



Cabinet
22 May 2017

**Report from the Strategic
Director of Resources**

Ward: Alperton

Leasing of Unit 2 Marsh Road, Alperton, HA9 1ES

***Appendix 2 is not for publication as it contains the following category of exempt information as specified in Part 3, Schedule 12A of the Local Government Act 1972, namely:**

“Information relating to the financial or business affairs of any particular person (including the authority holding that information)”

1.0 Summary

- 1.1 The Cabinet is asked to approve the grant of a 3 year lease to Loxam Access of Unit 2 Marsh Road, Alperton, HA9 1ES. Currently Loxam Access occupy the premise on a contracted out lease that does not provide the automatic right to renew at lease end.

2.0 Recommendations

- 2.1 That Cabinet delegate authority to the Strategic Director Resources to finalise terms and complete the lease to Loxam Access in accordance with the details in the confidential Appendix.

3.0 Detail

- 3.1 The Council acquired a former builder's merchant depot and yard, Units 2 -7 Marsh Road in December 2013. This was in order to provide potential bidders for the public realm contract with a guaranteed site within the borough. The site has a total area of about 8,400sqm. Part of the site (Unit 2) 3,000sqm was acquired subject to a lease agreement that was held by Loxam Access. The lease was for a term of 10 years from 4 April 2007 it has expired 3 April 2017. The remainder of the area (Units 5 and 7) has been leased to Veolia at a peppercorn rent for the period of the public realm contract (8 years plus 8 years) to enable the delivery of the contract for the Council. At the time of the acquisition there was consideration that when the lease to Loxam (Unit 2) expired it could be used by Brent Transport Services (BTS) unit for bus parking and maintenance. BTS have moved to Harrow Council's depot where

they now operate a joint operation with Harrow and the property is not required for council operational use.

3.2 Loxam Access are a private French company and the European leader in rental equipment providing access equipment for the construction, industrial and media sectors. They have recently completed a takeover of a major UK company (Lavendon) at a cost of £459m. The site provides their west London base with good access to the A40 and North Circular Road and the road network.

3.3 The site (as shown in appendix 1) and building is believed to have been built in the late 1970s, the property provides a total building area of 8,751sqft (813sqm) and 15,403sqft (1,431sqm) of open storage space and is broken down as follows:

		Area sq. ft.
GROUND	Reception	596
	Mess room	259
	Office	1213
	Warehouse - Low clearance	350
	Warehouse- High clearance	2939
	Area under supported floor	475
FIRST	Storage	1753
FIRST	Office	770
FIRST MEZZ	Office	396
	TOTAL AREA	8,751
	Concrete Open Storage Area	15,403

3.4 Veolia did express an interest in the property but only for use as open storage. They already have considerable land holdings at Marsh Road, where they have their large depot along with Unit 5 and 7 owned by Brent.

3.5 Loxam have expressed significant concern that the traffic on Alperton Lane which is the key access road leading to Marsh Road is seriously restricted by parking which is allowed at all times on either side of the road. The road is too narrow and there are frequent problems with large waste trucks and commercial vehicles passing each other, leading to serious access problems. At the time that the depot was acquired for the public realm contract and planning consent was granted in 2014, it was expected that parking would be restricted to one side only on Alperton Lane and hence traffic would be free to move. These restrictions have not yet been introduced. It is understood that the public consultation on this is to commence shortly with a hoped for installation in June 2017. This will make the property more attractive to business and reduce business disruption.

3.6 A 3 year tenant full repairing and insuring lease is proposed from 4 April 2017 in accordance with the details set out in the confidential Appendix 2.

3.7 In the longer term the supply of industrial/ warehouse buildings with open storage is likely to diminish. This is due to the change of land use from industrial to residential. In addition, pressure arising from the regeneration proposals around Old Oak Common including Crossrail and HS2 is putting

pressure on users in the area. Rental growth should therefore be good in future and the property represents a very good long term investment.

4.0 Financial Implications

- 4.1 There will be continued additional income from the rent for a term of 3 years. This income will support meeting income targets in Property Services.

5.0 Legal Implications

The lease that has expired is contracted out of the Landlord and Tenant Act 1954 security of tenure provisions and the Council can therefore take the property back should it so wish to.

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

- 6.1 There are no diversity implications as this is the continuation of letting of a property held for investment income.

7.0 Staffing/Accommodation Implications

- 7.1 There are no staffing implications.

8.0 Public Services (Social Value) Act 2012

- 8.1 Not applicable

Background Papers

N/A

Appendix

Appendix 1 - Site Plan

*Appendix 2 – Confidential details and terms

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