

	Cabinet 17 April 2023
	Report from Corporate Director of Finance & Resources
Brent Civic Centre – Approval to commercially let Civic Centre surplus floor space(s)	

Wards Affected:	Wembley Park
Key or Non-Key Decision:	Key Decision - result in the local authority incurring expenditure or making savings of £500k or more
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Appendix 1 will be part exempt because it contains the following category of exempt information as specified in Paragraph 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.
No. of Appendices:	Appendix 1 – Negotiations (exempt)
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Denish Patel, Head of Commercial Property Denish.Patel@brent.gov.uk Tanveer Ghani, Director of Property & Assets Tanveer.Ghani@brent.gov.uk

1.0 Purpose of the Report

- 1.1 In February 2023, Cabinet approved the Council’s budget proposals for 2023/24 and this included a £680k saving to be achieved from 2024/25 by letting additional floor space within the Civic Centre to external organisations.
- 1.2 Officers are currently undertaking a ‘restack’ project within the Civic Centre to help release parts of floors 1, 7 and 8 from direct Council use. These surplus floor areas are currently being marketed for commercial letting to help achieve the £680k saving target.

- 1.3 It should be noted that the Council has appointed a commercial letting agent, Avison Young, to market the surplus spaces and Officers are currently engaged in active conversations with existing and prospective tenants to negotiate terms, details of these negotiations are set out in confidential Appendix 1 and are subject to contract.
- 1.4 This report sets out the Council's approach for letting the additional space in the Civic Centre to achieve the required savings, the delegated authority required for agreeing new leases and the immediate opportunities and challenges in the current market.

2.0 Recommendation(s)

- 2.1 It is recommended that Cabinet:

Delegate authority to the Corporate Director of Finance & Resources in consultation with the Lead Member for Finance, Resources & Reform to agree the terms of the lease(s) and enter into lease agreements with existing tenants, as highlighted in paragraph 3.4, and with prospective tenants identified through marketing.

3.0 Detail

'Restack' Project

- 3.1 In order to help create opportunities for delivering savings, Officers have worked to identify where and how the Council's use of the Civic Centre could be rationalised, seeking to balance the objective of minimising detriment to service delivery and optimising space that could be attractive for external letting.
- 3.2 To this end, Officers are in the process of organising and implementing the Civic Centre 'restack' project to release up to 19,309 square feet of additional space for external letting. It is currently anticipated that the 'restack' project will be completed by the end of April 2023.

Lease Negotiations with Existing Tenants

- 3.3 In parallel with the 'restack' project, Officers have been liaising with existing commercial tenants within the Civic Centre to understand and agree their longer-term spatial requirements.
- 3.4 Delegated authority is being sought to enter into new leases with the following:
- A new lease at an agreed market rent with the Valuation Office Agency (VOA to relocate from the 8th Floor North to the 8th Floor West that was recently vacated by Air France.
 - A new lease at an agreed market rent with the Old Oak and Park Royal Development Corporation for their current demise on the 1st Floor West - or a suitable alternative space.

- A new lease at an agreed market rent with the NHS to co-locate them with Brent's Adult Social Care and Health department on the 2nd Floor.
- A new lease at an agreed market rent with Warren Bakery who occupy a retail unit on the ground floor.
- Any other existing tenants as appropriate in line with the re-stack project and any new prospective tenants seeking space within the Civic Centre.

Marketing for New Tenants

- 3.5 A commercial property agent, Avison Young, has been appointed by Officers to market the additional space within the Civic Centre (parts of 1st, 7th and 8th floors) to attract new external tenants.
- 3.6 Officers are seeking every possible marketing opportunity to let additional space within the Civic Centre. Marketing particulars, a marketing brochure and a video of all of the available space have been prepared by Avison Young and marketed extensively on various platforms with a view to securing suitable commercial tenants. The marketing is taking place on the following platforms:
- Avison Young website
 - Rightmove
 - Zoopla
 - Co-Star
 - Agents Society
- 3.7 The industrial kitchen space on the 1st floor is also being marketed via Avison Young. The kitchen was decommissioned during the pandemic and has been used on and off by the third sector to run temporary food programmes.
- 3.8 Officers are also in discussions with Avison Young on the possibility and potential of letting the surplus space to a flex-operator. Proposals are being sought from several flex-operators to better understand their flexible space solutions, the investment required and the demand and risks, and these discussions are in early stages. This would enable the Council to consider workspace solutions along a wider spectrum of options and better adapt to current and future market conditions.

4.0 Financial Implications

- 4.1 Marketing of the available floor space has already commenced and Officers are working to find new tenants, and therefore generate income as soon as possible.
- 4.2 It is estimated that additional gross annual income of approximately £743k per annum could be realised based on current market rents, should occupation of the released spaces on the 1st, 7th and 8th floors all be agreed at the full anticipated market rental value.

4.3 If the proposed changes are not made to enable to the floor space to be let, it would leave the department unable to meet the proposed savings target in 24/25 and beyond. Alternative proposals would have to be found to allow the department to operate within budget.

5.0 Legal Implications

5.1 In accordance with Part 3 of the Council's Constitution, the Corporate Director of Finance and Resources may dispose of or acquire freehold land or buildings up to a value, in his or her view, of £1m. The Corporate Director of Finance and Resources may acquire or dispose of leases, licences, and easements in respect of land or buildings except where:

- i. the annual rental value (excluding other outgoings) exceeds £250k
- ii. if acquired or disposed of at a premium the value would, in his or her view, exceed £1m in value or
- iii. where the leasehold term exceeds 125 years

5.2 Where any disposal or acquisition of an interest in land or buildings is, in the view of the Corporate Director of Finance and Resources, of a value over £250k and below £1m, where any leasehold interest has an annual value over £100k or below £250k, or where the lease length is between 50 and 125 years, he or she shall consult with the Lead Member.

5.3 The Corporate Director of Finance and Resources may not sell or grant any lease or easement, licence or otherwise dispose of any land or buildings unless the consideration received, as confirmed by them is the best that can reasonably be obtained, whether or not the grant, sale or disposal is covered by a general or specific consent from the relevant Secretary of State.

5.4 Changes to the constitution allows the acquisition or disposal of leases licence and easements in respect of land or buildings as an undervalue but will need to be referred to the Cabinet member within their portfolio in consultation with the Leader.

5.5 Under Section 123 of the Local Government Act 1972 the Council has the general power to dispose of properties by way of sale or lease. The essential condition is that the Council obtains the best consideration that is reasonably obtainable unless it is a lease of 7 years or less.

6.0 Equality Implications

6.1 All current measures relating to the design of workspaces within the Civic Centre will be maintained. This includes the distribution of height adjustable desks and general accessibility of spaces.

6.2 The letting of Civic Centre surplus accommodation will assist partner organisations in the delivery of their services/achievement of their strategic objectives.

7.0 Consultation with Ward Members and Stakeholders

7.1 The recommendations in the report do not have any material impact on Members and this paper will be circulated to all Ward Members for their information.

8.0 Human Resources / Property Implications

8.1 There are no further property implications or human resources implications in relation to this report.

9.0 Public Services (Social Value) Act 2012

9.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental wellbeing of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Officers will have regard to considerations contained in the Social Value Act in relation to the proposed procurements and where appropriate, include reference to social value being 10% of the evaluation score.

Report sign off:

Minesh Patel

Corporate Director of Finance & Resources