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| <b>TITLE OF REPORT: ADVENTURE PLAYGROUNDS NEW LEASES</b>   |   |
| <b>KEY DECISION NO. FCR S107</b>   |   |
| <b>CABINET MEETING DATE<br/>(2021/22)</b><br><br><b>30 May 2022</b>  | <b>CLASSIFICATION:</b><br><br><b>Open</b><br><br><b>If exempt, the reason will be listed in the main body of this report.</b> |
| <b>WARD(S) AFFECTED</b><br><br><b>Springfield<br/>Homerton<br/>Haggerston<br/>Clissold<br/>London Fields</b> |   |
| <b>CABINET MEMBER</b><br><br><b>Mayor Philip Glanville<br/>Cllr Caroline Woodley</b>                         |   |
| <b>KEY DECISION</b><br><br><b>Yes</b><br><br><b>REASON</b><br><br><b>Affects two or more wards</b>           |   |
| <b>GROUP DIRECTOR</b><br><br><b>Ian Williams, Group Director of Finance and Corporate Resources</b>          |   |

## **1. CABINET MEMBER'S INTRODUCTION**

1.1 The Council is proud of its record in supporting play in the borough, including investment in our estate, parks, schools and other playgrounds, championing play streets and 'play on the way', as well as our network of iconic adventure playgrounds. This report covers the five adventure playgrounds (AP) the Council owns, but leases:

- Springfield Adventure Playground E5 9HQ
- Shakespeare Walk Adventure Playground N16 8TB
- Pearson Street Adventure Playground E2 8JD
- Evergreen Adventure Playground E8 3JT
- Homerton Adventure Playground E9 6BX

all have leases due to expire on the 25th September 2022 and it is proposed to renew these leases for a period of 10 years from the 26th September 2022 with a break clause at the fifth anniversary to coincide with the operational contract.

1.2 A 10 year lease will permit the operators, 3 of whom are under contract to operate their adventure playground from the Early Help and Prevention Service, and 1 who is under contract from the Disabled Children's Service to deliver Short Break activities, to obtain funding for their operations and the upkeep of the property.

1.3 As all five adventure playgrounds are now to be leased on the same terms and conditions it has been agreed to consider these terms in one Cabinet Report.

1.4 The adventure playgrounds are an integral part of the Borough's Youth offer. They provide free adventure play provision for young people and their families. They are open 5 days a week all year round. During term time they are open after school and during the school holidays. The playgrounds are well used by young people and their families and are embedded within the respective communities they serve.

1.5 There are currently 4 adventure playground operators delivering services from the 5 adventure playgrounds; 1 adventure playground operator delivers services from 2 of the adventure playgrounds with 3 other adventure playground operators delivering services at the other 3 sites.

## **2. GROUP DIRECTOR'S INTRODUCTION**

2.1 This report seeks approval to dispose of a lease of 10 years to each of the 5 AP, with a break and a rent review to RPI (Retail Price Index) at the end of the 5th year, at an initial rent of £2,500.00 p.a. for each AP.

2.2 The Lessee will be responsible for all repairs to the property and all existing rates, taxes, utility bills and costs and all other outgoings for the property

which will reduce the budget for works carried out to the properties under the original leases.

- 2.3 Providing the Operators with a 10 year lease assists them to raise grant aided funds to cover the resources required for the management of the Playgrounds.

### **3. RECOMMENDATION(S)**

- 3.1 To approve the disposal of the five 10 year leases, subject to a break and a rent review at the end of the 5th year, at an initial rent of £2,500.00 p.a. in each of the properties known as:**

- **Springfield Adventure Playground, Spring Lane, London E5 9HQ**
- **Shakespeare Walk Adventure Playground, 69 Shakespeare Walk, N16 8TB**
- **Pearson Street Adventure Playground, 28 Pearson Street, E2 8JD**
- **Evergreen Adventure Playground, Beehive Close, E8 3JT**
- **Homerton Adventure Playground, Wardle Street, E9 6BX**

- 3.2 To delegate to the Group Director of Finance and Corporate Resources and the Director of Strategic Property Services authority to determine the most cost effective options in terms of disposing the leases in ways that represent best value on the part of the Council.**

- 3.3 To delegate authority to the Director of Legal Services to negotiate, sign, settle and complete the contracts and all other relevant and ancillary legal documents arising thereto on behalf of the Council.**

### **4. REASONS FOR DECISION**

- 4.1 The initial leases for the five playgrounds expired at various times during 2020 and 2021. In order to have regularity and equality with all the playgrounds they have been provided with short term leases all on the same terms to run until the 25th September 2022.
- 4.2 As the organisations running the playgrounds have charitable status they rely on raising grants to fund their operations and most grant aided money requires the recipient to have a 10 year lease.
- 4.3 Early Help and Prevention Service and Disabled Children's Service have confirmed that the four operators have all been working efficiently and would be content to see the AP continue to provide services for children and young people out of school hours. However, new service contracts to deliver open access play are to be tendered with providers to commence in September 2022.

- 4.4 The properties shown edged in red in Appendix 1, the subject of the leases, will be used by the successful lessees to provide play services and support for children and young people, particularly out of school hours

## **5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 5.1 Consideration was given to creating leases of five years for the five properties but this would have restricted the ability of the charitable organisations to raise grant aided money in the market.

## **6. BACKGROUND**

- 6.1 The AP have previously been operating under 10 year leases but they did not have the same terms or end dates and some had already expired. To bring them all into line, short term leases have been completed with the current operators to reflect the same terms for each and these are all due to expire on the 25th September 2022.
- 6.2 Heads of Terms were negotiated with the current leaseholders for a new 10 year term before it was recognised that new contracts should be tendered for the next five years. As the terms agreed are the same for all five AP they will still apply to the individual properties/lessees.
- 6.3 The AP operators are charities. The funding they receive from Council contracts does not cover all of the operational costs associated with delivering adventure play services. As a result they are expected to generate additional income from external sources. Some of the external funding sources require that the APs have 10 year leases to meet their funders' requirements.
- 6.4 Both the current short term leases to expire on the 25th September 2022 and the proposed new 10 year leases make the lessees responsible for the repair and maintenance of the properties which will reduce the maintenance budgets for the properties which previously sat with Strategic Property Services.
- 6.5 An AP is a unique form of open access staffed play provision where children can enjoy their childhood through engaging in the full possibilities of their play. It can be described as a space dedicated solely to children's play, where skilled playworkers enable and facilitate the ownership, development and design — physically, socially and culturally — by the children playing there.
- 6.6 All APs have a long history of providing open access play opportunities and early help support for children and young people. They are well used by young people and are at the heart of the local community they serve.

## **7. Policy Context**

By providing both enhanced community and educational facilities and in well maintained buildings the scheme meets Priorities 3, 5 and 6 of the Sustainable Community Strategy of the Council.

APs contribute to the Council's vision that Hackney's children and young people should enjoy their childhood and youth and be supported to make a successful transition to independent and successful adulthood. The 'Youth Offer' is a statutory obligation and is the provision of positive activities for young people.

### **7.1 Equality Impact Assessment**

There are no equality impact implications in relation to the property transactions and payments to and from the Council as set out in this Report.

### **7.2 Sustainability**

The new leases of the property holdings do not affect the physical usage of the property or their sustainability but the longer leases and defining the maintenance responsibilities will increase the whole life use of the buildings.

### **7.3 Consultations**

As the occupation of the AP is not affected by the transactions it was not necessary to carry out local consultations but it is proposed to engage in tenders for the provision of the operational contracts.

### **7.4 Risk Assessment**

As the AP has been operating for over 10 years by the current lessees the only risk to the Council is if the current operators are not successful in the tender and we have to work with new prospective lessees but this may create opportunities as well.

## **8. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES**

8.1 This report seeks the approval to grant 10 year leases to 4 charitable providers who currently run the 5 adventure playgrounds. The rent is set at £2,500 per annum per playground and has increased from £1,750 previously. The commercial income received will increase by £3,750 for all sites.

8.2 A proportion of provider income is from the council through a contract commissioned by the Young Hackney Team. This money is passported from the voluntary and community sector (VCS) budget, which although has managed to sustain the funding over the past 10 years, budgetary pressures can pose a risk for future funding. It is important that the council work with the providers to ensure they are able to deliver the service whilst having the ability to pay their overheads. Should they default, the commercial property team will need to have a strategy in place for these types of circumstances.

8.3 Overall it will be beneficial for the council to enter into these leases as they will generate more income than previously. It can also be seen as a reasonable increase as voluntary sector properties receive significant discounts.

## **9. COMMENTS OF THE DIRECTOR OF LEGAL, DEMOCRATIC AND ELECTORAL SERVICES**

9.1 The grant of a lease for a term of more than 7 years is pursuant to the Hackney Mayoral Scheme of Delegation of January 2017 and is reserved to the Mayor and Cabinet.

9.2 Section 123(1) of the Local Government Act 1972 provides the Council with the power to dispose of land and property, provided such disposal is made for the best consideration reasonably obtainable. However, the General Disposal Consent 2003 removes the requirement for local authorities to seek specific consent from the Secretary of State for any disposal of land where: the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of: (i) the promotion or improvement of economic well-being; (ii) the promotion or improvement of social well-being; (iii) the promotion or improvement of environmental well-being; and the "undervalue" (i.e. the difference between the unrestricted value of the interest to be disposed of and the consideration accepted) is £2 million or less.

9.3 As stated above at section 7, it is considered that the grant of the leases will assist in the promotion of social well being in the borough by the provision of enhanced community and educational facilities.

9.4 The comments of the Director of Property confirm that the disposal conforms with the Council's duty to comply with s123 of the Local Government Act 1972.

## **10. COMMENTS OF THE DIRECTOR OF STRATEGIC PROPERTY SERVICES**

10.1 The rental of £2,500 p.a. is not a market rent but the leases meet the requirements of S123 of the Local Government Act 1972 to achieve best consideration through the community and educational benefits the APs provide.

## **APPENDICES**

Appendix 1 - Plans of the properties shown edged in red and blue.

## **BACKGROUND PAPERS**

**In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012**

publication of Background Papers used in the preparation of reports is required

**Description of document (or None)**

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| <b>Report Author</b>   | Peter Burt, Senior Asset Management Advisor<br><a href="mailto:peter.burt@hackney.gov.uk">peter.burt@hackney.gov.uk</a><br>07847 615868         |
| <b>Comments for the Group Director of Finance and Corporate Resources</b>    | Jenny Han-Nguyen, Group Accountant - F&R<br><a href="mailto:jenny.hannguyen@hackney.gov.uk">jenny.hannguyen@hackney.gov.uk</a><br>0208 356 6517 |
| <b>Comments for the Director of Legal, Democratic and Electoral Services</b> | Angelic Walker Senior Solicitor<br><a href="mailto:angelie.walker@hackney.gov.uk">angelie.walker@hackney.gov.uk</a><br>0208 356 6994            |