

AGENDA ITEM: 14 Pages 95 – 99

Meeting	Cabinet Resources Committee
Date	13 January 2011
Subject	Park House, 16 High Road, Finchley N2 9PJ
Report of	Cabinet Member for Resources and Performance
Summary	To seek approval to the details of the proposed new letting of the above building on a five year lease.

Officer Contributors	Simon Shaer – Valuer (Property Services) Judith Ellis – Valuation Manager (Property Services)
Status (public or exempt)	Public (with a separate exempt report)
Wards affected	East Finchley
Enclosures	Plan No.23068/10
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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1. RECOMMENDATIONS

- 1.1 That, a lease of the whole of Park House and adjacent car park (shown edged red on the accompanying plan no.23068/10) be granted to Party 1, or failing that granted to either Party 2, Party 3 or Party 4 on the respective principal terms set out in and also as requested in the body of the accompanying exempt report. The identity of all the parties is set out in the accompanying exempt report.**
- 1.2 That, should the findings of the Council's financial due diligence prove unsatisfactory in relation to Party 1, then subject to 1.3 below, it be recommended to grant a lease to either Party 2, Party 3 or Party 4.**
- 1.3 That, any lease granted to either Party 2, Party 3 or Party 4 be subject to the Council's financial due diligence and subject to a separate Delegated Powers Report authorising the grant of the lease.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet, 19 January 2004 (Decision item 7) – approved the offering of the freehold of Park House for sale on the open market and that agents be appointed to act on the Council's behalf.
- 2.2 Delegated Powers Report dated 26 April 2004 in the name of the Director of Economic and Community Development – approved a short term lease of the premises to Hampstead Garden Suburb Institute.
- 2.3 Cabinet Resources Committee, 25 November 2004 (Decision item 5) – approved the unconditional offer of Sherm Properties Limited for the freehold of Park House subject to the temporary letting.
- 2.4 Cabinet Resources Committee, 16 June 2005 (Decision item 10) – resolved that the unsolicited offer from the Hampstead Garden Suburb Institute to purchase the freehold and authorised that contracts for the sale of the property be exchanged with the first party able to exchange.
- 2.5 The Leader of the Council and the Cabinet Member for Resources approved by delegated powers on 14 October 2005 that a short-term lease be granted to the Hampstead Garden Suburb Institute following the withdrawal of the offer from Sherm Properties Limited.
- 2.6 The Director of Resources in consultation with the Leader of the Council and Cabinet Member for Resources approved by delegated powers on 24 July 2006 an extension to the short-term lease to the Hampstead Garden Institute until 31 August 2007.
- 2.7 Cabinet Resource Committee, 27 July 2006 (Decision item 5) – resolved that unless by 31 August 2006, Hampstead Garden Suburb Institute were in a position to proceed with the purchase then the property be remarketed.
- 2.8 Cabinet Resource Committee, 6 December 2007 (Decision Item 4) – resolved to sell the Council's freehold interest in Park House to Cathedral (East Finchley) Limited.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan commits the Council to delivering better services with less money. A key principle of the medium term financial strategy is to continually review the use of council assets so as to reduce the cost of accommodation year on year and to obtain best consideration for any surplus assets to maximise funds for capital investment and/or the repayment of capital debt. This proposal does this by producing an annual income for the Council which can be set against this priority, while not precluding a disposal of the Council's freehold interest.

4. RISK MANAGEMENT ISSUES

- 4.1 There are no policy considerations and officers do not anticipate significant levels of public concern. If the Council does not proceed with this letting, an empty building attracts the obvious detrimental nuisances such as vandalism, rates payable and utility bills. To offset some these risks of squatters and vandalism Property Services have installed a live-in guardian company.
- 4.2 The parties may need to apply to remove the time and use restrictions within the previous current planning permission and as a consequence the letting may be delayed or unable to proceed.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 The recommendation has been evaluated against the principles in the Equalities Policy and Equalities scheme and there are no adverse implications for specific groups.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 There are no procurement, performance and value for money, staffing, IT or sustainability implications. The financial and property implications are set out in paragraph 9 below and in the accompanying exempt report.

7. LEGAL ISSUES

- 7.1 None other than as mentioned in the body of this and the exempt report.

8. CONSTITUTIONAL POWERS

- 8.1 The Council's Constitution in Part 3, Responsibility for Functions, states in paragraph 3.6 the functions delegated to the Cabinet Resources Committee including all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

9. BACKGROUND INFORMATION

- 9.1 Park House is a 9,361ft² 1950's part single, part two storey building historically used as Council offices in a prominent position opposite East Finchley Underground Station.
- 9.2 The above building has been surplus to the Council's requirements for some time and there have been two attempts at selling the freehold. First to Sherm Properties Limited in 2004 and then to Cathedral (East Finchley) Limited in 2007.

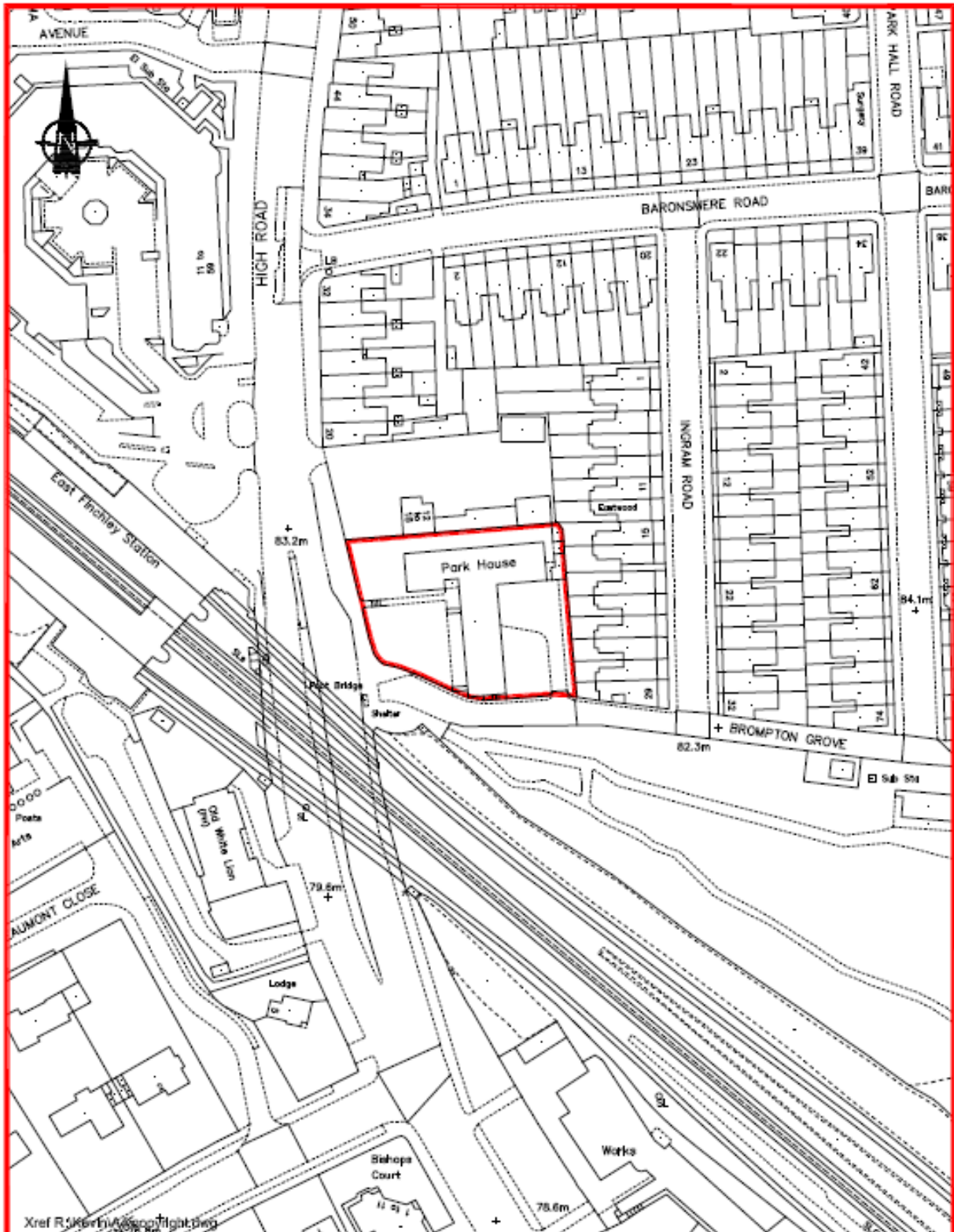
- 9.3 These disposals failed to complete and the subsequent decline in the property market has resulted in a significant reduction in the capital value of the property. The value of Park House lies in the development potential of the site as opposed to the built structure currently in situ. Consequently, due to a dearth of bank financing and the poor current economic climate this site is not attracting the level of interest or bids to recommend for a freehold disposal at the present time.
- 9.4 Recently there have been a number of abortive attempts to negotiate short term lettings on the basis of a two year term, which were originally considered to allow for some recovery in the market. However, the condition of the building and need for some initial investment has resulted in this proving unviable.
- 9.5 We have explored marketing the building on the basis of a 5 year term excluding statutory security of tenure provisions of Sections 24-28 of the Landlord and Tenant 1954 Act. This is for two reasons:
- 1) Owing to the poor condition of the building and our stipulation in past marketing campaigns for a two year term has caused prospective tenants to view occupying this building as unviable because of the capital outlay needed; and
 - 2) This letting will provide a competitive income allowing for the economic and commercial property development climate to improve whilst exploring the best method of freehold disposal as noted in the accompanying exempt report.
- 9.6 A letting will also provide time to explore the best method of disposal as Property Services can then investigate different development options. As any disposal on the basis of development may need a third party to obtain a planning application because of the complications attached to the site. The process may take in excess of 36 months.
- 9.7 The accompanying exempt report details the results of the recent marketing.
- 9.8 Expressions of interest for the Council's freehold interest have been received, but have not been considered to be at a level acceptable to recommend acceptance.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal – JO'H
CFO – MC

Plan



Initiated by S.S. Drawn by K.E.B. Checked by Date 06/10/10	SCHEME: PARK HOUSE, HIGH ROAD, EAST FINCHLEY, N2 TITLE: PROPOSED LETTING Scales 1:1250	Craig Cooper, Commercial Director, London Borough of Barnet, North London Business Park, Oakleigh Road South, New Southgate, London, N11 1NP. Tel. 020 8359 2000	<div style="border: 1px solid black; padding: 5px; text-align: center;"> BARNET <small>LONDON BOROUGH</small> <small>VALUATION SECTION</small> </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> DRAWING No. 23068/10 </div>
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