

Maylord Orchards Centre Interim Management Plan

Meeting: Cabinet

Meeting date: Thursday 25 November 2021

Report by: Cabinet member commissioning, procurement and assets;

Classification

Open

Decision type

Non-key

Wards affected

Central;

Purpose

The purpose of this paper is to recommend the adoption of the interim management plan (set out in Appendix A).

The Maylord Orchards Centre (the Centre) is owned and managed by the council further to the purchase of the headlease in 2020. The Centre forms a significant part of the city centre and there are emerging plans, development proposals and strategies that may affect the Centre in the medium to long term. These aspects will be brought together under the current City Masterplan and therefore, an interim management plan is required for the Centre.

Recommendation(s)

That:

- a) Cabinet approve the adoption of the Interim Management Plan for Maylord Orchards Centre.**
- b) The S.151 Officer in consultation with the Director of Economy & Place and following consultation with the Cabinet Member for Contracts, Procurement and Assets has delegated authority to amend and update the plan as required.**

Alternative options

1. Not to adopt an interim management plan: This is not recommended as it would leave the Centre without any form of strategic direction and an absence of any structure or parameters that are required to ensure the economic and efficient management of the Centre until the City Masterplan is approved and adopted.
2. To manage the Centre on an ad hoc, day to day basis: This is not recommended as it does not provide sufficient structure for the effective management by the centre manager and the asset manager. There would be no continuity or conformity of management that in turn may lead to disputes and loss of income and/or increased costs.

Key considerations

3. The head lease of the Centre was purchased in June 2020 to allow the council to exert greater control over the City centre and its economic and community development. Since its purchase, the effects of Covid-19 have been significant with the full impact still unknown therefore, income is reduced, arrears have risen and an increasing number of tenants are seeking to re-gear leases. The national picture indicates that landlords are having to review their plans and finances. At the same time, the Centre requires investment with some urgent remedial works required to secure premium commercial tenants as well as the necessity to provide a facelift and refresh of the area.
4. The purchase and management of the site is in direct alignment with the Delivery Plan ref: EC2.5- "Develop Maylord Orchards as a key strategic site; acting as a catalyst for the regeneration of Hereford City Centre". In addition, the County Plan outlines that we will "Strengthen communities to ensure everyone lives well and safely together" and "Support the economy which builds on the county's strengths and resources" and our Resilience principle outlines " We use resources wisely to Herefordshire is fit for future generations".
5. Making sure there is a robust, well thought out plan for the future of the Centre is vital to proving to current and potential tenants that the council has a plan for the high street, is a good landlord and wants to make a success of an established retail centre as well as offering a unique platform to local residents, business and community organisations. We define community organisations as "A general term to mean voluntary, community and social enterprise organisations as well as Town and Parish Councils".
6. The Centre does not stand alone in the city centre and there are other plans, development proposals and strategies that will be brought together under the current City Masterplan and therefore, an interim management plan is required for the Centre so that it can be effectively managed in the interim until the City Masterplan is adopted.
7. The aims of the interim management plan is to encourage people to take part in economic and community life, and to develop capacity within, and connections between, public, private, voluntary and community sectors in order to support economic and social development, the will be underpinned by the following principles:

- I. Any proposed community lease of a unit must promote social, economic or environmental wellbeing and support the core purpose and corporate outcomes of the council.
 - II. The council has a dual role to support the Community Sector but also to act as a steward of publicly owned assets.
 - III. That the council will offer support to community groups before, throughout and after the use of a unit via its Talk Community Operational Team
 - IV. The council will adopt a transparent corporate process for the use of community units at the Centre which will include a clear point of first contact and clear stages and timescales for each party.
 - V. The council will not guarantee 'exclusivity' on a first come first served basis so that it might gain maximum benefit for the local community.
8. This document is intended to be an interim management plan subject to the development of a long term City Masterplan.
 9. The council recognises that it needs to put in place dedicated support going forward in a post-covid world, where our aspirations are unrivalled to develop a community opportunity and reinvigorate our city centre to support and promote local talent and community spirit.
 10. The aspiration for the Centre to be able to accommodate a community element by offering accommodation to local community and charity groups on a defined basis whilst maintaining a well-run, commercial enterprise that creates a vibrant setting for success. The council will be a landlord of choice across its commercial and investment portfolio.
 11. The centre will be managed from 1 October 2021 by Hoople Limited which is a Teckal Company owned by the council, Wye Valley Trust and Lincolnshire County Council. A locally based on-site centre team will be established that will be visible, build relationships and ensure the consistent and safe running of the Centre. A centre manager has been recruited and will commence employment on 1 November 2021. The centre management team will also develop and implement a vibrant and full events programme working with local community, arts and business.
 12. The Interim Management Plan is set out in Appendix A.

Community impact

13. The interim management plan provides for a community offer of retail units subject to a business assessment, this is set out in Appendix A which enables the estate to be utilised to promote community activity. Specific areas of the Centre are to be set aside for the leasing of units to community groups and local businesses
14. A strong focus of the plan includes an assessment of community benefit that is provided by the letting of the retail units at the Centre. Each community based proposal for the occupation of one of the retail units should be an appropriate, not-for-profit legal entity with a governance structure to ensure effective management of the premises; it should align between the work and objectives of the organisations and the council's own County Plan objectives and if possible provide opportunities for enhancing the

capacity of local voluntary and community organisations and empowering them to deliver their objectives

15. It should be stated that all community models will include the need for full service charges and rates to be met and that our community village units will be time limited to allow a natural churn of business and opportunity allowing a vibrant offering. The use of corporate economic recovery funds will be optimised where possible to support this process.
16. This as a new concept and as such, will steer a course that tests the need, provides a viable solution and regularly reviews the offer to take account of the turbulent times we live in and a post Covid world. The use of the Centre will therefore grow in line with the local requirement and respond to environmental and social economic pressures.

Environmental Impact

The delivery of this plan will seek to minimise any adverse environmental impact and will actively seek opportunities to improve and enhance environmental performance in line with the County Plan and the council's environment policy commitments.

Such measures will be the source of energy supplier for the heating and lighting of common areas and an ongoing assessment of the measures that can be implemented to reduce the carbon footprint of the Centre.

Equality duty

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

17. The interim management plan will ensure that the Centre is accessible, inclusive and compliant with relevant legislation.
18. The local businesses and community groups that fill the areas that are set aside for their occupation will be required to demonstrate how they support the council in discharging its equality duty and provide social benefit

Resource implications

19. Professional advice confirms that the future of high street is uncertain and it is expected that on a case by case basis rental will go down significantly at break clauses

or via negotiations for new commercial lettings. The council will need to work hard to retain and build a commercial portfolio within the Centre and will do this by becoming a trusted landlord with excellent relationship management via the on-site centre management team and communication. Investment in the Centre to maintain the right environment to drive footfall and interest from tenants will be required, this may involve future capital expenditure based upon professional assessments and reports.

20. The Centre is now managed by Hoople Limited who have recruited a new centre manager who will undertake the operational running of the property and advance ideas to increase the activity and vibrancy of the Centre. Overall asset management of the property holding will be undertaken by mandated staff within the council's Property Services. Both Hoople Limited and Property Services staff will work together to ensure the Centre is run effectively and the interim management plan is implemented.
21. The implementation of the management plan and the associated decisions will take into consideration the broad remit of ensuring that the Centre remains financially solvent. As such no additional expenditure will be required to implement the plan which is effectively a strategy guiding the use of the asset.

Legal implications

22. Legal Services have considered the subsidy control implications of the rent proposals set out in the interim management plan and considers that the proposals are in line with the subsidy control regime. This will be monitored as the subsidy control regime matures.
23. There are no other legal implications arising from this report as it relates to the adoption of a management plan which sets a direction and will inform future decisions.

Risk management

24. The following risks and mitigations have been considered:

Risk / opportunity	Mitigation
Traders are finding the post-covid world challenging and therefore a significant risk is the effects of covid on the economy and the consequential retention of tenants or their ability to continue to meet their liabilities.	A standardised approach will be implemented that will allow consideration to be given to the terms offered to tenants given their trading status and financial circumstances.
Existing tenants may not agree with the proposed interim management plan and may vacate units	Through working with the new centre manager the benefits of the interim management plan will be communicated and explained to ensure tenants concerns are addressed.
Competition from other parts of the city centre e.g High Town or the New Market development have an adverse affect on the interim management plan	The interim management plan proposes a mix of tenancies and therefore an environment that is not replicated elsewhere in the city centre, therefore there is no direct competition to the operating model
The Centre becomes insolvent	Ongoing monitoring and review of the financial cash flow via Strategic Partnership Board, plus thorough asset management planning will mitigate the risk of insolvency. Access to capital funding for larger replacement works ie: roof will support the model.

Consultees

25. The Cabinet Member for Contracts, Procurement and Assets has been consulted on the interim management plan.

Appendices

- Appendix A: Maylord Orchard Centre interim management plan
Appendix A(i): Interim Management Zone Plan

Background papers

None identified.