

To: City Executive Board
Date: 14 April 2016
Report of: Head of Community Services
Title of Report: New lease for West Oxford Community Association

Summary and recommendations	
Purpose of report:	To approve terms for a new lease for West Oxford Community Centre
Key decision:	No
Executive Board Member:	Councillor Christine Simm, Board Member for Culture & Communities
Corporate Priority:	Strong, Active Communities Effective, Efficient Council
Policy Framework:	Community Centre Strategy 2015-2020
Recommendation(s): That the City Executive Board resolves to:	
1. Approve the terms of a new lease for West Oxford Community Association and delegate authority to the Director of Community Services in consultation with the Monitoring Officer to complete a lease.	
Appendices	
Appendix 1	Risk Register
Appendix 2	Equalities Impact Assessment
Appendix 3	Confidential – not for publication: Nil rent and Council’s ability to enforce lease covenants

Introduction and background

1. The Council owns 18 community centres of which it directly manages four. The others are managed by Community Associations, composed of local residents and user groups. These citizens’ associations are often of very long standing and reflect the vitality of local organisations in Oxford; their work is greatly valued by the Council, as reflected in the draft Community Centre Strategy.
2. These associations are voluntary groups, and are registered charities, accountable to the Charities Commission for meeting their declared charitable objectives.

3. One of the key objectives identified in the draft Community Centre strategy is to provide support for these Associations through the City Council's administrative structures, to help them to recruit and retain trustees, and to manage their buildings. The City Council also aims to work with the associations to support the provision of programmes of activity which are inclusive, popular and wide ranging, responding to local needs and ideas.
4. On 15 October 2015 the City's Executive Board agreed a framework policy for the future management of the Community Association leases. Five of the Community Associations are currently "holding over" on an expired lease which has protected status within the Landlord and Tenant Act 1954 (see paragraphs 6 and 7 below). Terms for these leases are to be agreed with each Association in consultation with the Council Leader, the Executive Member and the local Ward Councillors.
5. This report proposes terms for the future lease for West Oxford Community Centre, following lengthy discussions with the Association. This new form of lease is significantly different from the standard form of lease used by the Council but reflects the special status and role which Community Associations and their buildings have for the city community. Confirmation is sought from the City Executive Board that the proposed terms are appropriate and acceptable.

The terms of the lease

6. West Oxford Community Association ("WOCA") currently holds a ten year lease for the Centre which was granted in 2001. The lease formally expired in 2011 and WOCA is currently "holding over" under the terms of the lease.
7. WOCA has security of tenure for its building under the Landlord and Tenant Act 1954, and is therefore entitled to be granted a new lease broadly on the terms of its current lease, but that could be subject to a market rent. Under WOCA's current lease, no rent is payable.
8. When granting leases to voluntary organisations, the Council's normal policy is to charge a market rent and, where appropriate, to grant fund the organisation to meet either the full or part cost of that rent. Such arrangements are for a fixed term and are renewable at the Council's discretion; this provides for a level of oversight of the organisation's performance and its delivery of services which are consistent with the Council's policies. This 'market rent and grant' approach provides transparency in the use of public resources.
9. The West Oxford Community Association were not happy to enter into this form of lease as it opens up the possibility that a future Council could decide to withdraw the grant and impose an unaffordable rent on the Association. It is therefore proposed that the new lease for the Community Association should reflect the pre-existing relationship between the City Council and WOCA and should be at a peppercorn rent. The Council will also maintain the current

agreement with the Association to meet the cost of buildings insurance and external and structural repairs.

10. WOCA have sought a longer term lease in order to be better able to secure external funding or make longer term investments. In principle, this is acceptable but as this is a protected tenancy, it is proposed to include a break clause which either party may exercise on the 10th or 20th anniversary of the lease, in order to protect the Council's interest in the property and its use. If the Council were to exercise this provision, WOCA will have a right of renewal at a market rent under the Landlord and Tenant Act 1954.
11. Discussions are continuing with the WOCA Committee on the criteria that the Council would use to assess the performance of the Centre against City Council priorities. These criteria will not be connected to the lease. The lease will, however, require that the Association and the Council should work together to agree these within the timescale of the Council's plans to implement the Community Centre Strategy. The Centre's performance will be reviewed each year, as is the case for all City Council grant funded organisations.
12. The lease will contain detailed forfeiture clauses that the council will be able to invoke if there are serious or prolonged breaches of the key requirements of the lease.

Legal Issues

13. The key terms proposed for the lease are as follows:
 - A protected tenancy under the Landlord and Tenant Act 1954
 - 25 year term
 - Each party has the right to break on the 10th and 20th anniversary (no preconditions attached to the break)
 - Peppercorn rent
 - The Council will continue to meet cost of external and structural repairs and the cost of buildings insurance
 - Standard forfeiture (termination) provisions on a tenant's breach of significant covenants or insolvency. In the event of remediable breaches, the tenant has six months in which to remedy the breach.
 - Subletting of identified parts of the building permitted with the Council's consent which will not be unreasonably withheld. Any subleases will not have security of tenure under the Landlord and Tenant Act 1954.

The confidential appendix sets out the implications of these (Appendix 3).

Financial Issues

14. The Council is providing the lease at a peppercorn rent and in return, the Community Association undertakes to manage and run the Centre and its programme of activities in an inclusive way to deliver a broad social benefit.

Environmental Impact

15. We will continue to explore environmental improvements within the community centre and encourage the Community Association to hold events to promote environmental awareness. The association in collaboration with community groups have already made significant investments in renewable energy.

Conclusion

16. Following extensive negotiations, the Heads of Terms set out above have been agreed in principle. The Council has agreed that the peppercorn rent and the inclusion of the break clauses are an acceptable basis for the future relationship between the Association and the local authority. The lease provides for the longer term sought by the association and sufficient certainty for them to continue to invest in the centre. In the circumstances officers feel that the agreement reached is reasonable and recommend the terms to members.

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Background Papers: None