

TRAFFORD COUNCIL

DELEGATED EXECUTIVE MEMBER DECISION REPORT

Report to: Executive Member for Investment, Regeneration and Strategic Planning
Date: 18 May 2020
Report for: Decision
Report of: Corporate Director, Place

Report Title

Altrincham Health and Wellbeing Hub – Approval for Trafford Council to take a lease of accommodation

Summary

This report seeks approval from the Executive Member to authorise the Council to enter into a 10 Year lease with NHS Property Services for accommodation at Altrincham Hub, Market Street, Altrincham

Recommendation(s)

It is recommended that the Executive Member :-

- (i) Gives approval for Trafford Council to enter into a 10 year lease from NHS Property Services for accommodation at Altrincham Hub and be party to a Licence to Underlet between Canada Life, NHS Property Service and Trafford Council.
- (ii) Gives further approval to the Council to grant a subsequent Licence to Occupy to Manchester University NHS Trust to share occupation of the leased accommodation
- (iii) Authorises the Corporate Director for Place to agree any minor amendments that may be required to be made to the heads of terms in order to facilitate the grant of a lease.
- (iv) Authorises the Corporate Director of Governance and Community Strategy to enter into any legal documents required to facilitate the appropriate transactions.

Contact person for access to background papers and further information:

Name: Richard Roe, Corporate Director, Place
Extension: Ext 4265

Relationship to Corporate Priorities	
Relationship to GM Policy or Strategy Framework	
Financial	<i>These are set out in the report. There is a loss of income from rent at Sale Waterside of approx. £100k pa which will be mainly offset by additional rents already being received at Trafford Town Hall, with any shortfall funded from other existing revenue budgets.</i>
Legal Implications:	<i>Legal will be required to prepare the Licence to Occupy and also deal with the Lease of the Accommodation, together with the Licence to Underlet. The lease is being entered into on the basis that the costs are capped by CCG. CCG have confirmed this by way of letter but it would be advisable to obtain more formal confirmation eg an indemnity.</i>
Equality/Diversity Implications	<i>All equality / diversity implications have been considered as part of the relocation of staff to the new accommodation</i>
Sustainability Implications	<i>The accommodation is a new sustainable building</i>
Resource Implications e.g. Staffing / ICT / Assets	<i>Resource required to complete and manage the lease once in place.</i>
Risk Management Implications	<i>No risk management implications.</i>
Health & Wellbeing Implications	<i>The proposed accommodation will have a positive impact on the health and wellbeing of staff that are to be based at the new accommodation</i>
Health and Safety Implications	<i>No specific health and safety implications.</i>

1. Background

- 1.1 Trafford Council and NHS Trafford Clinical Commissioning Group (CCG) combined on 1st April 2018 to bring together social care and health expertise for the benefit of the Borough's Residents. It is now actively known as Trafford CCG
- 1.2 Since the merger in April 2018, staff have occupied valuable space at Trafford Town Hall and Sale Waterside.
- 1.3 The merger of health and social care staff from both Trafford Council and CCG has resulted in more collaborative working, rationalisation of part of the estate and work continues with other NHS leads to continue this.
- 1.4 Altrincham Health and Wellbeing Hub was completed in 2018 and is a purpose built state of the art healthcare facility. The Hub is already home to the Council's library on the ground floor and recently, two Altrincham GP Practices have moved into the Hub building, there will also be other health organisations moving into the accommodation in the near future.

2.0 Proposed lease of accommodation

- 2.1 The Altrincham Health and Wellbeing Hub is owned by Canada Life Investments Limited (Landlord) who granted a 30 year lease to NHS Property Services Limited (Tenant) of the upper floors of Altrincham Health and Wellbeing Hub.

- 2.2 Negotiations have been ongoing with NHS Property Services Limited for Trafford Council to take a lease of accommodation of part of the second floor , plus 30 car parking spaces subject to the following terms (a full copy of the heads of terms are attached as appendix a)

Lease Term	10 years from date of completion
Break Clause	Mutual break clause at year 5
Rental	£ 141,305.39 per annum. The rent will be subject to 5 yearly rent reviews
Service Charges	<p>An annual service charge proportion of 8.78% of the annual service charge for the building (estimated costs are £900,000 per annum which will equate to a contribution of £79,020) the service charge will be reviewed annually.</p> <p>The service charge covers business rates, utilities and hard and soft FM services.</p> <p>There will be a separate charge for</p> <ul style="list-style-type: none"> (i) all charges relating to the supply, consumption and removal of electricity, gas, water, sewage and other utilities to and from the Property where not separately metered and paid direct to the utility provider by the Tenant; (ii) the payment of non-domestic rates payable in respect of the Property where not paid directly by the Tenant to the billing authority; and (iii) the reasonable and proper costs, fees and disbursements incurred by managing agents employed by the Landlord for the management of the supply of the utilities referred to in (i) above and the payment of non-domestic rates referred to in (ii) above or, where managing agents are not employed, a management fee for carrying out the same activities itself. <p><i>*NB On writing this report, the budgets for the separate charges are yet to be finalized. However, the Council will recharge CCG for all additional costs above £110k as set out in paragraph 2.4 below.</i></p>

- 2.3 The total revenue implications for Trafford Council will be in excess of £220,325 per annum (this will vary annually depending on service charge budgets and does not reflect any future rent reviews for the duration of the lease. We do not currently have a budget figure for any of the additional charges.
- 2.4 Under the terms of the lease, Trafford Council will be billed for all of the costs incurred for the occupation (rent, service charges and management fee). The Council will then in turn recharge the CCG for any amounts payable in excess of £110,000, including the elements of additional service charges still being quantified. Under the terms of the Licence, MFT will contribute £110,000 per annum for use of the space.
- 2.5 The Council's lease obligations will be replicated in a licence to share the occupation to MFT and which will be underwritten by Trafford CCG. There is a loss in income to the Council of approximately £100k p.a relating to rent previously paid by MFT at Sale Waterside but this can be offset, in part, with income from the CCG from their occupation of Trafford Town Hall. The shortfall will be managed within the revenue budget.
- 2.5 Clinical Commissioning Groups (CCGs) are legally prohibited from taking on or holding leases for third parties hence the requirement. NHS Property Services as Landlord hold the lease of the whole of the accommodation on behalf of the CCG.
- 2.6 As NHS Property Services are a tenant of the building themselves, in order for them to be able to grant a lease to Trafford Council there is a requirement to obtain consent from the Superior Landlord (Canada Life Investments) The consent will be documented by way of a Licence to Underlet to which Trafford Council will be party to.

3.0 Licence to Occupy to Manchester University NHS Trust

- 3.1 After the lease to Trafford Council for the accommodation has completed, a Licence to Occupy will be granted to Manchester University NHS Trust for use of part of the leased space.
- 3.2 Manchester University NHS Trust will pay £110,000 as a Licence Fee towards the rental of the accommodation.
- 3.3 The Licence to Occupy will run for the same term as the lease and will be co - terminus with the agreement.

4.0 Other Options

- 4.1 The only other option available to Trafford Council is to accommodate the staff in Operational Council Buildings such as Sale Waterside and Trafford Town Hall

however, this will mean that the Council will considerably limit its ability to implement new ways of working for its own staff.

5.0 Consultation

- 5.1 All NHS partners have been actively involved in relocating into one Hub that will ensure teams work efficiently and collaboratively together.

6.0 Reasons for Recommendations

- 6.1 The various teams could continue to occupy space at Trafford Town Hall and Sale Waterside however, the proposal of taking a lease of accommodation at Altrincham Health Hub provides the opportunity for NHS partners to work more efficiently with each other, in the community and further support the other health providers that are located in the same premises.

Finance Officer Clearance *PC*

Legal Officer Clearance *TR*

[CORPORATE] DIRECTOR'S SIGNATURE

(electronic)..... 

To confirm that the Financial and Legal Implications have been considered and the Corporate Director has cleared the report prior to issuing to the Executive Member for decision.