

AGENDA ITEM: 9 Page nos. 24 – 27

Meeting Cabinet Resources Committee

Date 23 September 2004

Subject **23/35 Hendon Lane, N3 – use of part by the
Citizens Advice Bureau**

Report of Cabinet Member for Resources

Cabinet Member for Performance, Partnerships and
Best Value

Summary This report seeks a variation of a previous committee decision and approval to
expenditure on works to 23/35 Hendon Lane and associated costs to facilitate the
move of the Citizens Advice Bureau from Hertford Lodge Annex.

Officer Contributors Dave Stephens, Chief Valuer and Development Manager

Status (public or exempt) Public – with a separate exempt report

Wards affected Finchley – Church End

Enclosures None

For decision by Committee

Function of Executive

Reason for urgency / exemption
from call-in (if appropriate) The sale of Hertford Lodge and the relocation of the Citizens Advice Bureau with
the associated costs has already been approved by various committees. The Hertford
Lodge contract rescission provisions leave little time to find a solution to the
problem of achieving vacant possession of the annex. The proposed works to 23/35
Hendon Lane must proceed before the end of September 2004 if the works are to be
completed in time for CAB to move into the accommodation and vacate Hertford
Lodge annex before December 2004.

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1. RECOMMENDATIONS

- 1.1 That, in variation of the decision of the Cabinet Resources Committee of 18 September 2003, the expenditure on works to 23/35 Hendon Lane and other costs as set out in the exempt report be approved with those costs being met from the proceeds of sale of Hertford Lodge.**
- 1.2 That the above decision be not subject to call-in as any delay likely to arise from call-in would seriously prejudice the Council's interests, the Chairman of the Cabinet Overview and Scrutiny Committee having given the necessary consent under the urgency provisions of the Overview and Scrutiny Rules in the Council's Constitution**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet on 20 March 2003 agreed the long leasehold disposal of Hertford Lodge and annex subject to the relocation of the Citizens Advice Bureau (CAB) from the annexe to Friary House.
- 2.2 Cabinet Resources Committee on 18 September 2003 agreed, subject to entering into agreements for lease of accommodation at Friary House with Age Concern Barnet and the Citizens Advice Bureau and to formally agreeing the surrender of the lease of part of the café area within Friary House:
- i. the costs associated with the moves of Age Concern Barnet and the Citizens Advice Bureau to Friary House be approved with those costs being met respectively from the proceeds of the sale of the former Friern Barnet Town Hall and Hertford Lodge; and
 - ii. As an exception to the Contract Procedure Rules, but still compliant with Standing Orders, approval was given for the Head of Planning Highways and Design to seek quotations from three approved building companies with the final choice of contractor being approved by the Cabinet Member for Resources under delegated powers.
- 2.3 Cabinet Resources Committee – 27.11.03 agreed to accept the binding tender offer from Alnor Properties Limited for the acquisition of a long leasehold interest in Hertford Lodge.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Corporate Plan commits the Council to “plan and manage land use and development in Barnet to enhance the quality of life and provide tangible benefits for the community. The proposals in this report will achieve this by (i) ensuring that the contract conditions for the sale of Hertford Lodge are met and the capital receipt received; and (ii) a rental income is received for 23/35 Hendon Lane which matches the Council's outgoings.

4. RISK MANAGEMENT ISSUES

- 4.1 The proposals in this report need to be implemented as soon as possible if the implications for the rescission of the contract for Hertford Lodge are to be avoided.
- 4.2 The sub-lettings to TNG and CAB require landlords consent. If this is not granted then the CAB move cannot happen. However, previous discussions with the landlord about granting sub-lettings received a positive response subject to those sub-lettings being upon terms excluded from the provisions of Sections 24 to 28 of the Landlord and Tenant Act 1954 (excluding the tenant's right to a renewal of the lease or payment of compensation). The landlord has been asked specifically for approval to these two sub-lettings.

5. FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

5.1 Set out in the exempt report are the estimated costs for the works to Friary House to accommodate Age Concern Barnet, the Citizens Advice Bureau and Occupational Health. The estimated likely savings arising from CAB not moving into Friary House are shown in the exempt report. The costs of the works to 23/35 Hendon Lane and other costs could be met from these savings. There is no budgetary provision for any of these costs – instead they are to be met from the proceeds of sale of Hertford Lodge and Friern Barnet Town Hall.

5.3 There are no staffing or ICT issues. The property issues are as set out below.

6. COMMENTS, IF ANY, OF THE COUNCIL'S STATUTORY OFFICERS (HEAD OF PAID SERVICE, CHIEF FINANCE OFFICER, MONITORING OFFICER)

6.1 None.

7. BACKGROUND INFORMATION

7.1 The Council has entered into a contract for the sale of a long leasehold interest in Hertford Lodge and the annex to Alnor Properties for the capital sum set out in the exempt report. The contract can be rescinded by the purchaser if the Council cannot give vacant possession of the annex by December 2004. The annex is occupied by the Citizens Advice Bureau (CAB) under the terms of a short-term lease and which affords the CAB full Landlord and Tenant Act 1954 rights. Thus, if CAB is not moved out before December then there is a possibility that Alnor Properties may elect to rescind the contract and the Council will not achieve the capital receipt.

7.2 It had been agreed that CAB should move into Friary House with Age Concern. Lease terms were close to being agreed with CAB. However, for a variety of reasons, the contract for the works to Friary House has been delayed. Because of the passage of time it is now necessary to obtain new quotes. Once the new quote is approved, the works contract period will be at least 20 weeks. Even if the contract could start by the end of September the works would not be completed until February 2005 – too late for the Hertford Lodge contract. An alternative solution is needed.

7.3 Members may recall that the Chamber of Commerce and other organisations used to occupy offices at 23/35 Hendon Lane, N3 with grant funding from the Council. The Council has since withdrawn this funding. The Council holds 23/35 Hendon Lane on lease until 2009. The Council cannot surrender the lease and is therefore liable for the annual rent. The rent has recently been reviewed to the sum set out in the exempt report plus service charge.

7.4 Because the Council has to continue to pay the rent, negotiations have been in hand with one of the previous users, TNG Business Support, for it to take a sub-lease of the space. TNG can access other funding to pay rent but it is not sufficient to cover the whole of the rent payable – but it would at least relieved the Council of some of the financial burden. TNG does not need all the space and therefore there will be office space available for another user.

7.5 CAB has been shown the Hendon Lane offices and is very keen to take up space. Negotiations with both CAB and TNG have resulted in a provisional agreement upon the re-allocation of space (TNG taking less to allow CAB to have sufficient space) and a sharing of the full rent and service charge. It will be necessary to carry out alterations to the internal partitioning and other works to make the premises suitable for shared use. The estimated cost of this work is set out in the exempt report. Subject to the agreement of the landlord to the sub-lettings and the alterations (for which

the Council will have to pay the landlord's fees and costs), this arrangement could be put in place fairly quickly – targeting completion by November 2004.

7.6 Despite the fact that the Council's head-lease expires in 2009, it would be possible to make the Hendon Lane office the 'permanent' base for the CAB until 2009 and cancel the move to Friary House. CAB is in favour of this proposal.

7.7 This arrangement has the following advantages:

- i. It has a good chance of being achieved by November 2004 and thus the Hertford Lodge sale can proceed.
- ii. The partitioning costs could be off-set by the savings achieved on the works at Friary House – the level of potential savings is set out in the exempt report.
- iii. It will, for the time being, ease Age Concern's concerns about sharing Friary House with an organisation like CAB – they were not sure that the different clients would be compatible with one-another.
- iv. The timing of the works to Friary House no longer becomes critical.
- v. There would be, for the time being, a lesser number of people using Friary House.
- vi. The Council will not be paying rent for un-used space at the Hendon Lane premises.

7.8 As indicated above, works to 23/35 Hendon Lane must proceed before the end of September 2004 if they are to be completed in time for CAB to move into the accommodation and vacate Hertford Lodge annex before December 2004. The delay that would arise from any call-in of the decision proposed to the Cabinet Overview and Scrutiny Committee's next meeting on 14 October would therefore be prejudicial to this. The Chairman of the Cabinet Overview and Scrutiny Committee has therefore been consulted and has decided that the proposals are reasonable in the circumstances and may be treated as a matter of urgency and exempted from call-in under the urgency provisions in the Overview and Scrutiny Rules in the Constitution.

8. LIST OF BACKGROUND PAPERS

8.1 None

MO: SS

BT: JO