes show that under the heading "Strategic Property Review – income generation" the AD Property and Economic Development refers to leases being paid to third parties (e.g. workspace), negotiations currently taking place to resolve. The Board received a paper on Commercial Property Portfolio – Capital Programme Proposals, which states Alexandra House Acquisition is not currently in the Capital Programme proposals.

This is part of a discussion with Workspace and would be a joint business case setting out both operational and property income generation benefits of an acquisition of the property. Current estimates are between £10m and £14m. The Board also received a paper on Commercial Property Portfolio – Income Generation, which refers to there being additional ideas now being considered include the acquisition of leased properties – including Alex House (£675,000 pa rent paid by the Council).

There is a Cabinet Member 1-1 (Cllr Tucker) and a note of Alexandra House possible acquisition. There is no detail in the minutes and nothing further noted in subsequent meetings.

January 2019

There is a meeting with Workspace on 15th January 2019. Workspace indicated they would sell Alexandra House to the Council for £14.5m, the Council has a 2015 valuation of £10m. Work followed to review valuations and do an appraisal to see if a figure close to that suggested by Workspace could be achieved. We did not find any papers of this would be reviewed.

At the Strategic Property Board, the Accommodation Strategy is on the agenda. The meeting focuses on Council owned sites in Wood Green and heading towards decision on location of new council offices.

February 2019

There are two 1-1 meetings with Cllr Tucker to discuss a draft Cabinet report, these make no reference to possible opportunity to acquire Alexandra House.

Officer email references the need to resolve matters with Workspace to enable acquisition of Alexandra House to make the required revenue savings and reference to needing to brief Cllrs Tucker and Adje in context of Workspace / Wood Green. There is reference to needing a decision. We did not find any evidence this was taken forward.

Further officer email ref: linked to MTFS - Alexandra House possible acquisition helping with the MTFS shortfall and referencing positive work with Workspace about a possible acquisition and this could be presented to members as part of the accommodation strategy.

Officers noted based on valuation obtained, it was very difficult to justify a cost of £14.5m for Alexandra House. Best figure at 0% affordable housing at that point was c£10.75m.

The Accommodation Strategy was on the agenda for Strategic Property Board. There is no reference in minute to acquisition of Alexandra House. The paper was the draft of the Cabinet paper on the accommodation strategy going to Cabinet.

March 2019

There is further discussion with Workspace to consider options to buy Alexandra House.

There are two property 1-1 Meetings with Cllr Tucker, there is no reference to the purchase of Alexandra House.

April 2019

There are property 1-1 meetings with Cllr Tucker, there is no reference to purchase of Alexandra House in agenda and April focus was Industrial estates visits.

There is a Wood Green Sites officer meeting to prepare for Cabinet report. The focus is on Council owned sites.

At the Corporate Property Board, there is reference to Alexandra House in the context of the MTFs, but not to opportunity to acquire Alexandra House.

May 2019

At the first of the two Strategic Property Unit, email reference to acquisition as a live option alongside extension of lease or lease termination.

Later that month, an officer in the Strategic Property Unit team advised decision taken not to pursue a business case to acquire Alexandra House and to advise Workspace accordingly. The officer confirmed he was asked to notify Workspace by the AD Property and Economic Development.

At the later date in the month, the Corporate Property Board convenes. There is a presentation prepared with reference to Alexandra House. The minutes state "The council is not buying Alexandra House because Workspace would use the space more effectively....". The presentation was in relation to accommodation moves in order to empty Alexandra House at lease end but includes a slide on the options to acquire, terminate or extend the lease, though at this stage, a decision had been made already not to purchase Alexandra House. Specifically, the presentation from the AD Property and Economic Development highlights the three options considered; acquisition, lease extension and lease termination. For lease acquisition, the presentation states: the council could acquire the freehold of the building. However, there is no business case to do so at this stage. A figure of £13m+ has been quoted for the freehold interest by Workspace.

September 2019

Press coverage about sale for £15.5m to The Ability Group.

Appendix B

Capital Board and Corporate Property Board Terms of Reference

1. Introduction

- 1.1. This document sets out our ambition relating to the structure and governance for the function and operation of a Capital Strategy and Delivery Commissioning Board, known from now on as a Capital Board (CB) – and a Corporate Property Board (CPB).

2. The Capital commissioning approach

- 2.1. Commissioning with any capital element including feasibility studies funded from revenue budgets must be approved by the Capital Board in order to achieve a strategic overview of capital delivery, related financial forecasting/spend and efficient use of the asset base.

A Draft Capital Board Terms of Reference

The function of the Capital Board is, at officer advisory level, to:

1. Provide the strategic direction in relation to the 30-year General Fund and HRA Capital Strategy to ensure they reflect the Borough Plan.
2. Consider the 10 year Capital Strategy and refreshes and make recommendations to Corporate Board and Cabinet about programme changes /major delivery issues.
3. Maintain a strategic overview of Capital Strategy performance in terms of constraints, risks, benefits realisation, VFM, affordability and benchmarking.
4. Maintain a strategic overview of capital resources to ensure optimal use to support the capital strategy including overview of the capital receipts programme; major disposals and acquisitions; capital grants and other contributions such as CIL, s106, s278.
5. Horizon scan to ensure that future capital investment programmes are planned and resourced accordingly.
6. Consider and recommend the Asset Management Strategy, which will incorporate major service based initiatives which involve acquisitions, disposals, rationalisation, dispute resolution, surplus declarations, and capital investment including invest to save proposals.
7. Drive the strategy for property based saving and investment which support the MTFs, including targets and spend to save.
8. Assessment of business cases and oversight of the delivery of major property change projects.
9. Maintain oversight of the Council's approach to One Public Estate, and to agree collaborations with other public agencies around use of assets.
10. Ensure that all Priority Board proposed schemes and asset management plans are in alignment with Council objectives and the Council's Capital Strategy. To ensure that schemes are sufficiently scoped and considered at Priority Boards.
11. Maintain a high level overview programmed repairs and maintenance budgets to ensure provision is adequate to deal with condition, safety and lifecycle investment.
12. Ensure that property information, condition surveys and property data systems are fit for purpose to support strategic decision making about the councils property assets.
13. Consider priority board business cases and feasibility study proposals for major capital investment in a single project or at programme level, as necessary.

14. Receive gateway reviews of major projects to approve before proceeding to the next stage.
15. Act as the escalation point for significant variations /overspends or of risks around budget overspends or delivery delays.

B Draft Corporate Property Board Terms of Reference

The function of the Corporate Property Board is, at officer advisory level, to:

1. Consider priority board monitoring reports on the delivery of capital projects and programmes;
2. Consider reports on the Council's asset base to include potential major disposals;
3. Maintain oversight of the Community Asset Transfer policy;
4. Guide decision making in relation to the detailed annual Repairs & Maintenance programme and condition/feasibility survey programme;
5. Develop asset management guides for services;
6. Manage the property data systems and condition survey programme;
7. Performance manage the Facilities Management and Repairs & Maintenance programme
8. Take decisions (or recommendations) on change of use of minor council assets, re-use of assets, acquisition and disposal of minor land and property assets;
9. Take decisions (or recommendations on) Community Asset Transfer proposals;
10. Take decisions (or recommendations on) proposed registration of Assets of Community Value
11. Take decisions (or recommendations) about commercial and leased-in property;
12. Take decisions (or recommendations) in relation to the commercial portfolio and leased-in property;
13. Manage performance data monitoring;
14. Consider monitoring reports from Assistant Director Planning and Assistant Director Capital Finance on:
 - CIL;
 - S106;
 - S278;
 - Capital grants; and
 - Capital receipts

C Membership

The proposed core membership of the Capital Board reflects the current arrangement, which works well, but changes it to make quorum more achievable by adding in one additional member, with quorum being 4/7 rather than 4/6 as at present, and having a minimum number of directors at 2 in the quorum. For discussion is the additional member:

CAPITAL BOARD

Name	Title	Role
	Director of Housing, Regeneration and Planning	Chair
	Director of Customers, Transformation and Resources	Member
	Director of Environment & Neighbourhoods	Member
	Chief Finance Officer	Member
	Assistant Director, Commissioning	Member
	Assistant Director, Planning	Member
	Assistant Director, Schools and Learning	Member
	Interim Head – Capital and Projects	
	Strategic Lead – Capital Delivery	
	Head of Organisational Resilience	
	Head of Major Project Delivery	

It was agreed that some overlapping membership would be important, especially initially, but more discussion would be useful to confirm the membership of the Corporate Property Board. Two directors have been included, Director of Customers, Transformation and Resources as Chair, plus the Director of Environment & Neighbourhoods given the operational nature proposed for this board. Only one director needs to be present to form the quorum though, with a proposed 3/5 quorum. On this basis, for discussion, membership could be:

CORPORATE PROPERTY BOARD

Name	Title	Role
	Director of Customers, Transformation and Resources	Chair
	Director of Environment & Neighbourhoods	Member
	Assistant Director, Property	Member
	Assistant Director, Customer Services	Member
	Assistant Director, Commissioning	Member
	Strategic Lead Capital Delivery	Member
	Head of Strategic Property	
	Head of Organisational Resilience	
	Interim Head – Capital and Projects	
	Head of Construction Related Project Delivery	

Appendix C - Strategic Property Board Terms of Reference

Membership:

Leader of the Council

Cabinet Member for Corporate Resources & Insourcing

Cabinet Member for Finance

Cabinet Member for Strategic Regeneration

Cabinet Member for Communities, Safety & Engagement

Officers:

Chief Executive

Director Housing, Regeneration & Planning

Deputy Chief Executive, Customers & Transformation

Chief Finance Officer

Assistant Director, Economic Development & Growth (Strategic Property)

Assistant Director, Corporate Resilience (Corporate Landlord)

Assistant Director, Commissioning, Adults & Health

Remit:

1. CAB Strategic Property Board is an informal group of Cabinet Members, being a sub-group of CAB and as such shall report to CAB on key recommendations and discussions.
2. The group shall review strategic issues relevant to the Council's ownership, acquisition/ leasing, management, allocation and disposal of land and property assets, asset management and budget allocations to property, whether held corporately or within policy portfolios and departmental functions. The group shall consider how land and property assets should best be used to serve the Borough Plan and policy objectives agreed by the Council.
3. Other issues, such as finance and policy commitments, which may have a direct impact on the ownership, acquisition/leasing, management, allocation and disposal, deployment and disposal of major land and property assets will also from time-to-time be discussed at the group.
4. The group shall consider issues it believes are relevant to strategic discussions of sub-groups of CAB such as those affecting the annual budget setting process.

5. The group shall therefore consider strategic issues, such as the Council's accommodation strategy/operational requirement for property, commercial property, operational asset management, the acquisitions and disposals programme, community buildings, the taking of leases and other interests in third party property etc.

Governance

6. The group will normally meet quarterly - or at any time in between quarterly meetings should it be necessary - at dates and times agreed by the Leader in consultation with the Cabinet Member for Corporate Resources & Insourcing.

7. The agendas and papers will be drawn up by officers in consultation with the Leader in consultation with the Cabinet Member for Resources and Insourcing. Key actions recommended by the meeting will be taken for use in reporting to CAB.

8. The group is an informal strategic group of CAB and shall not report to Cabinet or any Council Committee. As a strategic group, the group shall not take votes or make decisions on matters of policy or the deployment of resources.

9. Any major policy recommendations or proposed resource allocations relating to land and property discussed at the Strategic Property Board will be referred onward to CAB and subsequently at Cabinet or formally constituted committees of the Council with the relevant authorities to made decisions.

Report for: Cabinet 11th February 2020

Title: Acquisition of the freehold interest in Alexandra House, Wood Green – Part A

Report authorised by: Dan Hawthorn, Director Housing Regeneration and Planning

Lead Officer: Christine Addison, Assistant Director Major Projects and Property (Interim)

Ward(s) affected: Woodside

**Report for Key/
Non-Key Decision:** Key

1. Describe the issue under consideration

- 1.1. This report sets out the rationale for the acquisition of the freehold interest in Alexandra House, Wood Green for use by the Council as office accommodation for an initial period (c7 years) and for longer term strategic purposes.
- 1.2. There is an opportunity for the Council to step in to acquire the freehold from the current purchaser, which would enable the Council to use the building as office accommodation in the medium term or longer if required, plus also control its future use alongside other development plans for the Wood Green area in due course.
- 1.3. The Council holds the lease of this building until February 2021 and it is in use as office space. The Council had planned to vacate the building at the end of the lease. However, the Council is now in need of additional office space temporarily and over the medium term and the acquisition of Alexandra House represents the best available means of meeting this need. In addition, there is a strong strategic case to acquire the property, given its central position in Wood Green and the Council's adjacent ownerships. Owning Alexandra House would enable the Council to control any future development along Station Road.
- 1.4. The freeholder of Alexandra House has exchanged contracts for the sale of the property. If the acquisition by the Council does not proceed, the current purchaser intends to use permitted development rights to establish 200+ studio apartments for rent.

2. Cabinet Member Introduction

- 2.1. The Council's accommodation needs have changed in the last twelve months and the Council's strategic ambition for Wood Green has evolved meaning that Alexandra House now has greater importance to us than before.
- 2.2. There has always been a strategic case for acquisition to support the redevelopment of the area along the axis of River Park Road/ Station Road but the separate ownership of Alexandra House presented significantly lower risk to this long term vision when Alexandra House was owned by Workspace whose stated intention for Alexandra House was for it to remain as employment space. Now that the alternative is residential development of a nature we would not support for strategic reasons, there is a much stronger argument for acquisition on both operational and strategic land use bases.
- 2.3. In considering whether to acquire, we need to base a decision on operational and strategic reasons supported by an assessment of the cost implications. Officers have looked at several aspects of this including considering the costs the Council would face if the building was not acquired.

3. Recommendations

- 3.1. Cabinet are recommended to agree to:
 - a) The acquisition of the freehold interest in Alexandra House, 10 Station Road (as outlined red in the plan in Appendix A) on terms set out in Part B.
 - b) This is set out in exempt part of the report
 - c) Give delegated authority to the Director of Housing, Regeneration and Planning after consultation with the Lead Member for Finance and Strategic Regeneration to approve the final Heads of Terms and all other documentations required to give effect to the acquisition.
 - d) This is set out in exempt part of the report
 - e) This is set out in exempt part of the report
 - f) This is set out in exempt part of the report

4. Reasons for decision

- 4.1. The Council has the opportunity to acquire the freehold of Alexandra House, currently in use as office space by the Council under a business lease that is due to expire in mid- February 2021. The reason for the acquisition is in the first instance operational, to provide the Council with flexible office accommodation over the coming years whilst the medium-term accommodation strategy is approved and implemented, and in the short term to manage decant and works to River Park House.

- 4.2. A number of reports and studies undertaken in the last six months about the Council's current office accommodation have shown that the Council has a greater requirement for office accommodation in the short and medium term than previously understood, supporting the need to retain Alexandra House for operational reasons. The property is currently under contract to be sold and the new purchaser has indicated that they would oppose a new lease should the Council request one once the existing lease expires in February 2021.
- 4.3. The current purchaser has lodged an application for permitted development rights to develop Alexandra House as residential units (studio flats).
- 4.4. The acquisition is also being recommended for strategic reasons, to consolidate the Council's land holdings in the area and promote its ability to deliver long term redevelopment of the Station Road corridor, and to take control of the future development of this site, along with other Council sites, so that it can support the Council's vision for this area as expressed in its Borough Plan and other plans about the Wood Green area.
- 4.5. The recommendation is that the Council now, in agreement with the current purchaser, step in to acquire Alexandra House on the basis of completing the transaction during March and based on the structure set out in the Heads of Terms in Part B of this report.

5. Alternative options considered

- 5.1. The alternative option is not to buy the freehold interest in Alexandra House. The consequence of this would be that the Council would need to vacate the building if the Council failed in its application for a new lease with a risk now that there would be insufficient temporary accommodation available to facilitate that on time due to recently identified works being required at River Park House.
- 5.2. The need for additional accommodation for staff could potentially be met in other ways. These alternatives are described in detail in the background section and have been considered both in terms of the risks to business continuity and in terms of cost in comparison with the recommended option.
- 5.3. A further possible consequence is that the scheme proposed in the permitted development application might succeed and this would affect the longer term development of this area. The scheme proposed at present would, if implemented, retain Alexandra House for that purpose over a period of c25 years, with future redevelopment only coming forward should demand for this type of accommodation drop making alternative development an option.
- 5.4. An options appraisal has been carried out. The appraisal includes the costs the Council would face if it decided not to buy Alexandra House. Given the Council's requirements and the analysis of the options, the recommended option is to acquire.

6. Background information

- 6.1. The Council is a major landowner and controls some of the most strategic sites in Wood Green including its current office accommodation at River Park House which will become surplus to requirements when new council accommodation is complete. Once a decision has been taken about the preferred option for the new council accommodation, the project will take some seven years to deliver.
- 6.2. Set out in the exempt part of the report
- 6.3. The Council occupies Alexandra House under a business lease which is due to expire in mid-February 2021. The current rental is £675,000 per annum. The building contains 54,465 sqft of office space with ancillary parking.
- 6.4. The Council has been preparing to vacate Alexandra House in February 2021, and a decant programme is being put in place to accommodate the desks within the remaining estate.
- 6.5. The Council lease will not terminate automatically at the end of the contractual term of the lease in February 2021 because the Council has some protection under the Landlord and Tenant Act 1954. The Council will have the statutory right to a lease renewal at the end of the contractual term under the Act although the freeholder can oppose this on the ground of redevelopment (Ground(f)). This states that the landlord can oppose a lease renewal if on the termination of the current tenancy the landlord intends to demolish or reconstruct the premises or a substantial part of those premises or to carry out substantial work of construction and he could not reasonably do so without obtaining possession of the premises
- 6.6. Set out in the exempt part of the report
- 6.7. The current purchaser has made a permitted development application to refurbish and remodel the building into over 200 residential studio units once the Council's lease has expired. The first application was refused by the Council and the current purchaser has recently submitted a revised application.
- 6.8. Set out in the exempt part of the report
- 6.9. The terms and the structure of the disposal under which the current purchaser is prepared to sell is as set out in the Heads of Terms attached to Part B as Appendix B).
- 6.10. In considering whether to recommend acquisition of the property, an option appraisal has been carried out and included in the business case for the acquisition. This is summarised below.

Options appraisal

6.11. There are two main elements to the Council's case to acquire. These are operational and strategic. The details of this appraisal are included in the exempt Appendix B.: -

Paragraphs 6.11 – 6.26 are in the exempt part of the report

Strategic reasons to acquire Alexandra House

Paragraphs 6.27 and 6.28 are in the exempt part of the report

6.29. The Intend to Publish London Plan (2020) identifies Wood Green as an Opportunity Area and one of 14 Metropolitan town centres. The plan sets out the aim of creating a revitalised employment-led Metropolitan town centre. The area benefits from good public transport connections and capacity, which gives Wood Green potential for future growth in employment and service provision to serve the central portion of north London.

6.30. Wood Green is also a Growth Area in The Local Plan: Strategic Policies (2013). The adopted Site Allocation DPD allocates several sites for redevelopment. The Wood Green Area Action Plan (AAP) will set out a framework for building on the existing policy context and delivering additional new jobs and new homes in Wood Green, which would benefit the communities of Haringey.

6.31. The Borough Plan 2019 – 2023 sets out an objective to make sure that investment and development in the borough has the interests of Haringey's communities at its heart delivering quality homes, a range of jobs and the physical and social infrastructure that our communities need.

6.32. The Council has land interests in 15 of the 28 Site Allocations in the draft AAP. The Council has a clear role to play in meeting the ambitions for Wood Green which are set out in the London Plan, Local Plan and Borough Plan.

Station Road Sites

6.33. Unlike much of Wood Green, the Station Road sites are not constrained by the viewing corridor of Alexandra Palace which limits height in much of Wood Green to eight stories and 14 stories in specific locations. This potential scale of development and the proximity to Wood Green Underground Station means that sites on Station Road will attract significant investment.

6.34. The comprehensive redevelopment of Station Road sites can play a key role in revitalising the town centre, delivering a range of homes and jobs. As the Council is the major landowner this represents an opportunity to invest and create a long-term sustainable income through business rates.

6.35. The Council is developing a feasibility stage masterplan which includes all sites along Station Road. Phasing and timing of development is not known at this stage and the masterplan will be designed so that individual phases can come forward independently of each other.

Alexandra House

6.36. The Council owns the land on either side of Alexandra House and its acquisition would provide overall control for the redevelopment of all the land between Station Road and River Park Road. The Council could bring forward a substantial development which would deliver a range of benefits in line with the London Plan, Local Plan and Borough Plan. The redevelopment of the site will deliver significant value in terms of development value and revenue income.

Paragraphs 6.37 – 6.39 are in the exempt part of the report

6.40. Finally, the ground floor of Alexandra House, like River Park House has no active frontage to Station Road and offers no contribution to the town centre vitality, there will be no prospect of this improving if Alexandra House is not acquired by the Council.

Financial Analysis

Paragraphs 6.41 – 6.48 are in the exempt part of the report

Summary

6.49. To summarise: acquiring Alexandra House represents the best operational outcome for the Council in meeting short- and medium-term council accommodation needs. This option has the least risks in delivery terms and has the best outcome in terms of business continuity.

6.50. The strategic case for acquisition is stronger than it has ever been in the past as the alternative which the Council is now facing would impact the council as landowner and its ability to deliver its vision for Wood Green.

6.51. The acquisition is supported by the financial case which shows that the acquisition of Alexandra house offers the lowest net operational cost to the Council.

7. Contribution to strategic outcomes

7.1. Outcome 3: We will work together to drive up the quality of housing for everyone

7.2. Outcome 16: Regeneration with social and economic renewal at its heart, focused on Tottenham and Wood Green

7.3. Outcome 20: We will be a council that uses its resources in a sustainable way to prioritise the needs of the most vulnerable residents

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

Finance

Paragraphs 8.1 – 8.21 are in the exempt part of the report

Procurement

8.22. The Corporate Procurement Unit notes the recommendations in this report and that there is no input from procurement required.

Legal

Paragraphs 8.23 – 8.30 are in the exempt part of the report

Equality

8.31. The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.32. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty

8.33. The proposed decision is to agree to the acquisition of the freehold interest in Alexandra House. The medium-term, operational objective of the proposal is to ensure that Haringey Council has sufficient flexible accommodation for staff. The longer-term strategic objective is to consolidate the Council's ownership over the area in order to be able to deliver long term redevelopment of the Station Road corridor. Furthermore, the proposed decision prevents what the Council considers to be undesirable permitted development residential units which do not support the Borough Plan vision.

8.34. The group primarily affected by the proposed decision will be Haringey Council staff. The Corporate Employee Profile for December 2019 states that a majority (53%) of Council staff are BAME; 65% are women; and 7% have disabilities, though this figure is likely to be an underestimate due to incomplete reporting.

8.35. The proposed decision represents a measure to ensure that there continue to be suitable working conditions for Council staff. It is notable that Alexandra House and is accessible for members of staff with disabilities, whereas alternative options of temporary accommodation are not free from risk in terms of ensuring accessibility for members of staff with disabilities. The decision to acquire Alexandra House therefore represents a step to advance equality of opportunity by meeting the accessibility needs of people who share the protected characteristics.

7. Use of Appendices

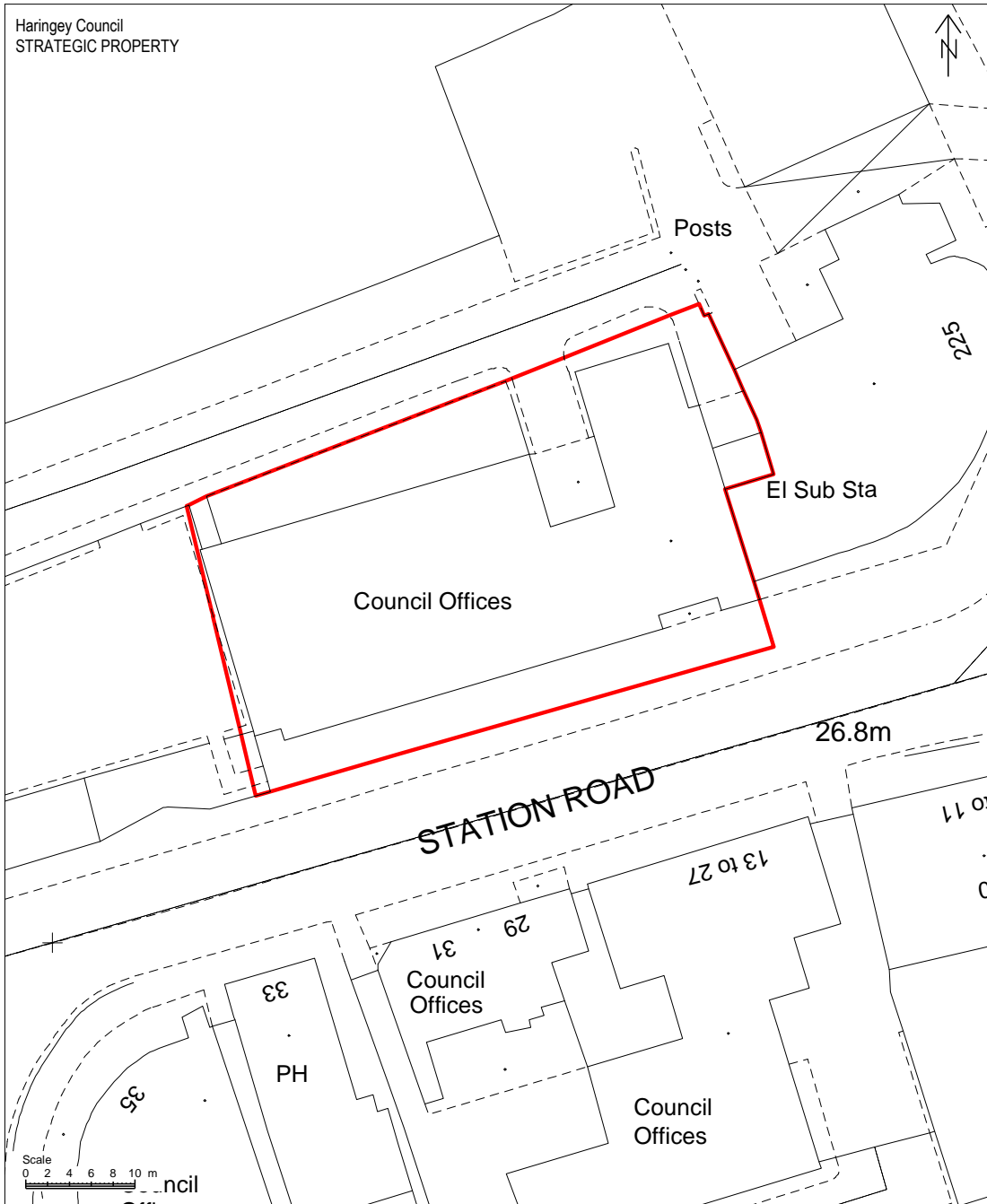
Appendix A – Plan of Alexandra House

Appendix B – Heads of Terms (in the exempt part of the report only)

8. Local Government (Access to Information) Act 1985

- a. Intend to Publish London Plan (2020)
<https://www.london.gov.uk/what-we-do/planning/london-plan>
- b. The Local Plan: Strategic Policies (2013)
<https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-development-framework>
- c. Draft Wood Green Area Action Plan
<https://www.haringey.gov.uk/planning-and-building-control/planning/planning-policy/local-plan/wood-green-area-action-plan>
- d. Haringey Borough Plan 2019 – 2023
<https://www.haringey.gov.uk/local-democracy/policies-and-strategies/borough-plan>

Appendix A – Plan of Alexandra House



ALEXANDRA HOUSE,
10 STATION ROAD,
LONDON
N22 7TR

Red Line - Site boundary

Title No: EGL290309

Overlay : Hss - Misc

Scale 1:500

Plan produced by Sean Purcell on 23/01/2020

Drawing No. BVES A4 2969

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of the Local Government Act 1972.

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