Haringey Council

Agenda item:

[No.]

CABINET	On 17th November 2009

Report Title: **NDC Succession Arrangements**	
Report of: **Niall Bolger** Signed :	
Contact Officer : **Geoffrey Ocen**	
Wards(s) affected: **Seven Sisters, St Ann's and Tottenham Green**	Report for: **Key Decision**

1. Purpose of the report (That is, the decision required)

1.1. To comply with the legal requirement for approval to be sought for the NDC succession & legacy arrangements to ensure that the successful outcomes are sustained beyond the end of the programme in 2011 in line with Government requirements.

1.2. To introduce the Bridge New Deal for Communities (NDC) Succession and legacy arrangements beyond March 2011 which includes the setting up of a company limited by guarantee with charitable status as a successor body.

1.3. To request Cabinet to approve proposals for Asset/Funding support for the Bridge Renewal Trust.

1.4. To request Cabinet to approve the NDC succession arrangements ahead of the required submission to the Department of Communities and Local Government by 27th November 2009 (a later date by special permission from Government Office for London).

2. Introduction by Cabinet Member (if necessary)

2.1. Incorporated into the body of the report.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1. The NDC succession and legacy arrangements involves mainstreaming and joining up of local services, Neighbourhood Plan for the Seven Sisters area and setting up of successor vehicle. All these sub-strategies are designed to sustain improvements and add value across the Council's Plan priorities including health, social care, sports and leisure; education, employment and enterprise and crime, environmental and physical improvements.

3.2. The Bridge NDC is represented on the Haringey Strategic Partnership and a number of its second tier structures. This is important in the context of the NDC's succession and legacy work as the Partnership continues to mainstream its projects and lessons learnt. The NDC has carefully contextualised its succession arrangements within the local delivery landscape in Haringey by aligning the succession strategies and outcomes with those of Haringey Strategic Partnership, Local Area Agreement (LAA), other key strategic and delivery partners and other local priorities.

3.3. The NDC succession and legacy plans provide a detailed framework and guidelines for sustaining socio-economic and physical improvements in and around the NDC area. This will support the Council's delivery of the Community Strategy, emerging Local Development Framework, Safer Communities Plan, Regeneration Strategy and Greenest Borough Strategy.

4. Recommendations

4.1. That Cabinet Members approve the Bridge NDC succession & legacy arrangements as set out in paragraph 7.4 to ensure that the successful outcomes are sustained beyond the end of the programme in 2011 in line with Government requirements. The new entity is to be called The Bridge Renewal Trust ("the Trust").

4.2. That Cabinet Members note that the succession and legacy arrangements will be subject to approval by the Department for Communities and Local Government (CLG) and Government Office for London (GOL) before any clawback on the NDC grants is removed.

4.3. That Cabinet Members approve the assignment of the Council's Sub Underlease of part of the Laurels Healthy Living Centre to the Trust as detailed in paragraph 7.3.3.

4.4. That Cabinet Members:

4.4.1 Approve the payment of the annual rent received under the Underlease currently equivalent to £285k annual rent to, the Trust for a period of 10 years as detailed in paragraph 7.3.6. This rental income from the Laurels Healthy Living Centre may go up or down as it is subject to 5 yearly rent reviews and will be used by the Trust to meet the rent, proportional maintenance costs, insurance and service charges and other charges under the Sub Underlease. The remainder of the rental income will provide core funding for the successor body and ensure it develops into a viable and sustainable charitable organisation.

4.4.2 Agree a one-off grant funding from the unspent Laurels income to the Trust SUBJECT TO CLG approval of the NDC succession strategies and provision of a robust and viable business plan for the successor body.

4.5 That Cabinet Members

4.5.1 Agree that any future repayments of the £1.5m (plus any interest) interim Gap Funding paid back under the Development Agreement dated 2nd August 2007 for the Wards Corner redevelopment is ring fenced in a special Council escrow account and used to address housing needs in the NDC area. The Council will ensure that both The Trust and CLG are consulted on the use of the funds;

4.5.2 Members are also asked to agree that any future repayments arising out of the Wards Corner overage arrangements are ring fenced in the Council escrow account and used to address housing needs in the NDC area.

4.6 In line with Government requirements, Cabinet Members are requested to provide Council's assurance that all the assets funded wholly or substantially through NDC grant including the Laurels Healthy Living Centre, Triangle Children's Centre and St Ann's Library Hall which are owned by the Council will continue to be used to benefit NDC area residents into the long term.

4.7 That Cabinet Members note that the Council has been invited to nominate two representatives to serve as Trustees on the Board of the Trust.

4.8 That Cabinet Members agree:

4.8.1 To the Council entering into a Funding Agreement with the Bridge Renewal Trust to give effect to recommendations in 4.4.1 and 4.4.2.

4.8.2 To delegate to the Director of Urban Environment and the Leader of the Council the sign off of the final Funding Agreement between the Council and the Trust.

5. Reason for recommendation(s)

5.1. The NDC succession strategy will only be effective if it has the committed support of Haringey Council as the Accountable Body and main delivery partner for the Bridge NDC programme.

5.2. It is a legal requirement for approval of the strategy to be sought from the Council otherwise clawback may not be removed by the Government.

6. Other options considered

6.1. Haringey Council is in a unique position as the Accountable Body for the Bridge NDC programme and therefore the endorsement sought in this report is not relevant of other agencies.

6.2. Transfer of 125 year lease of the Laurels Healthy Living Centre from the Council to the NDC successor body was considered but not taken forward since the successor body is as yet untested and it is too early for the Council to realistically assess its capacity to successfully own and manage the asset.

7. Report

7.1 **Strategic and Legislative Context**: Department for Communities and Local Government (CLG) has issued final guidance **(Appendix 1)** on NDCs' succession planning which requires Seven Sisters (The Bridge) New Deal for Communities programme to submit its plans for approval (by the revised deadline of 27th November 2009).

7.2 For all succession strategies, CLG requires the following documents which, together, should demonstrate that all of the criteria in the guidance are met:

- An overarching succession strategy for the succession area – addressing each of the 8 criteria set by CLG (a maximum of 20 pages plus annexes)
- An asset register and future management strategy
- A comprehensive risk register and management strategy; and
- Business plans for successor organisations

7.3 **Proposals for Asset/Funding support for the "Bridge Renewal Trust"**

(A) Active NDC Assets – Lease Arrangements for the Laurels

7.3.1 The Laurels Healthy Living Centre. The freehold of this building is owned by Circle Thirty Three Homes Limited ("Circle 33") The centre was opened 1st March 2004. The current leasing arrangements are as follows:

- On 23/02/2004 Circle 33 granted a lease to the Council for a term of 125 years commencing on 25/12/2003 at a rent of £50 pa. The Council paid a premium of £3.85m for the lease which was funded by an NDC grant for that amount in financial year 2003/04 ("Head Lease").
- On 23/02/2004 the Council granted an underlease to Haringey Teaching Primary Care Trust ("HTPCT") for a term of 25 years commencing on 25/12/2003 at an initial rent of £285,000 pa (subject to 5 yearly reviews) ("Underlease").
- On 23/02/2004 the HTPCT granted a sub underlease of parts of the building to the Council for a term of 25 years commencing on 25/12/2003 at an initial rent of £53,580 pa (subject to 5 yearly reviews) ("Sub Underlease").

7.3.2 Three options for the lease arrangements with respect to the Trust have been considered:

- **Option 1: Assignment of Sub Underlease (25 year lease)**. This is equivalent to the existing arrangement and involves the assignment of the Council's Sub Underlease to the NDC successor body, the Trust. This means the Trust will replace the Council as tenant of the parts of the building which is demised under the Sub Underlease. The Trust will be responsible for paying the rent to the HTPCT and all other liabilities. Consents of all landlords are required before the assignment can take place.
- **Option 2: Grant of new Sub Lease (25 year lease)** – This option involves the Council granting a new sub lease to the Trust out of the existing Sub Underlease. Such a lease cannot be for a term longer than the residue of the term remaining under the Council's Sub Underlease. It will allow the Trust to become a sub-tenant. This option does not have any advantage over Option 1 but is more complicated. Consents of all landlords will be required.
- **Option 3: Assignment of HeadLease (125 year lease)** - This arrangement involves the assignment of the Council's 125 year Headlease directly to the Trust. This would be subject to the Underlease and Sub Underlease and will therefore necessitate the assignment of the Sub Underlease to theTrust as in Option 1.

7.3.3 Option 1 (status quo) is recommended as the preferred option. This allows the Council to continue to hold the 125 year Headlease and act as a guarantor of the community asset against any future risks. It is also acknowledged that the Trust is as yet untested and it is too early for the Council to realistically assess its capacity to successfully own and manage the asset. Both the Underlease and Sub Underlease have security of tenure. However the existence of the Sub Underlease depends on the existence of the Underlease. Assuming the HTPCT renews its lease in 2027 for a further 25 years, then the Trust will be able to renew its sub-underlease by the same period. If the HTPCT chooses not to renew its tenancy both the Underlease and Sub Underlease will terminate. The Council as head lessor will seek new tenants for the building in line with the conditions on use allowed in the Head Lease and based on market conditions. The new tenant could be the Bridge Renewal Trust. If no other suitable tenant can be identified, then the Council will grant to theTrust (if this is what is agreed) a new lease. If this happens the Trust would not pay a rent but will take on responsibility for full repair and maintenance and insurance. There will be no rental income.

7.3.4 ***It is recommended that Cabinet Members approve the assignment of the Council's Sub Underlease to the Trust. Option 1 would meet CLG Guidance supported by a 'Letter of Comfort' detailing the above principles (see 7.3.3) and signed by Haringey Council's Chief Executive.***

(B) Rental Income from the Laurels – proposed Annual Grant

7.3.5 Rental income from the Laurels: The HTPCT pays a yearly rent of £285,000 to the Council under the Underlease. This has provided an annual income of £285,000 which has been passed on to the NDC programme for re-investment in tackling health inequalities in the NDC area. The NDC pays back approximately £100,000 of this income to the PCT to meet its share of maintenance, insurance and service charges leaving approximately £185,000 per year towards funding for health related projects in the NDC area.

7.3.6 ***It is recommended that an annual income equivalent to the annual rent of £285k is provided to the Trust for a period of 10 years. .The payment of this annual income will provide core funding for the successor body and ensure it develops into a viable and sustainable charitable organisation. This would meet CLG Guidance. It is also recognised that this rental income from the Laurels Healthy Living Centre may go up or down subject to rent reviews under the Underlease and the money will be used by the successor body to meet the rent, proportional maintenance costs, insurance and service charges and other charges under the Sub Underlease. The remainder of the rental income will provide core funding for the successor body and ensure it develops into a viable and sustainable charitable organisation. After 10 years of grant funding, there will be an independent review to assess if the rental income under the Underlease should continue to pass to the Trust. The terms of the independent review will be set out and agreed by all parties when the 10 year grant funding agreement is put in place. It is recognised that the grant needs to remain true to its original principles and provide added value alongside statutory provisions in the NDC area.***

(C) Unspent NDC Income from the Investment Programme – Proposed one off grant

7.3.7 The NDC Partnership Board would like to use this funding to assist with delivering the NDC's succession and legacy plans with regards to tackling health inequalities in the NDC area. CLG guidance states that unspent income of up to £500,000 generated during the 10 year programme can be carried over between years without Government approval. This applies to the Laurels carried forward income currently (31st March 2009) standing at £225,000 and will include any unspent income accrued between April 2009 and March 2011. At the end of Year 10 (March 2011 – it is estimated the figure could be £300k-400k), this could be transferred to the successor body once the strategy has been approved by the Council and Government.

7.3.8 ***It is recommended that Cabinet members agree to transfer the unspent income from the Laurels to the Trust; this should be SUBJECT TO Council and CLG approval of the NDC succession strategies and provision of a robust and viable business plan for the successor body. This would meet CLG Guidance.***

7.3.8.1It is also recommended that the award of the annual income from the Laurels and the payment of the one off grant of unspent income should be subject to a funding agreement between the Council and the Trust.

(D) Wards Corner Overage Agreement

7.3.9 The Council as landowner, Housing Authority and accountable body for the Bridge NDC entered into a Development Agreement with Grainger Seven Sisters Limited (“Developer”) and Northumberland & Durham Property Trust Limited on 3rd August 2007 for the redevelopment of Wards Corner and to achieve the Council’s strategic Regeneration Objectives for Tottenham High Road, the NDC programme area, the core Town Centre area of Seven Sisters and the Planning Development Brief adopted in January 2004. In line with the Development Agreement, The NDC paid Interim Gap Funding to the Developer in the sum of £1,500,000 plus VAT in 2008 (“NDC Gap Funding”). The NDC Gap Funding payments were made against reasonable evidence received from the Developer that it had incurred costs and expenses in the acquisition of part of the land assembly needed for the proposed development. If the development is a success, under certain conditions detailed in the Development Agreement, the Developer shall repay the NDC Gap Funding to the Council in the manner stipulated in the Agreement. Consent provided by the Secretary of State stipulated that such monies must be applied to address housing needs in the NDC area.

7.3.10 The Council is not in a position to pass over any future repayments from the gap funding or the overage arising out of the Wards Corner to the Bridge Renewal Trust. Given the requirement contained in the Consent dated 17th July 2007 given by The Secretary of State to apply the funds to address housing needs in the NDC area, the Council is best placed to meet this need. Additionally, there is lack of information about the capacity of the successor body to deliver the required housing benefits for the community.

7.3.11 It is recommended that Cabinet Members agree that any future repayments arising out of the Wards Corner gap funding or overage arrangements is ring fenced in a special Council escrow account and used to address housing needs in the NDC area and to ensure agreement on spend of such fund by the Council is approved by CLG. The Bridge Renewal Trust will be consulted on the use of funds. This would meet CLG Guidance. It is recognised that the funds should be used to support activity that is “complementary to mainstream delivery” and that the governance and engagement framework established for implementation of the Seven Sisters Neighbourhood Plan should be the key consultation mechanism for use of these funds.

(E) Other Assets Funded by the NDC Investment programme – Assurance from

the Council of ongoing provision

7.3.12 These are detailed in the NDC Asset Register **(Appendix 2.3)**. There is agreement between the Council and the NDC Partnership Board that the ownership and management status of the assets funded wholly or substantially through NDC grant (and not dealt with specifically in this report) including for avoidance of doubt the Triangle Children's Centre and St Ann's Library Hall will continue to be owned and managed by the Council. In line with Government requirements, the Council's commitment is sought to ensure that these assets will continue to be used to benefit NDC area residents into the long term. It is recognised that the Management Advisory Boards (MABs) set up by the NDC to assist with the running of the Triangle Children Centre and St Ann's Library Hall will continue into the future and form part of future decision-making processes. Appointees of the Bridge Renewal Trust will be recognised as taking over representation on the MABs from the NDC.

7.3.13 In line with Government requirements, Cabinet Members agree that all the assets funded wholly or substantially through NDC grants including the Laurels Healthy Living Centre, Triangle Children's Centre and St Ann's Library Hall which are still owned by the Council will continue to be used to benefit NDC area residents into the long term. ***The Council is requested to confirm via a suitable legal document that it will honour agreements to maintain the assets and services delivered from them. This would meet CLG guidance.*** For the avoidance of doubt the Council will not be required to replace non-fixed assets when they are no longer fit for purpose.

7.4 Succession Strategies for the NDC area

7.4.1 For all NDC succession strategies, CLG requirements that must be met are contained in **Appendix 1.** In line with the guidance, the following documents, together, should demonstrate that all of the criteria in the guidance are met:

a) An overarching succession strategy for the succession area – addressing each of the 8 criteria set by CLG **(Appendices 2, 2.1 and 2.2)**
b) An asset register and future management strategy **(Appendix 2.3)**
c) A comprehensive risk register and management strategy **(Appendix 2.4)**; and
d) Business plan for successor organisation **(Appendix 2.5a and 2.5b)**

Appendices 3 and **4** provide background information about the NDC programme activities and area of benefit respectively.

7.4.2 Process for assessment and approval of NDC succession strategies: The Bridge NDC succession strategies must be submitted by the revised deadline of 27th November 2009. Government will take up to 6 months to consider and reach a decision. The NDC succession strategy is being endorsed by the Local Authority (both as the Accountable Body and strategic / delivery partner) and supported by other partners and stakeholders as follows:

- Consideration by Haringey Council's Chief Executive Management Board (25th August 2009)
- Consideration by Cabinet Advisory Board (10th & 17th September 2009 and 15th October 2009)
- Endorsement from Haringey Strategic Partnership Performance Management Group (22nd October 2009)
- Endorsement from Haringey Strategic Partnership (5th November 2009)
- Succession strategy and supporting documents presented to Haringey Council's Cabinet for approval (17th November 2009)
- Succession strategy must be signed by NDC Chair, NDC Director and Haringey Council's Chief Executive (24th November 2009)
- Succession strategy and supporting documents submitted to GOL and CLG (27th November 2009)

7.4.3 The Bridge Renewal Trust Update. The Bridge Renewal Trust was incorporated as a company limited by guarantee (company number 6949568) on 1st July 2009 with three initial Directors nominated by the NDC Partnership Board, namely: Lorne Horsford, Rachel Hughes and Yvonne Denny. Progress is underway to establish an expanded and robust governance arrangement comprised of 10 Members/Trustees. The following Nominating Organisations are being asked to provide nominations as follows: London Borough of Haringey (2 representatives), PCT/NHS Haringey (1) and The Mental Health Trust (1). This will be followed by a skill audit to assess existing skills on the Board and determine skill gaps that will inform the appointment of the final 3 Members. The Bridge Renewal Trust has successfully applied for charity status and it has been entered in the Register of Charities under charity registration number 1131941.

7.4.4 It is recommended that Cabinet Members note that the Council has been invited to nominate two representatives to serve as Trustees on the Board of the Trust.

7.4.5 It is recommended that Cabinet Members endorse the overall NDC succession and legacy arrangements outlined in the report subject to relevant comments as appropriate.

8. Chief Financial Officer Comments

8.1. The Bridge NDC activities have been fully funded from external grant from the Department of Communities and Local Government. Appendix 1 is final guidance from the Department and Local Government (CLG) for NDC's and local authorities involved in developing and implementing succession planning. Appendix 2 and its supporting papers are the documents required to demonstrate that all of the criteria in the guidance are met.

8.2. The Government's key policy aims for succession strategies are that they must:

- Demonstrate clearly how the improvements made within the NDC area will be sustained beyond Government funding and into the long term (at least 5-10 years. Particular requirements are that:

  Outcomes to be delivered are aligned with Local Area Agreements (LAA) outcomes and other local priorities;

  The community continues to be empowered and the community leadership established is continued.

- Ensure assets generated by the NDC grant are safeguarded to continue to benefit the NDC area residents into the long term.

- Financially viable, including the financial viability of any successor body.

8.3. The Laurels Centre has provided an annual income of £285k which has been passed to the NDC programme for re-investment in tackling health inequalities in the NDC area. Continuation of this income for 10 years will provide the main source of funding to the successor body and ensure that the successor body develops into a viable and sustainable organisation.

8.3. The Cabinet is also asked formally to agree to transfer the unspent Laurels income to the NDC successor body, again subject to a number of conditions. Cabinet has already agreed to carry forward the unspent income from previous years totalling £225,000 into 2009/10 to assist with meeting commitments under the succession and legacy arrangements. It is estimated that additional unspent income of £123k will be generated in 2009/10, giving a total of £348k by March 2010; as this is below £500k this sum can be carried forward to 2010/11 without Government approval for payment to the successor body in March 2011.

8.4. The expected financial position for the successor body is shown in Paragraph 13.3 below.

9. Head of Legal Services Comments

9.1. As stated in paragraph 7.1 of this Report CLG has issued final guidance ("the guidance") which requires the Bridge NDC to submit its plans for a succession strategy to CLG for approval by the revised deadline of 27th November 2009. In order to avoid the risk of clawback of NDC grant it is very important that the succession strategy is acceptable to CLG. Therefore it will be necessary to be able demonstrate that improvements made in the NDC area will be sustained into the long term. In particular the succession plans will need to ensure that assets generated by the NDC grant are safeguarded to continue to benefit the residents of the NDC area.

9.2 (A) Laurels Lease: The report sets out the options that have been considered for the lease arrangements for the Laurels Health Living Centre. Option 1 is recommended as the preferred option. Under this option the Council would retain the headlease (subject to the underlease with the HTPCT) but will assign its interest in the Sub Underlease to the Trust. There should not be a problem with the Council retaining the headlease as the guidance identifies local authorities as acceptable bodies to own and manage NDC assets.

9.2.1 The report states that Option 1 is equivalent to the existing lease arrangements. However there is a key difference in that Option 1 will require an assignment of the existing 25 year sub-tenancy from the Council to the successor body. This assignment will need to comply with any conditions with respect to assignment and sub-letting set out in the Sub Underlease. It will also need to comply with any conditions relating to assignment or subletting set out in the Headlease and the Underlease.

The assignment is a disposal and there is a statutory obligation on the Council to obtain best consideration. It is not proposed that the Trust pay any premium for the Sub Underlease, and as the market value of the Council's interest is nil, disposal at an undervalue is not an issue.

9.3 **(B) Rental Income**: Members are requested to approve the award to the Trust of the annual income received from the Underlease of the Laurels. This sum is currently £285k per year. This figure may go up or down subject to the 5 yearly rent reviews. It is advisable that the payment of the annual income should be subject to conditions set out in a Funding Agreement. As the Trust is a registered charity it will be subject to regulation by the Charity Commission. In view of this it may be sufficient to stipulate in the Funding Agreement that the funding must be deployed in accordance with the Trust's Objects as set out in the Memorandum. The Objects provide that the Trust will operate for the benefit of the residents in and around the Seven Sisters area of South Tottenham. This is known as an asset 'lock in'. The deployment of the assets in this way is in line with Government guidance.

9.4 **(C) Unspent Income**: The guidance provides that unspent income can be carried over up to a maximum of £500,000. There is currently £225,000 of carried forward income from the Laurels – it could end up at a figure of £300-400k. It is proposed that this unspent income should be transferred to the Trust as a one off grant the exact amount of which will be determined at the time of payment. The payment of this grant should also be subject to a Funding Agreement along the lines referred to in paragraph 9.3 above.

9.5 **(D) Wards Corner Interim Gap Funding and Overage Agreement**:

9.5.1 Members are requested to in agree that any future repayments of the £1.5 million (plus any interest) NDC Gap Funding repaid to the Council under the Wards Corner Development Agreement should be ring fenced in a special Council escrow account and used to address housing needs in the NDC area.

The Council will consult with the Trust and CLG to ensure that it is spent in accordance with CLG guidelines. This is intended to avoid the risk of clawback by the Government. This is important as £1.5 million of the Interim Gap Funding paid to the Developer under the Wards Corner Development Agreement has come from NDC funds.

9.5.2 Members are also asked to agree that any future repayments arising out of the Wards Corner overage arrangements are ring fenced and paid into the Council escrow account and used to address housing needs in the NDC area. As with the arrangements outlined in paragraph 9.5.1 the Council will consult with the Trust and CLG to ensure these funds are spent in accordance with CLG guidelines.

9.6 (E) Other Assets: The Report refers to other assets funded from the NDC grant. These assets include the Triangle Children's Centre and St Ann's Library Hall. It is recommended that these assets should continue to be owned and managed by the Council. In principle there should not be a problem with this approach provided these assets continue to be used for the benefit of the NDC area. However it should be made clear that the Council will not be responsible for replacing non-fixed assets when they are no longer fit for purpose.

9.7 Council nominees as Trustees of the Bridge Renewal Trust: Under the Trust's Articles of Association the Council has the right to nominate two representatives to serve as Trustees on the Trust's Board. This right is entrenched under the Articles. The Articles also provide that Council nominated Trustees can be removed by the Council. In order to ensure that the Council nominated Trustees can be indemnified by the Council they will need to be nominated at a meeting of the full Council.

9.8 Independence of the Trust from the Council: Members should be aware that in accordance with the requirements of the Charity Commission the Trust will need to be able to demonstrate a sufficient degree of independence from the Council. In view of this the Council nominees to the Trust's Board will need to act in the best interests of the Trust and must not view their role as being representatives of the Council. This is also a requirement under general company law.

9.9 Local Authority Companies: Members will also need to bear in mind the law affecting Local Authority Companies as it will be important to ensure that the Trust is not deemed to be a Local Authority Company. This is a complex area of the law. Broadly speaking if a local authority holds more than 50% of the voting rights it will be classified as a controlled company and therefore deemed to be a local authority company. If the authority holds between 20% and 50% of the voting rights it may be deemed to be influenced by the authority and will could be considered a local authority company if certain tests are met. The easiest way to avoid this risk is to ensure that the Council is never in a position to exercise 20% or more of the voting rights. This could be done by inserting a provision into the

Trust's Articles of Association to the effect that the Council's voting rights should never exceed 19.9%. It is understood that the Trust's legal advisors, Russell Cooke have also recommended adopting this approach.

9.10 As this is a key decision the Client has confirmed that this has been included in the Forward Plan.

9.11 Subject to the considerations outlined above the Head of Legal Services sees no legal reasons preventing Members from approving the recommendations in the report.

10. Head of Corporate Properties Services Comments

10.1 The Bridge Seven Sisters NDC is a central government funded programme without a specific statutory basis operated by the government under Crown prerogative for a period of 10 years. The programme ends in March 2011.

10.2 **The Laurels**

10.2.1 **The property ownership structure**

The Council used NDC grant to purchase a head lease from Circle Anglia for a figure of £3.85 million in 2003 for GF and FF, 256 St Ann's Road, Wood Green N15 known as the Laurels Healthy Living Centre. The property is held under the terms of a 125 year lease from 25/12/2003 subject to a ground rent of £50.

The Council have in turn granted an under lease from 25/12/2003 for 25 years for the whole of the property to the HTPCT at a rent of £285,000.p.a

The HTPCT subsequently granted a sub under lease to the Council for 25 years for £58500 for part of the premises and have remained in occupation for the remaining part. All leases are on full repairing and insuring obligations and reflect each other in terms of use. Any assignments must be to a NHS body, GP or Community User.

The Council is now looking to assign its interest in the sub-under lease to the NDC's successor body for £1 as detailed in option 1 of the report.

10.2.2 **Valuation**

If the Council's interest were to be sold on the open market then it would be unlikely that there would be much interest in it being acquired due to the restrictive user clause within the sub under lease as well as the difficulties in letting such properties in the recession. There is as such no value to the Council.

The transfer of the residue sub-under lease would be at a value of £1 and this would reflect the present market conditions and the present physical condition of the building.

10.2.3 **Lease Obligations**.

Presently under the sub-lease, the Council bears the full repairing and insuring obligation for the property, and is responsible for the repairs of the building. If an assignment of the lease were to proceed, and in view of the Council's repairing liability, the Council will need to prepare a schedule of dilapidation and wants of repair for the property with the cost of works. This schedule will need to be incorporated into the Licence to Assign and the NDC successor will need to undertake to carry out all outstanding repairs .thus absolving the Council from its repairing liabilities within this sub -.under lease.

The Council will need to arrange for a schedule of dilapidations to be undertaken prior to the proposed assignment so all repairing costs are transparent so as to avoid any subsequent areas of dispute. This figure can be reported to committee. The NDC will need to agree to undertake repairs as a condition of this proposed assignment

The proposed assignment between the Council and the NDC successor body will need to ensure that all liabilities are transferred to the successor body and there are no financial liabilities on the Council

An assignment of the sub-under lease to a successor body must ensure that there are adequate legal safeguards of the building to ensure that it remains beneficial to the community and any future sale of the lease should be subject to government consent

10.2.4 **Assignment**
The consents of all landlords under the leasing arrangements apart from the Council are needed for the assignment.

10.3 Wards Corner
The Head of Property Services is in agreement with the comments put forward by the Head of Legal Services.

10.4 Other Property Interests
It is noted that the other NDC funded buildings, i.e. The Triangle, St Ann's Road and St Ann's Library Hall will remain in the Council's Asset register and therefore no changes will be required.

11. Equalities & Community Cohesion Comments

11.1. The NDC succession strategies are aimed at ensuring ongoing active empowerment and engagement of communities in the Seven Sisters area after the NDC programme ends. The strategies include The NDC Community Empowerment Plan which is closely linked to Haringey Council's Community Empowerment Framework and also seeks to implement Haringey Council's equality policies.

12. Consultation

12.1 The Bridge NDC is a community based programme with a local resident majority led Partnership Board. The Resident Board Members act as a consultative body on behalf of the community.

12.2 Consultations with residents and key partners including Council Departments, NHS Haringey, The Mental Health Trust, The Metropolitan Police, HAVCO, Jobcentre Plus, and North London Business have informed the development of the NDC succession strategies.

12.3 MORI undertook a Household Survey of over 400 residents in November 2008 and the findings have informed the longer term priorities set out in the succession arrangements

13. Service Financial Comments

13.1. The Bridge NDC activities have been fully funded from external grant from the Department of Communities and Local Government.

13.2. The NDC Partnership Board that has been responsible for the strategic operations of the NDC programme adopted the strategy of ensuring that the NDC successor body would be fully supported, particularly in the early years, to ensure that it is viable and sustainable. To this end, The Partnership Board agreed a number of initiatives including transfer of income from NDC investments, namely: The Laurels unspent income estimated at £348k (by the March 2010), Laurels long term lease and associated annual rental income and future overage payments from the Wards Corner project.

13.3. The NDC partnership has developed a 5 year detailed financial plan with forecast for years 6 to 10 for the NDC successor body **(Appendix 2.5a).** The expected income and expenditure position of the Trust for the first 5 years is summarised in the table below. This demonstrates that the Trust is expected to be financially stable.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
TOTAL INCOME	**£555,000**	**£432,000**	**£509,700**	**£512,889**	**£551,663**	**£2,561,252**
TOTAL EXPENDITURE	**£358,706**	**£417,830**	**£495,092**	**£504,994**	**£546,544**	**£2,323,165**
RETAINED NET SURPLUS/CONTINGENCY	**£196,294**	**£14,171**	**£14,608**	**£7,895**	**£5,120**	**£238,087**

14. Use of appendices /Tables and photographs

14.1. Appendix 1 – DCLG Programme Note 44 - sustaining the benefits and improvements in NDC areas: guidance on requirements for succession strategies and the approval process.
14.2. Appendix 2 – NDC Draft Overarching Succession Strategy
14.3. Appendix 2.1 – Forward Plan
14.4. Appendix 2.2 – NDC Draft Community Empowerment Plan
14.5. Appendix 2.3 – NDC Asset Register and Future management strategy

14.6. Appendix 2.4 - Risk Register and Management Strategy
14.7. Appendix 2.5a – Business Plan for The Bridge Renewal Trust
14.8. Appendix 2.5b - Memorandum & Articles of Association of The Bridge Renewal Trust (NDC successor body)
14.9. Appendix 3 – NDC Overview of the NDC programme
14.10. Appendix 4 – NDC Map Sheet

15. Local Government (Access to Information) Act 1985

15.1. DCLG Programme Note 44 - sustaining the benefits and improvements in NDC areas: guidance on requirements for succession strategies and the approval process.
15.2. DCLG Programme Note 44(a) - sustaining the benefits and improvements in NDC areas: addendum to the guidance on requirements for succession strategies and the approval process, May 2009.
15.3. Development Agreement in respect of Wards Corner, Seven Sisters, London Borough of Haringey