

Subject: Future of Stubbylee
Greenhouses

Status: For Publication

Report to: The Cabinet

Date: 19 September 2006

Report of: Executive Director of Resources

Portfolio

Holder: Finance and Risk Management

Key Decision: NO

Forward Plan General Exception Special Urgency "X" In
Relevant Box

1. PURPOSE OF REPORT

1.1 To seek approval to the lease at a peppercorn rent of the greenhouses at Stubbylee Park for the "Close to the Hedge" project.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report do not directly impact on the corporate priorities.

3. RISK ASSESSMENT IMPLICATIONS

3.1 The issues considered in this report deal with the following risk issues

- Financial risks in terms of ongoing maintenance liabilities falling to the Council.
- Legal / Regulatory risks in terms of the covenants relating to the site.
- Operational risks in terms of the viability of the proposed project.

4. BACKGROUND AND OPTIONS

4.1 As part of the Council's budget decisions for the current year members resolved to close the municipal greenhouses at Stubbylee Park. However, in light of the wider community use of the greenhouses members also indicated a willingness to consider proposals from community groups to take on the operation of the greenhouses provided there was no cost to the Council.

- 4.2 The council has now received a proposal from the “Close to the Hedge” Partnership comprising: -
- Accrington and Rossendale College
 - Bacup Consortium Trust
 - Groundwork Rossendale
- 4.3 The proposal is to continue the current activities carried out at the greenhouses as a social enterprise providing training and learning opportunities and a community environmental resource. This allows a degree of subsidy to the horticultural operation from the teaching operation which the Council could not achieve.
- 4.4 Members will be aware that there are covenants relating to acceptable uses for land within the park. As this proposal continues the pattern of use that has existed for at least the last 15 years it does not materially change the position in relation to the covenants. However, restrictions will be written into any lease reflecting the effect of the covenants. For example this might mean that if the project wished to develop sales to the public the actual sales would have to take place elsewhere. The Partnership are aware of and accept these issues.
- 4.5 There is an expectation that the Council would buy its supply of bedding plants etc from the new social enterprise. Such an arrangement would require a waiver of Contract Procedure Rules to allow negotiation with a single supplier. However, the Partnership understand that any contract will be based upon a fixed price for supply as reflected in the Council’s budget following the closure of the greenhouses. Thus, while the cost may be marginally greater than the lowest price achievable the Council will still have achieved the saving incorporated in the budget. Such an arrangement is acceptable to the Head of Street Scene Liveability.
- 4.6 On the basis that the Partnership take on the liabilities associated with the maintenance of the greenhouses it is proposed to make them available at a peppercorn rent.
- 4.7 Any project such as this is not without risk in terms of its viability and its ability to generate income to sustain itself. However, from the Council’s point of view the position, should the project not prove viable, is the same as exists now following the cessation of its other operations; ie the risks and liabilities associated with empty structures which are no longer in operational use.
- 4.8 The options available to the Council are as follows: -
- a) To accept the Partnership’s proposal and authorise officers to conclude the detailed terms of any lease.
 - b) To not accept the proposal, in which case the liabilities around the empty structures will crystallise immediately.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

- 5.1 Both of the identified options allow the Council to deliver the savings identified in the 2006/7 budget, while the option of granting a lease to the Partnership defers the Council's liabilities in relation to the structures at least in the short term.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

- 6.1 Counsels opinion has been received on the matter of this covenant relating to the use of land within the park. The Executive Director of Resources has been fully involved in consideration of this advice and the proposal is legally acceptable.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

- 7.1 There are no human resources implications for the Council arising from the proposals set out in this report.

8. CONCLUSION

- 8.1 The proposal from the "Close to the Hedge" Partnership presents the Council with an opportunity to both achieve its financial objectives, support the development of a social enterprise and mitigate risks around liabilities in respect of physical assets

9. RECOMMENDATION(S)

- 9.1 The Cabinet are recommended to: -
- a) Agree to grant a full repairing lease for the greenhouses at Stubbylee Park to the "Close to the Hedge" Partnership at a peppercorn rent on detailed terms to be agreed by the Head of Legal and Democratic Services in consultation with the portfolio holder for Finance and Risk Management.
 - b) To agree to waive Contract Procedure Rules to allow the Head of Street Scene and Liveability to negotiate a contract for the supply of plants with the "Close to the Hedge" Partnership for three years with an option to extend for a further two years.

10. CONSULTATION CARRIED OUT

10.1 "Close to the Hedge" Partnership, Head of Street Scene and Liveability

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Background Papers	
Document	Place of Inspection
Correspondence with the "Close to the Hedge" Partnership	Futures Park Offices