

Report to the Cabinet

Report reference: C/101/2005-06.
Date of meeting: 6 February 2006.



Portfolio: Finance and Performance Management.

**Subject: Epping Forest Homestart - Unit 36, Oakwood Hill Industrial Estate,
Loughton.**

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Recommendations:

- (1) That, with effect from July 2006, the lease granted to Epping Forest Homestart be renewed for a further period of 8 years subject to a rent review and tenant's break clause at the end of the fourth year;**
- (2) That a grant equivalent to the difference between the full rental value (£10,250) and the concessionary rent (£2,500) be agreed; and**
- (3) That a CSB Growth bid in the sum of £2,550 be made for 2006/07 in respect of the additional market rental foregone by way of grant to Epping Forest Homestart.**

Report:

1. The property is a first floor industrial unit comprising an area of 1205 square feet/112 square metres in a complex of 18 similar ground and first floor units at the Oakwood Hill Industrial Estate. It was first let to Epping Forest Homestart by way of a four-year lease in July 1998.
2. At that time Homestart were desperate for accommodation having lost the property they had occupied and being unable to secure suitable alternative premises in the area at a price they could afford. The Council recognised the value of the services provided by Homestart to the local community and their inability to afford a market rental. It was therefore agreed to let them Unit 36 on the Oakwood Hill Industrial Estate at a concessionary rental of £2,500 per annum fixed for the four-year period. This represented approximately 39.5% of the market rental at that time.
3. This decision, however, was not in keeping with the established policy of the Council which is to let all commercial premises at full market value, with any concession towards the cost of that rental to be given via Grant Aid, the rationale being that the Council is receiving the full rental of its assets which is clearly reflected in the accounts. The Grant Aid Budget can be adjusted to reflect the value of any assistance the Council wishes to give and the contribution is clear and transparent. The charity receives the benefit and the effect in their accounts is resource neutral.
4. Subsequently, when the Cabinet, at its meeting on 17 June 2002 (Minute 27 refers), agreed the renewal of the lease to Homestart for a further four years at the increased rental level of £7,700, it did so by means of a virement between Finance and Performance Management and Community Wellbeing Portfolios. With effect from July 2002 the annual costs have been met through a combination of £5,200 grant aid and the concessionary rate of £2,500 paid by Homestart. The Lease is due for

renewal in July 2006. With that in mind a re-valuation has now been carried out and the Estates and Valuation Management Service has assessed the current market rental at £10,250 per annum.

5. Epping Forest Homestart is a registered charity and they are well established locally in Unit 36. With the support of various helpers and, indeed, other traders on the estate, they have made extensive improvements to the unit which now provides a comfortable and well used home for their family support/training sessions, their drop-in activities, toy library, regional and other meetings and the administrative base for the organisation. In addition, they are now able to share the accommodation in the unit with other local organisations, supported by the Council and other agencies.
6. Homestart's aim is to help families and parents with at least one child under five whom, for whatever reason need personal and particular support. Health visitors refer families to them; social workers, community psychiatric nurses and family are also able to self-refer. Founded in 1973 it has grown to become an international organisation, but all local schemes run autonomously, being responsible for their own management and fund raising. Homestart Epping Forest covers the Epping Forest District and is managed by three members of staff and is supported by some 30 trained volunteers. These volunteers provide support and practical help to families under stress in their own homes, helping to prevent family crisis and breakdown by means of a home visiting scheme.
7. The District Council has long recognised the valuable role performed by Homestart and has had a service level agreement with the organisation for a number of years, with the current agreement running to the end of the 2006/07 financial year. In addition, Homestart Epping Forest receives core funding from Social Services, but even with grant aid support from the Epping Forest District Council, that it is not enough to meet their needs.
8. In the circumstances, the Cabinet is requested to approve a further Lease to Epping Forest Homestart. In recognition of the vital service they provide, and to give them additional financial security, it is recommended that the lease period be extended to eight years, with Homestart's contribution remaining at the concessionary rate of £2,500 per annum, subject to a rent review and a tenant's break clause at the end of the fourth year.

Other options for action:

9. The other options for action are to require a market rental for the grant of a new lease, or terminate the lease at the end of the contractual term (July 2006) and offer the premises to let on the open market.

Consultation undertaken:

10. Consultation was undertaken with the applicant group.

Resource implications:

Budget provision: Current market rental of unit 36 is £7,700 met by rent from Homestart of £2,500, and grant of £5,200. This is in the CS Budget for 2006/07. Reviewed market rental of unit 36 is £10,250. To be met by rent of £2,500 from Homestart, and grant of £7,750. CSB Growth in 2006/07 of £2,550 is required being the difference between the old rental valuation of £7,700 and the revised of £10,250.

Personnel: Estates and Valuation Management Service undertook evaluation. Responsibility for Grant Aid Scheme is with Research and Democratic Services.

Land: Unit 36 (1205 square feet (112 square metres), Oakwood Hill Industrial Estate, Loughton.

Community Plan/BVPP references: Community Wellbeing section in terms of social inclusion and voluntary sector support. Finance and Performance Management section in terms of value for money.

Relevant statutory powers: Section 123 Local Government Act 1972 - best consideration for land and property assets.

Background papers: Property file EV132. File on Epping Forest Homestart in Grant Aid Scheme.

Environmental/Human Rights Act/Crime and Disorder Act Implications: None.

Key Decision Reference (if any): N/A.