



Haringey Council

[No.]

Agenda item:

Cabinet

On 23rd February 2010

Report Title. **Jacksons Lane Arts and Community Centre (JLCAC) – Proposed Surrender and Grant of a New Lease**

Report of: **Director of Corporate Resources**

Signed :

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Wards(s) affected: **Highgate/All**

Report for Key Decision

1. Purpose

1.1 To authorise the surrender of the existing lease of 28 years which expires on the 11th August 2013 and grant a new lease on terms which vary from the standard terms for community buildings authorised by the Executive following the report on the Councils Community Buildings Portfolio on 23rd January 2007.

2. Introduction by Cabinet Member

I concur with the recommendations.

3. State link with Council Plan Priorities and actions and other Strategies:

3.1 **A Thriving Haringey** Granting the lease will support JLCAC in accessing grant funding which if successfully obtained will improve and expand the community facilities offered at Jacksons Lane.

3.2 Driving Change, Improving Quality and Greenest Borough

The planned investment by Jacksons Lane will improve both the condition of the building and energy performance by introducing a modern heating system and improving heat retention.

4. Recommendations

4.1. JLCAC is granted a new lease on the terms and conditions detailed in para 7.18 in the exempt report and Appendix A which are in line with the standard lease for community buildings with the following exceptions:-

(i) Lease length

(ii) Additional break clause - The Council will also have the option to break the lease and grant a new lease on the Council's standard 5 year term if the tenant is unsuccessful in gaining significant grant funding for the improvement of the fabric of the building within 5 years of completion.

4.2. That proposed funding arrangements as set out in para 7.17 of the related exempt report be approved.

5. Reason for recommendation(s)

5.1. The grant of a new lease as per the heads of terms in exempt Appendix A, will allow Jacksons Lane to bid for long-term grant funding. This will benefit the Council because if the funding grants are secured by JLCAC, the investment in Jacksons Lane will improve the condition of the building.

5.2. The new lease will lend greater clarity as to responsibility for internal repair.
Exempt information on items covered.

5.3. **Exempt – rental information.**

5.4. **Exempt – lease terms.**

6. Other options considered

6.1. The Council could allow the current lease to run its course and negotiate a renewal as appropriate in 2013.

6.2. JLCAC's tenure is protected by the 1954 Landlord and Tenant Act, so they have a right to a new lease at the end of the current term. Under the Landlord and Tenant legislation, the tenant would be entitled to a new lease on the same as the existing terms with the exception of rent, which would be set to market level. The length of lease could be agreed by negotiation between the parties but would be a maximum of 15 years. However, this option would limit the funding which JLCAC can currently apply for. **Exempt information on lease terms.**

6.3 **Exempt - Lease terms**

7. Background

- 7.1. JLCAC is the only significant community building in the west of the borough and provides a long established and valuable contribution to the social fabric of the community with its theatrical, artistic and other community activities for the residents of Haringey and beyond.
- 7.2. JLCAC aims to enrich and develop individuals through participation in the arts to create stronger communities for the people of North London. It is considered a flagship for the Council with the provision of arts activities in the areas of performance, courses, classes, training and community outreach work.
- 7.3. JLCAC provides a year-round theatre programme including drama, dance, circus, children's theatre, disability arts, community theatre and amateur work. Its community work includes over 50 education courses, summer schools, a lunch club for over 55s, under 5 years drop-in sessions, outreach activities to schools, a parent and toddler's group and a disabled theatre. The youngest users are toddlers and the oldest is 95.
- 7.4. The Centre's users totalled approximately 60,000 last year. This included 13,703 theatre tickets sold, approximately 50 courses per week averaging 20 users per course over 44 weeks of the year, cafe and bar users and those who hire spaces for meetings, rehearsals and auditions.
- 7.5. **Exempt – funding information**

Investment proposals and lease considerations

- 7.6. JLCAC is now seeking to secure grant funding from The National Lottery and other charitable organisations. This will enable a programme of investment in the facilities at Jacksons Lane but external funding sources require that the tenant must first secure a sufficiently long lease on their premises.
- 7.7. Following the new London Council commissioning criteria introduced in 2008/09 London Council funding is no longer awarded to JLCAC. Arts Council funding has been secured for the next financial year. However, should a new lease not be agreed JLCAC's next funding round could be compromised because they will be applying for 3 year funding with only 2 years left on their lease.
- 7.8. **Exempt – lease terms.**
- 7.9 Jacksons Lane was originally constructed in 1903 as the Highgate Wesleyan Methodist Church. The building came into the Council portfolio in 1973 and is currently the only major community building in the west of the borough. The Council have had responsibility for the external repair of the building throughout its ownership. However, over the years there has not been a planned maintenance programme in place and repairs have been carried out on an ad-hoc basis. For example, in January 2007, approximately £350,000 was spent by the Council on repairs to reinstate the building following wind damage, £250,000 of which was reclaimed under insurance. This still leaves the Council with a

significant repairing liability for the building because of its age and Grade II listed status.

7.10 Following the interruption to the services provided at Jacksons Lane in 2007, while the building was repaired, JLCAC (with financial support of the Council) commissioned Tim Ronalds Architects to produce a feasibility study for the building. The study identified improvements which could be made to the facilities which will allow more services to be provided to the community and improve the potential to bring revenue into the organisation.

7.11 The funds for the scheme are likely to come from a number of different sources and take time to secure. The scheme has been broken down into three phases to allow progress to be made on site once initial funds have been raised.

7.12 **Exempt information on lease terms.** They propose to carry out extensive investment in the building as follows:

- (i) Phase 1, Budget £770,000: A Disability Discrimination Act (DDA) compliant lift is proposed to give full access to Studio 1 which will also be refurbished. Studio 5 and the foyer bar will be converted to rentable office space to generate income. Externally the frontage will be cleaned, better lighting installed and a power assisted door provided to improve access.
- (ii) Phase 2 Budget £778,000: Studio 1 will be further improved with under floor heating, soundproofing, refurbished changing facilities and accessible WC provided. Studio 2 will be similarly upgraded. Studio 3 will be refurbished to provide professional quality meeting space which will give potential for income generation. Studios 4 & 5 will be refurbished as office space for staff.
- (iii) Phase 3 Budget £651,000: The theatre will be refurbished, the current staff offices will be converted to space for arts and events use. External improvements include repairs to damaged brickworks, upgrading rainwater goods, and replacing fibre glass windows with more sympathetic materials to the age and design of the building.

7.13 The overall project is estimated to cost £2.2m based on a feasibility study in December 2008. These figures do not include fees, VAT or inflation, so would need updating to reflect these items.

7.14 The Council will retain the responsibility for the external repair of the building. At present this amounts to around £60,000 per annum for repairs and this figure is likely to increase year on year as the building further deteriorates without investment.

Proposed lease terms

7.15,7.16,7.17,7.18 **Exempt - lease terms**

8 Chief Financial Officer Comments

- 8.1 The Chief Financial Officer confirms the limited internal resources available to fund repairs to the Community building portfolio as set out in section 13. Furthermore, the Council has limited capital resources to re-direct to these buildings thus solutions to lever in external investment are to be welcomed.
- 8.2 The proposed new lease will enable the community centre to apply for funding to carry out the works set out in para 7.12 which will improve the external fabric of the building, thus reducing the Council's liability in this respect. It will also improve access and make the internal space more flexible both of which should increase on-going revenue streams and thus the overall viability of the centre making it more likely to attract revenue grant funding.

9 Head of Legal Services Comments

- 9.1 The granting of a lease as proposed in the report will be a disposal by the Council. The Council can dispose in any manner it wishes but must obtain the best consideration that can reasonably be obtained. The granting of a lease at a rent level equivalent to an open market rent would meet the statutory requirement.
- 9.2 The existing lease will have to be surrendered by means of a Deed of Surrender before a new lease can be granted.
- 9.3 The granting of a lease for the duration mentioned in this report would allow the JLCAC to charge the lease as security for the funding.

10 Equalities & Community Cohesion Comments

- 10.1 The Council's community buildings, including Jacksons Lane Community Arts Centre are available to and used by a range of groups and individuals representing the Borough's diverse community.

11 Corporate Voluntary Sector Team Comments

- 11.1 The Voluntary Sector Committee on the 23rd November 2009 agreed a further 3 year core grant funding from 1st April 2010 to JLCAC. The organisation will continued to be monitored under the Terms and Conditions of Revenue Grant Aid.
- 11.2 Exempt – funding position**

12 Consultation

12.1 Relevant services and stakeholders have been consulted on the proposals.

13 Service Financial Comments

13.1 The Council currently budgets for and receives no rent for the property. This in reality would remain unchanged under the new lease. However, circular funding will allow the Council's support in providing the building to be recognised. Property Services has a budget for the day to day maintenance of all community buildings. This would still need to be drawn upon for Jacksons Lane although the amounts are likely to be reduced if the full investment programme proceeds.

14 Use of appendices /Tables and photographs

14.1 Exempt Appendix A- draft heads of terms.

15 Local Government (Access to Information) Act 1985

15.1 **Background Papers:** Report to Executive, 23rd January 2007 on Council Community Buildings Portfolio including standard terms for community building leases.

15.2 This report contains exempt and non-exempt information. Exempt information is not for publication and is contained within an exempt full version of this report and exempt Appendix A. The exempt information is under the following category (identified in amended schedule 12A of the Local Government Act 1972)

S(3) Information relating to financial or business affairs of any particular person including the authority holding the information.