



Cabinet
15 November 2016

**Report from the Strategic
Director of Resources**

Wards Affected: Tokyngton

**Leasing of 8th Floor North Wing, Civic Centre,
Wembley, HA9 OFJ**

Appendix 1 is not for publication

1.0 Summary

- 1.1 To consider the vacant office accommodation at the Civic Centre and approve the occupation on a lease.

2.0 Recommendations

- 2.1 That Cabinet delegate authority to the Strategic Director Resources to finalise terms and complete the lease to the Valuation Office Agency in consultation with the Head of Legal Service in accordance with the details in the confidential Appendix.
- 2.2 That the Cabinet note that there is interest from the Job Centre Plus and the Clinical Commissioners Group in also relocating to the Civic Centre.

3.0 Detail

- 3.1 Brent Civic Centre was opened around May 2013 and provides about 13,154 square metres (m²) of office space. At this time there was space of about 342m² allocated as a partner village on the first floor. No occupant could be found who was looking for this space and able to pay the accommodation costs. In addition the Council then took space of 343m² on a five year lease from October 2018 as part of a S106 arrangement at a low rent at Rutherford Way. Brent CVS have now taken a sub-lease. Subsequently there was then a further move of staff that enabled the 7th floor and 8th floor west wings to be freed up and subsequently leased to Air France who were located in Brent House for a 10 year period from October 2014. This area is about 1,227m² equating to 9 % of the accommodation.
- 3.2 Further reductions in staff and increased flexible working have resulted in additional surplus office space being freed up. CMT agreed the relocation of staff from the 8th floor North wing to other areas within the building and this has now almost been completed although a few staff still remain within the area.

The Council has a target to generate additional income from office space in the Civic and has been marketing the space directly for about a year. In addition Colliers International have been marketing the space for the last 5 months. The desire has been that any new occupants of the Civic Centre would ideally be partner organisations, charities or other government users. Officers have directly emailed about 400 Charity organisations with a turnover above £15 million. In addition central government through the Cabinet Office have listed the space as available. All central government department requirements need to have sign off by the Cabinet Office. Preference is firstly for space to be taken within the existing government stock of offices, followed by other space that is owned by the public sector including local authorities.

- 3.3 A number of enquiries have been received for small amounts of space for up to 10 workstations, however the space can't be sub-divided and public visitors are not able to gain access within the secure office areas. The space is designed as open plan for efficiency and ventilation.
- 3.4 The Valuation Office Agency (VOA) who are an Executive Agency of HM Revenue and Customs have been interested in the space since July 2016 and have now undertaken a number of inspections. They are in the process of transforming over 60 locations nationwide and reducing the number of offices. The VOA are responsible primarily for maintaining the list of Rateable Values of non-domestic properties. They are planning to use the space as their North West London hub office. It will effectively be a back office function for surveyors and administrative staff and will not be a location for members of the public to call in. The use will be low key in nature. There could be some synergy with the Council's own business rates collection duty and the requirements to maintain an accurate and up to date rating list.
- 3.5 The space is about 983m² (10,581 square feet) and is laid out with 114 workstations. The VOA intend to keep the existing layout including meeting rooms. The area to be leased will be separated off outside the lifts on the 8th floor with glass screening and a security system. The VOA would have access to the toilets in the common areas outside the lift lobby, along with access to the toilets outside the area where the fire evacuation lift is situated. In addition staff with mobility requirements would also be able to access the fire evacuation lift and hence enable the VOA to meet the requirements of the Equalities Act 2010. Further access in the event of emergency evacuation would be available via the spiral staircase positioned at the end of the wing. VOA staff would be provided with access to the secure bike parking and shower along with the melting pot café and other publicly accessible areas.
- 3.6 It is proposed that the accommodation is leased for a ten year term with a rent review and tenant break option at the end of the fifth year. The council will provide most of the facilities management which would be recovered in the service charge.
- 3.7 In addition to the interest in the space from VOA there has also been some interest from the Job Centre Plus (JCP) who first looked at the space in May 2014. There have been further recent discussions over summer 2016 and they have reconfirmed interest in relocating their Wembley Job Centre based at 6 St John's Rd, Wembley. Details of terms of occupation have been provided

however the JCP have indicated that they would not be able to occupy until 2018.

- 3.8 Interest has also been very recently expressed by the Clinical Commissioning Group (CCG). There could be strong synergies with the Council given its role introduced by the Health and Social Care Act 2012.

In line with Brent's emerging One Public Estate aspirations, while both DWP and the CCG from a front line service perspective appear on a principle level to be good fit for a tenant in the Civic Centre, on a practical level, their occupation would require a complete re-think of our ground and potentially first and possibly second floor operations as their services are customer facing.

The VOA on the other hand, are also a public sector partner, albeit a back office function that does not require routine access to customers. They are far further advanced in terms of negotiations and ready to move in early next year, delivering new revenue income and savings in accordance with budget expectations.

4.0 Financial Implications

- 4.1 There is the potential income stream and saving for a period of up to 10 years set out in the Confidential Appendix. However, it is not confidential to note that there is not a rent-free period in the contract.
- 4.2 There are some very significant savings targets in Property and or the Civic Enterprise work-streams, as noted in the table below:

Description:	2017/18 (£'000)	2018/19 (£'000)
Facilities Management & Civic Centre	124	0
Income from the Civic Centre	150	0
FM Contract	100	100
Civic Centre - Rental Income	125	125
Total	499	225

- 4.3 While the FM contract savings primarily comes from reducing other buildings than the Civic Centre, passing the costs onto a tenant has the de facto same impact and could be applied to these targets.
- 4.4 Letting to the VOA also should significantly contribute to that savings target. It is not commercially sensitive to note that it should save £80k annually based on 2016/17 business rate figures, as these become the responsibility of the VOA. However, it is important to note that these savings are predicated on the 2016/17 valuations and not the 2017/18 revaluation. Therefore, these savings would likely be offset by a probable increase in rates.
- 4.5 There are inevitable costs attached to the letting of the Civic Centre to external organisations including putting up of screens (£25k) and other incidental minor

costs. There is an established Capital budget of £170k put aside to cover these costs.

4.6 Agent's fees of approximately £16k would also need to be met in Year 1 of the letting.

4.7 The financial bottom line is that this letting could achieve over 80% of the 2017/18 savings target required for Property, subject to caveats around the change in rates regime that has not yet been finalised by Central Government. Additional lettings would be needed to achieve the 2018/19 target and if the rates were not included, a letting of the same size would be necessary to achieve the Property Savings for both years.

5.0 Legal Implications

Section 123 of the Local Government Act 1972 (LGA) provides that local authorities may (with a minor exception relating to playing fields in Wales) dispose of land as they see fit, but:

(2) Except with the consent of the Secretary of State, a council shall not dispose of land under this section otherwise than by way of a short tenancy, for a consideration less than the best that can reasonably be obtained."

The Local Government Act 1972 General Disposal Consent (England) 2003, defines specified circumstances where land can be disposed of at less than best price. These are:

"a) That the local authority considers the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects, in respect of the whole or any of its area, or of all or any persons resident or present in the area;

i) the promotion or improvement of economic well-being;

ii) the promotion or improvement of social well-being;

iii) the promotion or improvement of environmental well-being; and

b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds)".

6.0 Diversity Implications

The property has been offered on the open market since summer 2015. It has also been circulated to a wide range of charitable organisations and also Brent CVS. The space is accessible to wide variety of individuals which would help most organisations to meet the Equality Act 2010 and its provisions relating to disability.

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 The space is currently occupied by around 20 staff it is planned that these staff will be relocated to other areas in the Civic by January 2017.

8.0 Public Services (Social Value) Act 2012

8.1 Not applicable.

Background Papers

Not applicable.

Appendix

Appendix 1 – Commercial term (confidential)

Contact Officers

James Young 0208 937 1398
james.young@brent.gov.uk
Commercial Portfolio Manager

Sarah Chaudhry 020 8937 1705
sarah.chaudhry@brent.gov.uk
Head of Property

ALTHEA LODERICK
Strategic Director for Resources

