

## MUNICIPAL YEAR 2015/2016 REPORT NO.

### ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY:

#### REPORT OF:

Director of Finance,  
Resources and  
Customer Services.

#### OPERATIONAL DECISION OF:

Director of Finance, Resources & Customer Services in conjunction with  
the Cabinet Member for Finance

#### Contact officer and telephone number:

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<b>Agenda – Part: 1</b>	<b>Item: -</b>
<b>Subject: Civic Centre Leasing</b>	
<b>Wards: All</b>	
<b>Key Decision No: - 4095</b>	
<b>Cabinet Member consulted: - Councillor Andrew Stafford</b>	

### 1. EXECUTIVE SUMMARY

- 1.1 This report concerns the leasing of the 8<sup>th</sup> & 9<sup>th</sup> floor, A Block at the Council's Civic Centre in Enfield Town, EN1
- 1.2 Approval is required to grant a lease for a 10 year term with five yearly upward only rent reviews.
- 1.3 The tenant is the Royal Free London NHS Foundation Trust (RFLNFT) and has chosen Enfield as a place to relocate their back office functions in preference to other London Boroughs.

### 2. RECOMMENDATIONS

- 2.1 To approve the grant of a 10 year lease for the 8<sup>th</sup> and 9<sup>th</sup> floors of the Civic Centre to the Royal Free London NHS Foundation Trust as noted in Part II of this report.

### **3. BACKGROUND**

- 3.1** This report concerns the leasing of part of the Civic Centre to the Royal Free London NHS Foundation Trust (RFLNFT) as part of the Council's on-going commitment to work in a collaborative partnership with organisations that support the whole Borough.
- 3.2** RFLNFT have already leased a floor of the Civic and are now looking to consolidate more staff into the Civic on floors 8 and 9.
- 3.3** The impact of the economic downturn and further austerity measures now predicted means all of the public sector needs to find radical new solutions to not only deliver better value for money, but also better local services more tailored to local needs.
- 3.4** A number of London based Health Bodies have already chosen to co-locate with Local Authorities in a shared accommodation arrangement. With the national drive for closer integration between health, social and general care being ever present, the option for such a move to promote closer working relationships between Health Bodies and Local Authorities is evident.
- 3.5** The 8<sup>th</sup> and 9<sup>th</sup> floor space has been recently refurbished to a high standard as part of the 5 year rolling Civic Centre refurbishment programme and includes all new fixtures, fittings, furniture and IT equipment.
- 3.6** The length of the lease is 10 years with five yearly rent reviews and the lease is contracted out of the Landlord and Tenant Act 1954. The rent is an all-inclusive market rate comparable with recent lettings in the area. This will include an element of service charge, business rates and rent apportioned and attributed to the floors.
- 3.7** The letting represented an opportunity for the RFLNFT to source the market for a more competitive accommodation offer and then consider the option of co-locating with Enfield Council at the Civic Centre with all the perceived benefits in doing so.
- 3.8** The letting represents a coup for Officers as other Local Authorities were also keen to offer accommodation, however the world class health body chose the London Borough of Enfield as its base due to its transportation connectivity, Council offer and numerous other efficiencies

that can be taken advantage of by working in partnership with the Local Authority.

- 3.9** High-level costings provided by Strategic Property Services to the prospective tenant suggest that a shared accommodation option offers the best chance to reduce existing accommodation expenditure in the short term for both parties. Once co-located, further opportunities exist for efficiencies which may be explored including the consolidation and sharing of resources in an attempt to create economies of scale, reduce duplication and eliminate waste.
- 3.10** The economic benefits for the wider Enfield Town will be evident in the months to come. Businesses such as cafes, restaurants and retail outlets will benefit from the increase in footfall and trade.
- 3.11** As New Ways of Working (NWW) embeds within Enfield's working practices, demand for the amount of office accommodation we need continues to reduce. Audits of workspace within the Civic Centre, show that our office space remains underutilised despite operating at our current 7:10 desk to staff ratio.
- 3.12** Opportunities for remote and home working continue to increase as our managers use of performance management techniques improves, staff recognise the benefits in relation to their work/life balance and as the IT we supply (including the delivery of the Mobile Working programme) complements our working practices.
- 3.13** The Council are now confident that we can further improve our utilisation of office accommodation by moving to a 6:10 desk to staff ratio throughout the Civic Centre. With this in place and a number of associated office moves, a floor within the Tower could swiftly be readied for occupation for a co-located partner.
- 3.14** The leasing of a floor within the Civic Centre without the need to Market the opportunity conforms to the Property Procedure Rules (PPR's). These 'off market' transactions are subject to justification for such a letting as being in the best interest of the Council and written advice, including a market valuation, from an external Registered Valuer should be obtained.
- 3.15** The content of this report should justify that the letting is in the best interest of the Council and the Council have

obtained best value under consideration of s123 of the Local Government Act 1972.

- 3.16** Subsequently, GVA were instructed to carry out a rental assessment of the floors and level of service charge per square foot to be levied, their advice confirmed the Council's internal valuation was justified and correct.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1** Not to grant a lease to the Health Body will be a missed opportunity for both organisations as it would undoubtedly will lead to greater efficiencies on both sides of the fence and a closer collaborative working approach to solve the Boroughs needs.

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1** It is recommended that the leases for the 8<sup>th</sup> & 9<sup>th</sup> floors be granted to the Lessee for a term of ten years for the reasons stated within the body of this report.

#### **6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

See Part 2 Report

##### **6.2 Legal Implications**

See Part 2 Report

##### **6.3 Property Implications**

- 6.3.1** As included within the report.

- 6.3.2** The letting has been undertaken in compliance with the PPR's.

- 6.3.3** The tenant is to be granted a lease outside of the Landlord & Tenant Act (1954) for a term of 10 years with five yearly upward only rent reviews/RPI. The Lease is on a Full Internal Repairing Only basis. Insurance will be collected by way of a rechargeable premium at the end of each year.

- 6.3.4** This means that it is the tenant's responsibility to maintain the internal condition of the Property from

structural slab to structural slab over the next 10 years. A full photographic condition survey will be appended to the lease.

6.3.5 A full inventory of fixtures, fittings and equipment (FF&E) is included and will be appended to the lease. All responsibility for the malfunction or repair of any equipment the tenant will contact the Council and a like for like replacement will be fitted at cost.

## **7. KEY RISKS**

7.1 Not agreeing to the new lease will result in the loss of income to the Council and a beneficial longer term working relationship.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

The leasing of the Civic Centre will enable closer working relationships with health bodies across the spectrum within the Borough, allowing for more strategic delivery that will benefit all residents within the Borough.

### **8.2 Growth and Sustainability**

The letting will increase the lunchtime and evening trade to businesses within Enfield Town adding to growth, much required investment and increase footfall numbers within Enfield Town.

The longer term goal for both the Council and the health body is to provide services that will sustain the viability of business models moving forward. This will add value by utilising cross collaborative techniques and working better together which, in turn will lead to efficiencies for both parties.

### **8.3 Strong Communities**

The letting will enable stronger community relationships as the Civic Centre will become a more central hub for all of the Borough's Service delivery.

## **9. EQUALITIES IMPACT IMPLICATIONS**

9.1 It is not relevant to carry out an equality impact assessment for this proposal to award the lease as the health body is a public body and they are required to avoid discrimination

within their organisation and in their dealing with all members of the community.

**10. PERFORMANCE MANAGEMENT IMPLICATIONS**

Strategic Property Services (SPS) will act as landlord; monitor the lease covenants and performance of the tenant. SPS will also have regular meetings with the tenants and advise them of changes through the Civic Working User Group.

**11. HEALTH AND SAFETY IMPLICATIONS**

The new tenants will receive an induction together with a welcome pack which will have all the health and safety considerations.

**12. PUBLIC HEALTH IMPLICATIONS**

Not applicable.