

	<h2>Assets, Regeneration and Growth Committee</h2> <h3>4th September 2017</h3>
Title	Commercial letting at Hendon Library
Report of	Director of Recourses
Wards	Hendon
Status	Public with Exempted Appendix
Urgent	No
Key	No
Enclosures	Appendix A (Exempt) – Draft Head of Terms Not for publication by virtue of paragraph 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended
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Summary

This report seeks approval in principle to grant a lease for a term of 15 years of premises on the first and second floors of the Hendon Library at The Burroughs, London NW4 4BT.

Following the Barnet Future Library Report in April 2016, the Council approved the refurbishment of Hendon Library and the subsequent letting of part to a commercial third party.

The Hendon Library is currently undergoing internal refurbishment, due to be completed in September 2017. Subsequently, it has been agreed that the accommodation on the first and second floors not occupied by the library should be let to a commercial tenant and, accordingly, deliver an annual income to the London Borough of Barnet.

Draft Heads of Terms (exempt appendix A) have been agreed with a prospective tenant (Middlesex University) and, subject to contract, this report seeks approval for a lease to be granted on those terms, or similar, with a lease prepared that reflects them.

Recommendations

That the Assets, Regeneration and Growth Committee:

- 1. Approves the grant of the lease, subject to contract and detailed discussions between the Council and the prospective tenant (Middlesex University), of the first and second floor premises for a term of 15 years at Hendon Library as set out in the draft Heads of terms contained in the Exempted Appendix to this report.**
- 2. Instruct HB Public Law to complete the legal documentation following detailed lease discussion and agreement.**
- 3. Delegates to the Director of Resources, authority to finalise the heads of terms and take any other steps required complete the lease.**

1. WHY THIS REPORT IS NEEDED

- 1.1** The proposed lease terms for the first and second floor premises at Hendon Library provide for an annual rental in excess of £100,001, must be authorised by the Committee under The Management of Asset, Property and Land Rules.
- 1.2** The works at Hendon Library are due to complete during September 2017. Following completion of the works, the first and second floor premises not occupied by the library will remain empty and, accordingly, will not generate an income for the Council. The prospective tenants are willing and able to progress this transaction and take possession at an early date. It is therefore proposed that the Council Officers be enabled to progress the lease discussions and complete the lease as soon as the parties are able to do so.

2. REASONS FOR RECOMMENDATIONS

- 2.1** To enable the first and second floor premises at Hendon Library, not occupied by the library, to be let in return for a commercial rent as soon after the completion of refurbishment works as is possible, generating a significant income to the Council.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1** Do nothing/ delay the letting: this would result in the Council foregoing significant annual income from this property.
- 3.2** The premises were marketed publicly and a number of enquiries were made. A tender competition took place and the prospective tenants submitted the highest and best bid.

4. POST DECISION IMPLEMENTATION

- 4.1 Using the agreed Heads of Terms as a basis, a lease will be drawn up by the Council's Legal Team and discussions will take place with the prospective tenants in order to agree the details of landlord and tenant liabilities and commitments.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Council's Corporate Plan 2015-20 states that the Council, working with local, regional and national partners, will strive to ensure that Barnet is a place:

- of opportunity, where people can further their quality of life;
- where people are helped to help themselves, recognising that prevention is better than cure;
- where responsibility is shared, fairly; and
- where services are delivered efficiently to get value for money for the taxpayer.

- 5.1.2 This proposal fits with the Council's corporate priorities by achieving value for money for the taxpayer through an early letting and occupation of refurbished premises.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The proposed lease rent has been achieved through open competition, thus demonstrating a value-for-money transaction.

- 5.2.2 By ensuring an early occupation, the subject premises will be efficiently utilised.

- 5.2.3 The proposed terms include an annual rental of £155,950, which is slightly above the rental expected for this letting, which was £154,000 per annum

- 5.2.4 It should be noted that other negotiations are currently taking place regarding the letting of commercial space at the Council's other library properties.

5.3 Social Value

- 5.3.1 The new library refurbishment demonstrates to the people of Barnet the Council's commitment to public services. A half empty building will deliver a different perception and detract from the positive elements of the refurbishment; an early letting will avoid that perception.

5.4 Legal and Constitutional References

5.4.1 Under the Council's Constitution Responsibility for Functions (Annex A), the terms of reference of the Assets, Regeneration and Growth Committee contains the following responsibilities:

- Develop strategies which maximise the financial opportunities of growth- e.g. New Homes Bonus, localisation of business rates
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- Asset Management – all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council

5.4.2 The Council Constitution, The Management of Asset, Property and Land Rules, Appendix 1, Table A sets out the authorisation thresholds and requires the disposal of an asset to be authorised by the Assets Growth and Regeneration committee

5.4.3 Schedule 12A Local Government Act 1972 defines exempt information as information falling within the following categories:

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

(5) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

5.4.4 The Heads of Terms, whilst agreed with the prospective tenant, remain subject to contract and are therefore both commercially confidential and uncertain. Until such time as these terms are set into a binding contract, in the form of a lease, the Council is not permitted to reveal them without the consent of the prospective tenant, such consent not having been received.

6. Risk Management

6.1 The risks associated with this transaction are financial. Failure to secure the occupation of the premises will result in a lead time during which the accommodation will need to be placed again on the market and suitable tenants found.

6.2 Whilst the Council was successful in finding a tenant for the property, there is no guarantee that a similar success will be achieved in a short time scale. This will leave the premises empty for a period of time.

7. Equalities and Diversity

7.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

7.2 It is not considered that the proposed letting will give rise to any issues under the Council's Equality Policy and does not compromise the Council in meeting its statutory equalities duties.

8. Consultation and Engagement

8.1 There has not been any public consultation for this proposed commercial letting. However, the premises were publicly marketed and consultation was undertaken amongst the members of the Council

9. Insight

9.1 Insight data has not been used in the analysis of this transaction yet.

10. BACKGROUND PAPERS

10.1 None