

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3181

Title: The 639 Community Enterprise Centre, Tottenham – Revised Forward Strategy

Executive Summary:

Following discussions with LB Haringey, the identification of additional funding sources and the development of a detailed scope of works, it is now necessary to update the forward strategy for the GLA-owned 639 Tottenham Community Enterprise Centre. This paper outlines progress with regards to the previously reported safety concerns and longer-term enhancements to the Centre. It proposes that the GLA oversees the next phase of works; and that the current operator lease arrangements are extended by 24 months to enable works to be undertaken and completed in advance of the proposed procurement of a new tenant/operator and execution of a subsequent lease arrangement.

Decision:

That the Mayor:

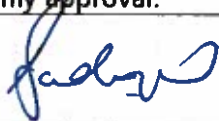
- approves the receipt of up to £2.3m of LB Haringey funds
- approves the further receipt of up to £250,000 of LB Haringey Strategic Investment Pot (SIP) funds
- approves the receipt of up to £300,000 from the Dept. for Energy Security and Net Zero (DESNZ) Public Sector Decarbonisation Scheme (PSDS)
- approves expenditure of up to £2.85m capital across financial years 2023-24, 2024-25 and 2025-26 to meet the costs of undertaking additional works and planned preventative maintenance to the building, including measures to decarbonise the energy supply and improve insulation
- approves the extension of the current operator lease by 24 months and related maintenance revenue expenditure of up to £154,000
- approves revenue expenditure of £10,000 (index linked) on building management fees per annum for the subsequent lease period from March 2026 to 2051
- delegates authority to the Executive Director, Good Growth to:
 - consider and approve proposals for the procurement and appointment of the future Community Enterprise Hub operator
 - agree and execute the related 25-year fully repairing and insuring lease to the operator from 8 March 2026.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

8/1/24

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report.

1. Introduction and background

- 1.1 The 639 Community Enterprise Centre project ('the 639 Centre') was originally funded as part of the Mayor's Regeneration Fund (MRF) programme. The GLA purchased and refurbished the building following the riots in Tottenham and other parts of London in 2011 (approved under cover of DD791). The GLA then appointed LAUNCH IT (formerly the London Youth Support Trust) as the preferred operator to manage the enterprise centre up to March 2017. In March 2017, mayoral approval was given (under cover of MD2065) to invite LAUNCH IT, in collaboration with the Trampery, to manage the building in line with an agreed business plan, grant agreement and related lease arrangement to March 2024.
- 1.2 The 639 Centre continues to incubate and promote small and emerging local businesses bringing together various strands of support to develop and sustain careers, from support and training for school leavers, to subsidised premises, business mentoring and career development initiatives.
- 1.3 A range of space is provided:
 - affordable office space (incubator space for local start-ups)
 - shared workspace
 - conference and boardrooms
 - exhibition gallery
 - café
 - Tottenham's Living Room - a free-to-access space for local business, groups and organisations.
- 1.4 The 639 Centre is delivering strongly on its aims to support youth and local enterprise – exceeding many of the outputs proposed at the beginning of the current lease period. Occupancy rates have been high, engagement with the community has been strong, and the business support provided for entrepreneurs has been highly rated by beneficiaries, reflecting the quality of provision from LAUNCH IT and Trampery staff.
- 1.5 While the GLA does not fund the operation of the centre (beyond costs associated with landlords' maintenance responsibilities including agents' fees), the operator benefits from a peppercorn rent and is not responsible for the cost of building repairs. This arrangement underpins the operator's ability to deliver clear, demonstrable business and employability outcomes for young local people from disadvantaged and ethnically diverse backgrounds.
- 1.6 The GLA is responsible for the external fabric of the building and for lift repairs. To support this there is provision in the current lease for LAUNCH IT and the Trampery to pay the GLA a minimum £25,000 per annum 'repair fund base contribution' plus 50 per cent of any profits generated from their operations.
- 1.7 These funds alongside funds drawn from the remaining unspent programme reserves of the Good Growth Fund (£52,000 in 2023-24, £47,000 in 2024-25 and £62,000 in 2025-26) are being used to cover the costs of routine maintenance, survey work, design fees and other costs for the remaining lease period to March 2026, as well as the legal fees associated with forming the proposed future lease from March 2026 onwards. After that point, it is expected that the new lease will be fully repairing and insuring with the aim of reducing the GLA's ongoing revenue expenditure exposure to £10,000 per annum (index linked) to cover management agents' fees only.

- 1.8 In August 2022 several safety issues were highlighted by the building operator, including falling masonry from the front façade of the building, problems with the lift and other less significant issues. A full health and safety audit has been undertaken which informs all of the proposals set out here, and initial works have been undertaken to ensure the safe operation of the building.
- 1.9 Whilst the immediate safety concerns have been addressed, more significant works to the fabric of the building are deemed necessary to maintain its safe operation and continued service delivery over the long term and to ensure the building and wider local economic development endeavour can attract future operators. Subsequent water inundation and internal leaks have also highlighted the need to accelerate planned preventative maintenance to the roof.
- 1.10 Estimates prepared by Avison Young on behalf of GLA Estates identified the cost of these works to be in the region of £2.3m including associated fees and contingency. A successful funding bid for £2.3m was made to the Department of Levelling Up Housing and Communities (DLUHC) to fund the necessary capital works.
- 1.11 In March 2023 under MD3076 the Mayor:
- approved the receipt of up to £2.3m DLUHC funds in financial year 2022-23
 - approved expenditure of up to £2.3m capital in financial year 2022-23 to meet the costs of undertaking emergency safety works and planned preventative maintenance to the GLA's building, 639 Tottenham Community Enterprise Centre
 - approved expenditure of up to £83,000 revenue in financial year 2022-23 and £130,000 in financial year 2023-24 for building surveys, routine maintenance (including management agent's fees) and legal fees associated with future leasing arrangements
 - approved expenditure of £10,000 revenue expenditure (index linked) on building management fees per annum for the lease period to March 2026 to 2051
 - delegated authority to the Executive Director, Good Growth to:
 - consider and approve proposals for the procurement and appointment of the future Community Enterprise Hub operator
 - agree and execute the related 25-year fully repairing and insuring lease to the operator from 8 March 2026.
- 1.12 A subsequent detailed scope of works identified that the remaining substantive works will be more involved and will take longer than expected. As such LB Haringey requested that the GLA take forward the work to the building directly – and take receipt of the £2.3m previously granted to LB Haringey under MD3076.
- 1.13 During this period the GLA has also made an application to the Department of Energy Security and Net Zero's Public Sector Decarbonisation Scheme (PSDS) for a grant of £300,000 to replace the existing inefficient gas boilers with a low carbon heating system as part of a whole building approach to improve energy efficiency.
- 1.14 More recently a further contribution of up to £250,000 has been identified, subject to approval by LB Haringey via a reallocation of their grant from the Strategic Investment Pot (SIP) programme, administered by City of London. The SIP was originally resourced via the London Business Rates Pool and its allocation to Haringey followed a review process involving GLA and local government officers from across London.

2. Objectives and expected outcomes

Revised forward strategy

- 2.1 The renewal of the lease and operator specification for the 639 Centre remains an opportunity to review and redefine the centre, its existing governance, partnerships, and occupants, and to address associated costs and liabilities to the GLA.
- 2.2 More detailed feasibility work has revealed that aspects of the necessary building works will be more involved and will take longer than expected. Furthermore, an opportunity has been taken to expand the scope of the works to leverage additional lettable area and future income, and to decarbonise the building, which will considerably increase the commercial potential of the site to future operators.
- 2.3 The feasibility work undertaken highlighted that the complexities of developing and delivering this capital programme of works to a listed building are considerable and include obtaining the required statutory consents, developing an appropriate conservation-led approach to technical details, and procuring a contractor to deliver the works.
- 2.4 While LB Haringey is keen to support the GLA to secure the future of the building for local economic development, its preference is for the GLA to now undertake the necessary works directly.
- 2.5 GLA staff have updated the forward strategy for the building accordingly and are arranging for associated funds to be returned to the GLA.
- 2.6 These developments have also led to the delivery timeframes of this work to be extended significantly and have brought into question the sequence that leads to the procurement of a new operator and longer-term lease arrangements, leading to a revised approach for the next lease period.
- 2.7 It remains the intention to invite operators/service providers to meet the GLA's long-held ambitions for the site whilst putting the project on a more sustainable financial footing and reducing costs and liabilities to the GLA. However, following an evaluation of the impact and duration of proposed works to the building it is proposed to first extend the current operational lease period 2017-2024 by two years until March 2026.
- 2.8 This will enable building works to be complete with a steady period of operation ahead of the appointment of a new operator from March 2026 to March 2051 and under a new fully repairing lease arrangement.
- 2.9 It is proposed to fund the costs for the extended lease period utilising the building maintenance reserve fund of £29,776 which fell due March 2023, and further such payments which will now fall due in March 2024 and March 2025 (see table at paragraph 2.17) and by drawing on unallocated revenue identified from ringfenced Good Growth Fund reserves.
- 2.10 LB Haringey will continue to support the GLA to develop the forward strategy and operating specification for the 639 Community Enterprise Centre to maximise outputs and outcomes and will continue to support the GLA to identify a suitable operator.
- 2.11 The forward strategy continues to balance commercial considerations with the ongoing requirement for the 639 Centre to deliver on its aims and will specify how much of the building should be reserved for community use. The GLA will continue to require clear, demonstrable outcomes for young local people from disadvantaged backgrounds. Organisations will be invited to submit proposals in line with the stated aims and will be supported by the GLA in the delivery of these plans and in attempts to raise additional funds, including up-front and annual investment from prospective tenant/operators.

- 2.12 Following a period of soft market testing in 2024 the GLA will initiate a two-stage competitive application process in March 2025, supported by the TfL procurement team, inviting submissions from interested workspace operators to undertake the operation of the 639 Centre from March 2026.

Proposed expenditure

- 2.13 GLA Estates will continue to perform a managing agent role and will oversee and undertake landlords' maintenance responsibilities, through agents, for the lease period (to 7 March 2026) at an estimated cost of £77,000 in 2023-24, £77,000 in 2024-25 and £77,000 in 2025-26.
- 2.14 Alongside this, upfront costs of £20,000 in 2023-24 and £20,000 in 2024-25 are expected to be incurred for survey work and the development of the related initial specification for the remaining safety and planned preventative maintenance works. These will also be funded from the maintenance reserve fund.
- 2.15 A further £10,000 of revenue expenditure in 2023-24 will be required to fund legal fees associated with the lease extension and £15,000 in 2025-26 with the formation of the proposed 25-year fully repairing and insuring lease.
- 2.16 The costs associated with the capital works, including works to the roof of the building and heating system are estimated at £2,850,000 (capital) and will be funded directly by the GLA following the receipt of funds from LB Haringey and subject to the outcome of the PSDS bid to DESNZ. If the bid is unsuccessful, alternative funding and financing sources will be explored, but the works may need to be rescope to exclude some or all of the associated activities.
- 2.17 The income and expenditure over 2023-24, 2024-25 and 2025-26 requested through this MD is summarised in the table below.

Income Revenue	2023-24	2024-25	2025-26
Maintenance reserve fund	£29,776 (plus profits) fell due Mar 23	£25,000 (plus profits) falls due Mar 24	£25,000 (plus profits) falls due Mar 25
	forecast total £35,000	forecast total £30,000	forecast total £30,000
Good Growth Fund programme reserve	£52,000	£47,000	£62,000
Total	£87,000	£77,000	£92,000

Income Capital			
LB Haringey	£2,550,000		
PSDS			£300,000
Total	£2,550,000		£300,000

Expenditure Revenue	2023-24	2024-25	2025-26	2025-26 to 2049-50
Maintenance contract including agent's fees	£77,000	£77,000	£77,000	£250,000 (£10,000 per annum) index linked
Legal costs	£10,000		£15,000	
Revenue Total	£87,000	£77,000	£92,000	

Expenditure Capital	2023-24	2024-25	2025-26	2025-26 to 2049-50
Surveys and Specifications	£30,000 (inc. initials surveys)	£30,000		
Further building safety works	£100,000	£365,000		
Main works		£635,000	£880,000	
PSDS works			£300,000	
Consultant fees	£60,000	£300,000	£150,000	
Capital Total	£190,000	£1,330,000	£1,330,000	

Attracting investment

- 2.18 Undertaking this expanded scope of works will underpin efforts to attract a social entrepreneur operator for the next lease period and enable the GLA's aspiration for a fully repairing lease to be met. This will reduce the financial risk to the GLA in the long term by making private investment more attractive.
- 2.19 The GLA will remain the freeholder and retain long-term liabilities associated with the building, meaning that from March 2026 onwards it will retain a reduced financial liability of £10,000 per annum (index linked) covering the management agent fee for the proposed 25-year lease period. The ongoing revenue requirement will start in the 2025-26 financial year and will need to be requested and approved as part of the Mayor's budget setting process for 2024-25 onwards (to be contained within revenue resources within the Planning and Regeneration unit).
- 2.20 GLA staff have discussed with colleagues in the London Borough of Haringey the benefits of greater community involvement in the management and running of the building. There remains a related ambition that over time the asset once profitable could form part of a community land trust or other asset transfer mechanism.

3. Equality comments

- 3.1 The Public Sector Equality Duty (PSED) is a statutory obligation on the GLA. The future 639 Centre tenant-operator will be supported to ensure development and delivery of service provision that follows relevant Codes of Practice in line with the requirements of the PSED to ensure that the following issues have been considered and that the GLA Complies with the duty:
- **Operational policies:** the operation of the building will be assessed in terms of accessibility to ensure the minimisation of disadvantages experienced by people who share a protected characteristic, age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation. The works package has been designed to ensure the 639 Centre is accessible, user-friendly and safe for everyone, regardless of physical ability.
 - **Documents and publications:** all documents produced will comply with Mayor of London branding guidelines, which is based on guidance from the Royal National Institute of Blind People. Accessible formats will be available including through the GLA's translation service on request.
 - **Events:** events will be open to all, and the operator will be obliged to encourage people who share a protected characteristic to participate in any activity in which their participation is disproportionately low.

- 3.2 The tenant/operator of the 639 Centre will liaise with all sub-tenants and support recipients to ensure they share the public sector equality duty. This will be re-confirmed in future grant award arrangements to ensure delegation is clear.
- 3.3 The procurement process and documentation will follow best practice guidelines to ensure equality impact monitoring and equal opportunities are achieved.
- 3.4 All monitoring and evaluation activity will include a broad range of officers across the GLA Group and include LB Haringey and community representatives to ensure rounded discussions and prioritisation.
- 3.5 The GLA will utilise TfL's online portal and workspace providers networks to advertise the opportunity and to ensure the widest range of potential operators are able to access details about the tender opportunity. The GLA will also undertake targeted action to identify and encourage diverse organisations to make a submission as part of procurement exercises.
- 3.6 All specifications will make very clear the need for an operator to work closely with the diverse community in north Tottenham and beyond and to support young people aged 18-30, particularly those who are economically disadvantaged, to achieve financial independence through entrepreneurship. The operator will monitor inclusiveness with respect to target BAME and youth inclusion. The project specification will facilitate the development of a more inclusive governance approach for the building and related local economic development project, fostering an inclusive approach to asset management and community wealth building.

4. Other considerations

Key risks and issues

- 4.1 There is a significant risk of cost inflation. This will be mitigated by contingency budgeting (over and above the rate of construction inflation), the development of a full schedule of works and the securing of contractors' quotations.
- 4.2 Further risk remains regarding the potential for additional costs to arise associated with unanticipated building repairs being required. This is mitigated by the proposed planned preventative maintenance, routine preventative checks and continuing maintenance operations.
- 4.3 There is a risk of works overrunning which may impact timelines for getting new operator in place and have financial implications on GLA which is covering costs in the intervening period. This is mitigated by good project management discipline and works programming which currently project a six-month window between the completion of the works and commencement of new lease arrangements. Strong contract administrations resource and works oversight resource will be bought-in to bolster GLA staff in-house capabilities.
- 4.4 Despite the project's current promising financial trajectory, there is a risk that the current and future tenant/operators are unable to operate a sustainable financial model. To mitigate against this the tenant/operator will operate open book accounting whereby the GLA project manager will be able to keep abreast of financial performance alongside operational performance on a monthly basis. The project manager will also draw on insights that have been gained in the delivery of other community projects that have been funded by the GLA Regeneration team to help the project develop a sustainable operating model. The GLA, through the enhanced governance arrangement, will advise on changes to scope and on possible funding opportunities to keep operations within budget.
- 4.5 A related risk would be around the identification of additional funding to subsidise the business support activity. The current tenant/operator has successfully commenced fundraising to insulate the project from this. Any future operator would need to do the same.

- 4.6 There is a risk that the new lease will not be in place once the current lease expires. Good project management systems are in place to mitigate against this, and early engagement has begun with the TfL procurement team.
- 4.7 There is a key risk of low operator interest in the proposed 25-year lease and it is also possible that bid proposals fall short of expectations, especially as they will need to cover maintenance costs. To mitigate against this, GLA staff are working closely with the current operator, LB Haringey and their workspace providers panel to test market assumptions and develop the most attractive proposition possible – whilst still meeting local economic development aims.
- 4.8 Reputational risks – there are clear expectations within the community, voiced by LB Haringey that the project will continue to deliver the local economic development outcomes. These expectations will be central to the specification for any future operator, as any reduction or cessation of this would need to be managed effectively in terms of communications and stakeholder management.

Links to Mayoral strategies and priorities

- 4.9 This proposal supports the Mayor's Economic Development Strategy, including the commitment to supporting young people, community business and local economic development. It will help make sure that work on skills and economic development is joined up in Tottenham, will nurture small independents and start-ups, and will build stronger partnerships between the private sector, public and voluntary agencies and the community.
- 4.10 In line with the Economic Development Strategy the project will support small businesses and protect business space. Proposals outlined here directly support attempts to put London's small businesses, start-ups, and entrepreneurs at the heart of the London economy and London's communities, and to support them to grow, innovate and create wealth and jobs.
- 4.11 In respect of impact assessment and engagement, a previous interim evaluation has shown that the 639 Centre has been established successfully, supporting new business creation in line with anticipated outputs, and has become financially sustainable. The evaluation found the following:
- Occupancy rates have been high, consistently averaging over 90 per cent for the first five and a half years of operation.
 - Engagement with the community has been strong with the Tottenham Living Room attracting over 100 different user groups each year, many using the space on a regular basis.
 - The business support provided for entrepreneurs was highly rated by beneficiaries, reflecting the capability of LAUNCH IT and the Trampery officers in providing support.
 - Previous impact assessments have suggested that in addition to significant social value delivered by the project, approximately £1.40 GVA was created at the 639 Centre for every £1 of public funding invested, with potential far greater future impacts estimated to be around £4.50 for every £1 when incorporating expected impacts over the seven-year lease period. On this basis a future 25-year lease period would generate additional GVA in excess of £30m.
 - The project is on a trajectory to meet most, if not all, of its stated targets. However, the socio-economic and investment context in Tottenham has changed significantly since the outset of the project and that the future strategic direction for the centre needs to respond to the fact that unemployment has reduced, enterprise rates have risen, and a great deal of investment is taking place in Tottenham. This points to new opportunities for business start-ups and for local people accessing new employment, which the 639 Centre can support. It will also require a well-honed and highly targeted forward strategy and operating model to be further developed in close collaboration with LB Haringey and the local community.
- 4.12 Recent reporting has confirmed that the project is on track to achieve agreed seven-year target outcomes for businesses started and jobs created. In contrast, the total number of people recorded

as moving into education and the number of people recorded that are receiving more general business assistance is lower than anticipated. Service providers have reported difficulties tracking young people and therefore fully recording impact, which is something that the operator is looking to rectify in the next 12 months.

	Annual target	2017	2018	2019	2020	2021	2022	2023 TBC	6-year Total	7-year Target
Businesses started	15	21	25	31	17	10	29	-	133	105
Jobs created	12	7	17	21	15	10	15	-	85	84
People assisted	350	297	362	347	277	232	338	-	1853	2450
Businesses assisted	50	53	49	44	65	38	53	-	302	350
People moving into education or employment	15	10	12	8	10	7	12	-	57	105

4.13 No conflicts of interest associated with this project and related processes have been identified.

5 Financial comments

5.1 Approval is requested for:

- receipt of up to £2.3m of LB Haringey funds
- receipt of up to £250,000 of LB Haringey Strategic Investment Pot (SIP) funds in financial year 2023-24
- receipt of up to £300,000 from the Public Sector Decarbonisation Scheme
- capital expenditure of up to £2.85m across financial years 2023-24, 2024-25 and 2025-26 to meet the costs of undertaking emergency safety works and planned preventative maintenance to the GLA's building
- extension of the current operator lease by 24 months and related maintenance expenditure of up to £154,000 revenue
- revenue expenditure of £10,000 per annum (index linked) on building management fees for the lease period to March 2026 to 2051.

Capital

5.2 The total planned capital expenditure is up to £2.85m. Of this, £2.3m is to be come from funds returned to the GLA by LB Haringey, having been originally provided by DLUHC under MD3076. A further £250,000 is planned to be allocated to the GLA from unspent SIP programme funds subject to approval by LB Haringey. This will take the form of grant funding to the GLA and the associated spend will take place in the 2024-25 financial year. The remaining £300,000 is planned to be received from the Public Sector Decarbonisation Scheme subject to the bid being successful. If the bid is unsuccessful, alternative funding and financing sources will be explored, and the works may be rescoped to exclude some or all of the associated activities.

5.3 The planned profile of the capital funding and expenditure is shown below:

Capital Expenditure	23-24	24-25	25-26	Total
Surveys and specifications	£30,000	£30,000		£60,000
Building safety works	£100,000	£365,000		£465,000
Main works (PPM and fabric improvements)		£635,000	£880,000	£1,515,000
PSDS works			£300,000	£300,000
Consultant fees	£60,000	£300,000	£150,000	£510,000
Total	£190,000	£1,330,000	£1,330,000	£2,850,000
Capital Funding				
Capital Funding	23-24	24-25	25-26	
LB Haringey (DLUHC Funding)	£2,300,000			£2,300,000
LB Haringey (SIP Funding)	£250,000			£250,000
Public Sector Decarbonisation Scheme			£300,000	£300,000
Total	£2,550,000	£0	£300,000	£2,850,000

Revenue

- 5.4 The revenue expenditure is predominantly related to the maintenance contract. Expenditure for 2023-24 has been approved previously under MD3076. The current lease ends in March 2026 and under this the GLA must undertake Landlord maintenance responsibilities and costs are expected of £77,000 per year in relation to this during this period.
- 5.5 In addition, there are one-off lease extension costs and procurement costs of £10,000 in 2023-24 and £15,000 in 2025-26. These costs will be funded from Good Growth Fund programme reserves as well as income from the maintenance reserve fund. The income for the maintenance reserve fund is comprised of £25,000 fixed base contribution from the current operator plus a further 50 per cent of profits. The forecast assumes profits of £10,000 in 2023-24 and £5,000 for 2024-25 and 2025-26 and this looks prudent based on current estimates. However, should this not materialise then Planning and Regeneration Unit will be required to fund the difference from elsewhere within their allocated budget.
- 5.6 It is expected that when a new lease is signed in March 2026 the leaseholder will sign a fully repairing and insuring lease and thus pick up the maintenance costs from that point onwards. Therefore, from 2026-27 financial year onwards the GLA's contribution is expected to be reduced to £10,000 per year (index linked) on management fees for the lease. This was included in the previous MD3076 but will now commence in March 2026 rather than in the 2024-25 financial year as previously stated. This expenditure will need to be contained within the Planning and Regeneration Unit's revenue resources and will need to factor into the Mayor's budget setting process from 2025-26 onwards.
- 5.7 The planned profile of the revenue expenditure is shown below:

Revenue Expenditure	23-24	24-25	25-26	25-26 to 49-50 (per year)
Maintenance contract	£77,000	£77,000	£77,000	£10,000

Legal costs / lease arrangements	£10,000		£15,000	
Total	£87,000	£77,000	£92,000	£10,000
Revenue Funding				
	23-24	24-25	25-26	25-26 to 49-50 (per year)
Maintenance reserve fund (estimated)	£35,000	£30,000	£30,000	
Good Growth Fund programme reserves	£52,000	£47,000	£62,000	
Regeneration unit budget				£10,000
Total	£87,000	£77,000	£92,000	£10,000

5.8 There are VAT implications that must be factored in with the move from the GLA charging peppercorn rent to a fully repairing and insuring lease. The GLA can reclaim the VAT it pays on the full costs of the proposed works provided the GLA in turn, charges the tenant VAT on the rents they pay. By charging VAT on the rent, the GLA will be refunded the VAT on the costs of refurbishment by HMRC. Under this option, any and all payments made to the GLA as landlord will have VAT at 20 per cent added. This may have implications for the rental income that can be achieved as for some tenants VAT is a cost as they are not able to get a refund of VAT from HMRC.

6 Legal comments

6.1 The foregoing sections of this report indicate that the decisions sought concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation in Greater London and in formulating the proposals in respect of which a decision is sought, officers must comply with the GLA's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
- consult with appropriate bodies.

6.2 In taking any decisions sought, the Mayor must have due regard to the Public Sector Equality Duty – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010 and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion) and persons who do not (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3 The Mayor may delegate the exercise of the GLA's functions to the Executive Director, Good Growth as proposed should he wish.

6.4 If the Mayor makes the decisions sought, officers must ensure that:

- no reliance is placed upon: third party funding until legally binding commitments have been secured from the funders in question; or future years' budgets until approved definitively
- any services, supplies or works required are procured in liaison with TfL procurement and in accordance with the GLA's Contracts and Funding Code and contracts are put in place between

and executed by the GLA and contractors before commencement of such services, supplies or works

- any award of grant funding is made fairly, transparently, in accordance with the GLA's equalities and with the requirements of GLA's Contracts and Funding Code, and funding agreements are put in place between and executed by the GLA and recipients before any commitment to fund is made
- they can verify that the rent payable by the tenant under the lease does not result in the GLA making a profit, the amounts received not exceeding the costs of undertaking the proposed works and planned preventative maintenance to the premises.

6.5 The property is subject to an Overage Deed of Covenant with London Borough of Haringey until 2 August 2027. The grant of a lease for 21 years or more with a capital value is treated as a disposal for the purpose of the Overage Deed of Covenant and in the event of a disposal GLA would be required to comply with the terms of the Deed.

6.6 Section 333ZC of the GLA Act provides that the GLA may not dispose of land held by it for housing and regeneration for less than the best consideration which can reasonably be obtained unless the Secretary of State consents. In this case best consideration is unlikely to be realised due to the obligations on the tenant / operator to offer space to local young people from disadvantaged backgrounds. Specific consent from the Secretary of State will not be required if the transaction meets the criteria of the Secretary of State's general consent issued on 11 December 2012. This will need to be assessed once the details of the long-term lease are known.

7 Planned delivery approach and next steps.

Workstream 1: Building safety works	
Activity	Timeline
Planning and heritage statement development	November 2023 – January 2024
Planning determination period	January 2024 – March 2024
Works not requiring planning consent (e.g., lift)	January – March 2024
Tendering specification complete	February 2024
Invitation to tender (via TfL procurement)	March 2024
Delivery start date	May/June 2024
Delivery end date	October/November 2024
Project closure	March 2025

Workstream 2: Main works (PPM, fabric improvement and PSDS Works)	
Procure multidisciplinary design team	November 2023 – January 2024
Design, planning and heritage statement development	January 2024 – May 2024
Planning and listed building determination period	May 2024 – July 2024
Tendering specification complete	July 2024
Contractor Invitation to tender (via TfL procurement)	July/August 2024
Delivery start date	November/December 2024
Delivery end date	August/September 2025
Project closure	March 2026

Workstream 3: Lease (Extension and future operator procurement)	
Lease extension	December 2023 – March 2024
Soft market testing	June 2024 – September 2024
Develop specification for new operator	September 2024 – January 2025
Heads of Terms agreed	February 2025
Commence operator procurement	March 2025

Receive operator proposals / commence negotiations	June 2025
Appoint operator / obtain director approval	October 2025
Commence new lease arrangement	March 2026

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? Yes

If YES, for what reason: Commercial sensitivities regarding tender action.

Until what date: 30 September 2024

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Jamie Dean has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Jules Pipe has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 4 December 2023.

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

4 January 2024

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature:



Date:

4 January 2024