

<b>Committee:</b> Community and Children's Services	<b>Dated:</b> <b>17 December 2021</b>
<b>Subject:</b> Green Box (Portsoken Health and Community Centre) Options	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>£</b>
<b>What is the source of Funding?</b>	
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/a</b>
<b>Report of:</b> Andrew Carter, Executive Director, Community and Children's Services	<b>For Decision</b>
<b>Report author:</b> Simon Cribbens, Assistant Director – commissioning and partnerships, Community and Children's Services	

### Summary

This report sets out the responsibility of the Department of Community and Children's Services (the Department) in relation to the Green Box (Portsoken Health and Community Centre). It notes the facility is now surplus, and the Department is required to pay for the disposal of the asset and restoration of the site on which it stands (the Slab). An offer to take on the asset for a short period by the developer of an adjoining scheme would remove these liabilities. The report recommends this option is approved in principle, with final approval delegated to enable a timely decision to be made in the light of full financial information in the form of cost estimates being obtained for the remedial works to the Slab.

### Recommendations

Members are asked to:

- Note the Green Box (Portsoken Health and Community Centre) is surplus to requirements and the liabilities associate with that (Option 1)
- Approve in principle the recommended Option 2.
- Delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to make a final decision.

### Main Report

#### Background

1. The Portsoken Health and Community Centre was established in 2007, becoming fully operational the following year on the completion of a lease with Guinness Trust of the Slab.

2. The centre – known locally as the Green Box – is constructed from shipping containers and is sited on the Mansell Street estate on land leased from Guinness Trust – the estate landlord. The initial lease period was five years, reflecting the intention that the building was a temporary facility. The City Corporation owns the structure.
3. On the termination of its lease, the City Corporation is required by the terms to remove the Green Box and restore the landscaping and perimeter wall. An estimate of costs is being obtained by the City Surveyor's Department.
4. A brand new Portsoken Community Centre has been provided as part of the development adjoining the Mansell Street estate. The activities and delivery from the Green Box will now transfer to this new facility.
5. Stakeholders, including Guinness Trust, residents, and local ward Members, are seeking clarity on the City Corporation's next steps with regard to the Green Box and any associated timeline.

### **Current Position**

6. The Green Box is now surplus to the Department's requirements. It is also leaking making it currently unfit for any other use.
7. Given its age, the container construction is recorded on the Corporation's asset register as having zero value.
8. The developer of the forthcoming residential units on the adjoining site has expressed an interest in using the Green Box as a welfare facility for its workforce. The developer advises this use would be for up to 12 months.
9. If this is progressed, they would negotiate and enter into a new lease with Guinness Trust and take on the liabilities of that lease to remove the structure and make good the Slab.
10. The developer is already contracted to landscape the wider Minorities residential development, and therefore willing and able to undertake this for the Green Box site. It would undertake any repair and alteration necessary to meet the proposed use.
11. Were this use to happen, the developer would limit entry and exit to the Green Box to the Little Somerset Street level entrance, and close access from and into the estate.
12. Guinness Trust has indicated a willingness to consider this approach, but has expressed a concern that should the developer cease trading before the lease ends, they would face the cost burden of removing the structure and restoring the Slab. It has therefore asked the City Corporation whether it would indemnify the Guinness Trust against that risk.

13. A credit risk assessment of the developer rates the probability of failure for this company in the next 12 months as a Low-Moderate risk.
14. An assessment is being undertaken in conjunction with the City Surveyor's Department to estimate the cost to the Department of removing the structure and restoring the Slab. This will explore whether the container units have any residual value that would, through sale, reduce the overall cost.

## **Options**

### **Option 1 – removal and remedial works**

15. The City Corporation would terminate the lease and undertake to remove the Green Box. Works would be undertaken to cap off and make safe the services to the building and restore the Slab to its former condition.
16. This would be undertaken at cost to the Department. This may be offset by sale of the container units if their value is greater than the cost of removal.
17. There is no allocated budget for this and therefore the cost would have to be absorbed by Local Risk. It should be noted that at this current time the Department's Local Risk is forecast to overspend at year end.
18. The procurement and project management of such a scheme would have to be resourced by the City Corporation.
19. It should also be noted that if the developer decides on alternative provision, or if Guinness Trust decide against granting a new lease, this option will be the Department's default position to meet the obligations of the lease.

### **Option 2 – dispose of asset to developer**

20. The City Corporation would transfer the ownership of the Green Box to the developer. The developer would enter into a lease with Guinness Trust to retain the building on their land. The obligation to dispose of the building and restore the site at the end of the lease period would fall on the developer at their cost.
21. The repair and alteration to the structure to meet the developer's needs would be undertaken and funded by the developer.
22. The City Corporation agree to underwrite the risk insolvency to a capped level based on the scope of work it would undertake were the responsibility to remain with it.
23. Given that estimated costs are not yet available, and it is unclear at this stage whether the Green Box has any significant residual value, it is recommended that this option is agreed in principle.
24. When such estimates are available it is proposed that approval of the recommended option is delegated to the Town Clerk, in consultation with the

Chairman and Deputy Chairman of this Committee to ensure an agreement can be secure in a timely fashion.

### **Option 3 – alternative community use**

- 25. There may be demand by another organisation or group to take on the Green Box and operate it for its purposes. To do so, the organisation would need to agree a new lease with the Guinness Trust. The Guinness Trust has previously informed the City Corporation that any new lease for the site would not be at the “pepper corn” rent currently in place, but a commercial level.
- 26. The Department could gift the asset, but would not be able to fund or undertake repairs or alterations to make the building fit for purpose.
- 27. There is a risk that any such future use would undermine the viability and purpose of the new Portsoken Community Centre.

### **Proposals**

- 28. Option 2 is recommended to Members.
- 29. Agreement in principle, with the delegated approval of the final decision, will allow the costs estimates (in progress) to be secured by City Surveyor’s Department to inform the final decision - ensuring it secures the best outcome for the Department. It will also enable a final decision to be made in a timely manner, given the developers aspiration to begin on site “early in the new year”.
- 30. This proposed short-term use will transfer the requirement and cost of removing the Green Box and restoring the Slab from the Department to the developer.
- 31. The need to underwrite the risk of the developer being unable to meet this obligation due to insolvency will be necessary to secure an agreement. In its absence the Department would need to fund the full cost of the works in the immediate term. Therefore, it is proposed that the Department offers a capped sum as a guarantee based on the scale and cost of works it would undertake now.
- 32. As such, the cost associated with the risk is no more than the Department would have to meet if it fulfilled the terms of the lease. However, given the credit rating of the developer, the risk appears low, and the option is likely to save the Department’s budget a considerable amount.

### **Corporate & Strategic Implications**

Strategic implications

33. None

Financial implications

34. The terms of the current lease with Guinness Trust require the City Corporation to remove the Green Box and restore the land on which it sits at the

Corporation's cost. This would fall on the Local Risk budget for the Department. The cost of this is subject to confirmation. If successful the recommended option would alleviate this burden to the budget

#### Resource implications

35. The recommended option would reduce the resource burden on the City Corporation. If the City Corporation retains its responsibilities the procurement and project management burden will be to its resources.

#### Legal implications

36. The transfer of the asset as recommended, and the creation of the lease between the developer and Guinness Trust, would remove any liability for dilapidations on the Department.

#### Risk implications

37. The recommended option underwrites the risk that the developer will cease to trade. In this circumstance the cost burden of removing the Green Box will revert to the Department. The developer's risk of credit default in the coming year is rated "low/moderate".

#### Equalities implications

38. None

#### Climate implications

39. None

#### Security implications

40. None

### **Conclusion**

41. The Green Box has provided a valued community facility, but one that was always planned to be replaced by a permanent structure. Now a new community centre has been delivered, a short-term opportunity exists that will, if approved, deliver savings to the Department's budget while securing the removal of the Green Box and the restoration of the site in the medium term.

### **Appendices - none**

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