

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon, Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 13 JULY 2016

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 27 July 2016** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

Reasons for these decisions: are contained in the **attached** Part A report

Other options considered and rejected: are contained in the **attached** Part A report

Details of conflicts of Interest declared by any Cabinet Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the decisions set out below:

CABINET MEMBER'S EXECUTIVE DECISION REFERENCE NO. : 44/16/FT
Decision Title: Temporary Letting of the 9th and 10th floors at Bernard Weatherill House

Having carefully read and considered the attached Part A report and the associated Part B report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council

RESOLVED to:

- 1.1 Agree that the Council enter into a 1 year lease for the letting of the 9th and 10th floors of Bernard Weatherill House (BWH) to the parties and on the terms detailed in the associated Part B report.
- 1.2 Note that the Leader of the Council will be asked to agree that, for the reasons detailed in paragraph 3.6 of the Part A report, the Assistant Chief Executive (Corporate Resources) and s151 Officer be given delegated authority, in consultation with the Cabinet Member for Finance and Treasury to make any amendments to the terms of the grant of the 1 year lease for the 9th and 10th floors of BWH considered necessary after the decision has been made.
- 1.3 Note that where any amendments are made under this delegation, the amended terms for the 1 year lease for the 9th and 10th floors of BWH will be published on the Council's website within 1 month of completion of the lease.

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 27 July 2016** (5 working days after the decisions were made) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or
 - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Jim Simpson and James Haywood by **1300 hours on 27 July 2016**. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.

9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.
10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
13. The response shall be notified to all Members of the Scrutiny and Overview Committee
14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. **URGENCY:** The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Acting Council Solicitor & Acting Monitoring Officer

Date: 19.07.16

Contact Officers: jim.simpson@croydon.gov.uk ; james.haywood@croydon.gov.uk

Telephone: 020 8726 6000 Ext. 62326 or 63319

PROFORMA

**REFERRAL OF A KEY DECISION TO THE
SCRUTINY AND OVERVIEW COMMITTEE**

For the attention of: Jim Simpson, Democratic Services & Scrutiny
e-mail to jim.simpson@croydon.gov.uk and james.haywood@croydon.gov.uk

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

**Information required to assist the Scrutiny and Overview Committee to consider
the referral:**

Signed:

Date:

Member of _____ Committee

Part A For General Release

DELEGATED DECISION REPORT TO::	Cllr Simon Hall Cabinet Member for Finance and Treasury
AGENDA ITEM:	not applicable
SUBJECT:	Temporary Letting of the 9th and 10th floors at Bernard Weatherill House
LEAD OFFICER:	Richard Simpson Assistant Chief Executive (Corporate Resources) and s151 Officer
CABINET MEMBER:	Cllr Simon Hall Cabinet Member for Finance and Treasury
WARDS:	Fairfield
CORPORATE PRIORITY/POLICY CONTEXT:	

FINANCIAL IMPACT
The letting will secure a significant revenue receipt through the rent and the rate and service charge contributions
FORWARD PLAN KEY DECISION REFERENCE NO.: n/a

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

1.1 That the Cabinet Member for Finance and Treasury, in consultation with the Leader of the Council, agree that the Council enter into a 1 year lease for the letting of the 9th and 10th floors of Bernard Weatherill House (BWH) to the parties and on the terms detailed in the associated Part B report.

1.2 To note that the Leader of the Council will be asked to agree that, for the reasons detailed in paragraph 3.6 of the report, the Assistant Chief Executive (Corporate Resources) and s151 Officer be given delegated authority, in consultation with the Cabinet Member for Finance and Treasury to make any amendments to the terms of the grant of the 1 year lease for the 9th and 10th floors of BWH considered necessary after the decision has been made.

1.3 Note that where any amendments are made under this delegation, the amended terms for the 1 year lease for the 9th and 10th floors of BWH will be published on the Council's website within 1 month of completion of the lease.

2. EXECUTIVE SUMMARY

- 2.1 As part of the Council's Asset Strategy a review of the occupational office portfolio has been undertaken to maximise its use and revenue generating potential. Through this work it has been identified that up to 4 floors within BWH could be let to third party organisations.
- 2.2 This report is seeking approval for the Council to enter into a 1 year lease of the 9th and 10th floors of BWH (the accommodation) to a Government Department (the Tenant)
- 2.3 The lease will produce a significant income to the Council through the rent and in addition significant revenue saving through the recovery of rates and service charge payments.
- 2.4 The proposed letting has been secured after a long period of marketing and discussions with a number of prospective tenants. The terms agreed have therefore been market tested and are considered to represent best consideration.
- 2.5 The letting will help secure new jobs to Croydon as the primary use will be to recruit new employees and train them for a permanent move to new offices being established in Croydon which will not be ready to occupy until summer 2017

3. DETAIL

- 3.1 With the current financial pressures on the Council it is even more important that the use of the property assets are optimised and used to generate income or a reduction in running costs wherever possible. As part of the Council's new Asset Strategy, the Council's occupational portfolio has been reviewed to identify opportunities to release space.
- 3.2 Through adopting a more flexible approach to working and adopting an average 10:6 desk ratio it has been identified that between 50-60,000sq ft of space could be released within BWH. Work has started to undertake the necessary re-organisation of the location of existing teams to allow space to be released and this will take place on a phased basis to minimise disruption and multiple moves for the teams involved. The first phase has allowed the release of the 11th and 12th floors of BWH and further moves will release the 9th and 10th floors.
- 3.3 The lease to (the Tenant) will be for around 17,500sq ft located on the 9th and 10th floors. The tenants will also be permitted to use the café on the 8th floor and have access to book other meeting rooms on the first floor on an occasional basis for an agreed hire charge.
- 3.4 As part of the works to accommodate this letting, access control has now been activated to all floors. Minor modifications to the existing mechanical and electrical services will be undertaken to accommodate the increased numbers

within the building. The original design of the building permits, under the fire and evacuation strategy, a higher density of use than is existing and the proposed letting will not therefore impact on fire and evacuation safety .

- 3.5 The proposed letting is due to be completed by October 2016. The terms of the letting are detailed in the Part B report as they are commercially sensitive.
- 3.6 Although the terms have been agreed in principle it may be necessary to make minor amendments during the drafting of the lease. A delegated authority has therefore been requested as part of the approval so that these can be dealt with swiftly. Any such amendments will not have a material impact on the overall financial benefits or contractual obligations to the Council
- 3.7 The lettable space within BWH has been marketed over the last 18 months and discussions with a number of potential tenants (both private companies and Government departments) have taken place. The terms for the letting have therefore been market tested. The market evidence for lettings of other modern office space within Croydon has been fully analysed and the terms agreed for the proposed letting are considered to fairly represent the current market terms.

4. CONSULTATION

- 4.1 No consultation outside of the Council has taken place but consultation has been undertaken with the Workers Disability Group in connection with the proposed access control changes.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1. Risks

Once the letting has been completed the Council will not be able to take the space back for a period of up to 1 years as the lease does not contain a landlord's break option. At the end of the lease the Council would, however, be able to terminate the lease if they required it for their own occupation or some form of redevelopment. This letting does not prejudice the Option Agreement granted to the tenants for the 11th and 12th floors which allows them to take a lease of the 10th floor from December 2017

2 Options

This proposal is being put forward as an opportunity to contribute towards the Croydon Challenge targets. The only other options would be to look towards other tenants as the need to let space has been identified.

The covenant strength of the proposed tenant is very good and the terms agreed are a fair reflection of the market terms for offices in Croydon. The letting will also help secure new jobs to Croydon and facilitate a larger relocation of the Department to Croydon

The space could be retained by the Council and not let but this would not meet the requirements to make best use of the Council's assets and it has been demonstrated through the staff engagement that the current numbers and work styles of staff allow the release of some space within the building.

3 Future savings/efficiencies

Although only a short term letting, this will make a significant contribution towards the Croydon Challenge targets and will generate a significant annual income/saving to the Council after the initial rent free period.

(Approved by: Richard Simpson, Assistant Chief Executive (Resources) and S151 Officer)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 On behalf of the Acting Council Solicitor, it is commented that in agreeing the basis of the disposal, the Council must be satisfied that it is receiving a fair market value for the lease. The best consideration test and requirements are set out in section 123 of the Local Government Act

(Approved by: Sean Murphy, Principal Corporate Solicitor (Regeneration) on behalf of the Acting Council Solicitor & Acting Monitoring Officer)

7. HUMAN RESOURCES IMPACT

- 7.1 The opportunity to release space within BWH has been possible as a result of the review of staff work styles that has been undertaken and the Council's requirement to move towards a more flexible working environment which allows 3:2 desk ratios to be adopted. The letting of this space as outlined will compliment these changes

8. EQUALITIES IMPACT

- 8.1 The original equality impact assessment for the move into BWH is being updated as part of the overall Enabling our Workforce project. This will fully consider the impact both as a result of the changes to work styles and occupational space within the Council's corporate office accommodation. Consultation has taken place with the Workers Disability Group to ensure that the proposed changes, including the installation of access control arrangements for each floor will take into account the needs of all employees and will not impede access to any areas
- The proposal to release the accommodation through entering into a 10 year lease will be considered as part of this work but due to the mitigation works it is not anticipated that it will have any additional impact.

9. ENVIRONMENTAL IMPACT

9.1 The increase in the number of people within the building will be in compliance with all statutory requirements. The increased use of this space is not likely to have any environmental impacts and is more sustainable than providing new building to create the necessary space for the tenant to occupy

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There will be no impact on crime and disorder as a result of the letting.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

A new one year lease for the accommodation will generate a significant financial contribution for the Council and help reduce its revenue costs for the building. The letting will also help facilitate the Departments move to Croydon which will create a large number of new jobs within the Borough. The letting will not prejudice the Option for the existing tenants on the 11th and 12th floors to expand onto the 10th floor in December 2017.

12. ALTERNATIVE OPTIONS CONSIDERED

The only alternative option would be to reject the agreed terms on the grounds that they did not represent value for money, the tenant was unsuitable or the Council require the space for their own purposes. The detail provided in the body of the report demonstrates this is not the case,

**CONTACT OFFICER: Steve Wingrave Head of Asset Management and Estates
ext 61512**

BACKGROUND PAPERS: none