	<p style="text-align: center;">Executive 16th April 2007</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources.</p>
For Action	Ward Affected: Tokyngton
1, Olympic Way, Wembley Middlesex HA9 0NP	

Forward Plan Ref: F&CR-06/07-37

1.0 SUMMARY

- 1.1 This report seeks members' consent for the leasing of Suites 122 & 123 at 1 Olympic Way, for a term of 2 years for use by Brent In2 Work, (which is part of the Council), as detailed in this report.

2.0 RECOMMENDATIONS

- 2.1 That the Executive approve the entry into of a lease between Landlord, Business Environment Wembley (No.1) Limited and the Council upon such other terms as are considered by the Head of Property and Asset Management as being in the Council's best interests.

3.0 DETAIL

- 3.1 1 Olympic Way is a 14 Storey multi-let office building providing what is recognized as probably the best office space in Wembley. Much of the building is run as flexible space allowing occupiers to expand and contract at short notice, to suit their business needs.
- 3.2 Brent In2 Work receives funding from the London Development Agency to deliver innovative projects to help unemployed people into training and employment. It delivers a programme called Language To Work, which is an English Language training programme. This is a 6 week intensive English language training programme.

3.3 The Organisation already occupies Suite 122 at the premises and has done so since 23rd May 2005, under a 2 year lease. This suite is used for training programmes and administration. It also occupies Suite 123 under a licence agreement since 11th January 2007 for the same use and purpose as Suite 122. The location has proved very successful in reaching the target groups.

3.4 The majority of their clients live in the surrounding areas of Wembley and together with its good transport connections, 1 Olympic Way is an ideal location to support local people into employment. The location of the building is central in borough of Brent and is therefore easily accessible by its client group who are located throughout the borough. The organisation is very well established in this building and its location is complementary to Brent Council offices and other relevant service providers that the clientele of Brent In2 Work use.

3.5 Suite 122 comprises 216 sq m and Suite 123 comprises 99 sq m.

It is intended after May 2007 that this new lease will combine the occupation of both Suite 122 and 123. Brent In2 Work requires the space of both suites to continue the level of service that they provide over the next 2 years. They have received more funding from the London Development Agency to facilitate this service provision. This increased funding was only announced in December 2006.

3.6 The rent, includes the provision, by the landlord of lighting, electricity and where appropriate heating; Repair and maintenance of the common parts of the building; Toilet facilities for the use of the tenant together with other tenants of the building; Payment of all rates and other outgoings in respect of the Building save as otherwise mentioned in the lease.

4.0 FINANCIAL IMPLICATIONS

4.1 The rent will be £118,930 per annum, which will be funded by the grant from the London Development Agency. This rental level equates to the £14.68 per sq ft and market rent for the area is between £14-£16 per sq ft.

4.2 As of the 1 April 2004, Part 1 of the Local Government Act 2003 replaced the capital finance legislation in Part 4 of the Local Government and Housing Act 1989. Under Section 7 of the new legislation, an authority shall be taken to have entered into a credit arrangement where it enters into a transaction which gives rise to a liability on its part, and the liability is a qualifying liability.

- 4.3 The requirement that a transaction gives rise to a liability is satisfied if proper accounting practices deem it to be so or if it is specified as such in regulations made by the Secretary of State. The requirement in respect of qualifying liability is satisfied in relation to any liability other than (i) a liability to repay money, (ii) a liability in respect of which the date for performance is less than 12 months after the date on which the transaction giving rise to the liability is entered into, and (iii) a liability of a description specified in the regulations made by the Secretary of State.
- 4.4 The effect of these is that a lease is a credit arrangement if proper accounting practices or regulations deem it to be or if it is excluded as such by regulations issued by the Secretary of State. The Secretary of State has made the Local Authority (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146) and regulation 2 provides that liabilities which are not required to be included in any balance sheet in accordance with any proper practices are excluded from the definition of "qualifying liability". Proper Practices are defined in regulation 31 and they are essentially the code of practice on local authority accounting and the best value code issued by CIPFA.
- 4.5 The effect of this is that leases required by CIPFA to be on the balance sheet are credit arrangements while leases not required by CIPFA to be on the balance sheet are not. Taking this into account, in May 2005 officers agreed with the Council's external auditors that the treatment to be adopted by the London Borough of Brent as accounting policy within the Statement of Accounts published with regard to 2004/05 Accounts and following years would be as follows:

"Credit arrangements where the value of the arrangement is more than £500k or where the lease is of a period in excess of 20 years and where the valuer has indicated that the lease has a material value, then the assets acquired under that arrangement will be included in the balance sheet at cost."

- 4.6 In this instance the lease does not meet the requirements of the accounting policy stated at 4.5 above and as such will not be included on the balance sheet. Therefore, under the new legislation this lease will not be a qualifying liability and is not liable to credit arrangement implications.

5.0 LEGAL IMPLICATIONS

- 5.1 The term will be for 2 years from 23rd May 2007, expiring on 23rd May 2009.
- 5.2 The lease will be excluded from the security of tenure provisions of sections 24-28 Landlord and Tenant Act 1954, (inclusive).

- 5.3 The Council has power to acquire any land required for the carrying out of its functions under section 120 of the Local Government Act 1972.
- 5.4 As of the 1 April 2004, Part 1 of the Local Government Act 2003 replaces the capital finance legislation in Part 4 of the Local Government and Housing Act 1989. Under Section 8 of the 2003 Act a Council must not enter into a credit arrangement unless such arrangement is within its borrowing limit.
- 5.5 It is noted above in paragraph 4 that the proposed lease is not required to be entered into any balance sheet required by CIPFA. As such it is not a credit arrangement and compliance with section 8 of the Act is unnecessary.

6.0 DIVERSITY IMPLICATIONS

- 6.1 The borough of Brent has one of the largest refugee and asylum seeker populations in London. By continuing to provide this provision, Brent In2 Work will continue to provide a much needed focus for employment and integration which is a big barrier, in Brent, for some of these most disadvantaged groups.

7.0 STAFFING/ACCOMMODATION IMPLICATIONS

- 7.1 There are no specific staffing implications. The building does have access for the disabled.

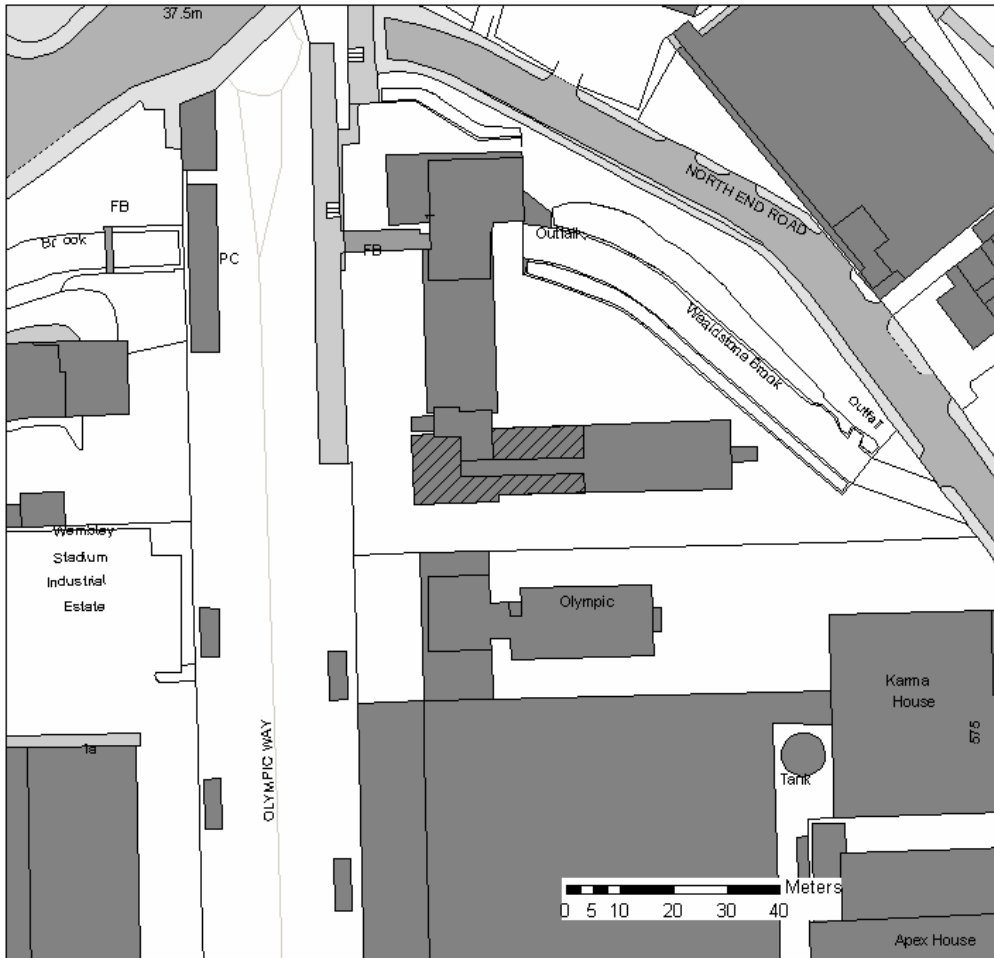
8.0 BACKGROUND PAPERS

Property files of the Head of Property and Asset Management.

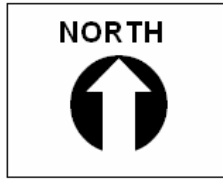
Duncan McLeod
Director of Finance & Corporate Resources
Town Hall, Forty Lane, Wembley

Howard Fertleman, Estate Surveyor
Property and Asset Management

EXECUTIVE COMMITTEE
12th April 2007



**Lease of 1 Olympic Way,
Wembley Middlesex HA9 0NP**
**Premises shown outlined
and hatched black.**
Plan for information purposes only.



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