

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 1 September 2014

Portfolio:	Policy, Strategy and Finance
Subject:	Lease of Part of Floor 5, Civic Offices
Report of:	Director of Finance and Resources
Strategy/Policy:	Asset Management Plan.
Corporate Objective:	A dynamic, prudent, progressive and best practice Council

Purpose:
To obtain the Executive's approval to the heads of terms provisionally agreed with Public Health England (PHE) to occupy part of Floor 5 within the Civic Offices as the PHE Wessex Centre Office.

Executive summary:
The Council has been in discussion with Public Health England to occupy part of floor 5 in the Civic Offices as the PHE Wessex Centre Office. This will have advantages to the Council as it will build on the leases granted to the Wessex Youth Offending (floor 4) and Integrated Offender Management (part of floor 5) teams and will secure an additional public sector organisation to occupy space in the Civic Offices. The rent and service charge paid by PHE will offset the running costs of the building. The confidential Appendix A sets out the heads of terms provisionally agreed with PHE for the approval of the Executive.

Recommendation:
The Executive is recommended to give its approval to the heads of terms provisionally agreed with PHE as shown on the Confidential Appendix A and if required the final terms being delegated to the Director of Finance & Resources in consultation with the Executive Leader.

Reason:

To obtain approval to the heads of terms provisionally agreed with PHE for the lease of accommodation within the Civic Offices.

Cost of proposals:

Following a 6 month rent free period the Council will receive from PHE the rent and service charge set out in the confidential Appendix A.

- Appendices**
- A** Confidential Executive Briefing Paper detailing Heads of Terms provisionally agreed with Public Health England (Exempt By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.)
 - B** Drawing showing proposed layout of the space to be leased by Public Health England
 - C** Public Health England Information

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Executive Briefing Paper

Date: 1 September 2014

Subject: Lease of Part of Floor 5, Civic Offices

Briefing by: Director of Finance and Resources

Portfolio: Policy, Strategy and Finance

INTRODUCTION

1. The Council has been in discussion with the Public Health England (PHE) who expressed interest in leasing accommodation on floor 5 of the Civic Offices as the PHE Wessex Centre office. This will have advantages to the Council as it will secure another public sector organisation to occupy space in the Civic Offices alongside the Wessex Youth Offending Team (floor 4) and Integrated Offender Management (part of floor 5). This will generate another income stream to offset the running costs of the building and will make a significant contribution to the Council's efficiency plans. This will also achieve the objective included in the Council's Asset Management Plan to efficiently use the Council's operational property in terms of running costs. It will also facilitate collaboration between public bodies in order that public assets can be used more effectively by co location.
2. Attached as Appendix C is information on PHE.

HEADS OF TERMS AGREED WITH PUBLIC HEALTH ENGLAND

3. The confidential Appendix A sets out for the approval of the Executive the lease heads of terms provisionally agreed with PHE which includes the rent and service charge to be paid. The floor area to be leased is approximately (4,252 sq ft – 395 sq m) as shown for identification purposes on the drawing attached as Appendix B. The terms at this stage are still provisional and could be amended before the leases are completed. Therefore the Executive are requested if it proves necessary to delegate approval of the final terms to the Director of Finance & Resources in consultation with the Executive Leader.

4. To facilitate the occupation of PHE substantial works as shown on the drawing attached as Appendix B will have to be undertaken. The cost of these works will be met by PHE.

FINANCIAL IMPLICATIONS

5. The Council will receive the rent and service charge as set out in the confidential Appendix A from the PHE. The rent will commence at the end of the 6 month rent free period agreed to reflect the substantial capital expenditure by PHE to create the PHE Wessex Centre Office on floor 5. Over the period of the lease, subject to the break clauses not being exercised and increases in the rent and service charge, letting of this space to PHE will provide the Council with income in excess of £700k, which will offset the running costs of the Civic Offices and make a significant contribution to the Council's efficiency plans.

RISK ASSESSMENT

6. The risks arising from the occupation of the accommodation in the Civic Offices by PHE e.g. health and safety will be covered in the lease to be granted.

CONCLUSION

7. Terms have been provisionally agreed with PHE for the lease of accommodation on floor 5 in the Civic Offices. This will have advantages for the Council as it will secure another public sector organisation to occupy space in the Civic Offices and obtain a rent and service charge which will offset the running costs of the building. The Executive are recommended to approve the provisional heads of terms set out in the confidential Appendix A and if required the final terms being delegated to the Director of Finance & Resources in consultation with the Executive Leader.