

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	5 June 2019
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Brandon Gate, Hamilton – Renegotiation of Lease
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ request approval to extend the existing lease agreements with regards to Brandon Gate, Buildings A and B, Hamilton

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the revised terms and conditions for the lease of Brandon Gate, as set out in section 4 of this report are agreed; and
- (2) that the Executive Director (Housing and Technical Resources), in consultation with the Head of Administration and Legal Services, if appropriate, be authorised to conclude all matters in respect of the lease and to enter into the necessary legal agreements on terms which are in the best interests of the Council.

3. Background

- 3.1. The performance of the Council's office portfolio is regularly reviewed and opportunities sought to further improve its efficiency. One such opportunity has arisen with regards to the accommodation at Brandon Gate, Hamilton.
- 3.2. The property is owned by Sparrowhawk Properties 605 Limited and the existing lease to the Council has 6 years remaining with a current rental of £780,600 per annum. The owners of the property have approached the Council to discuss a renegotiation of the current lease terms.
- 3.3. Brandon Gate is considered to be a core corporate accommodation asset. It is located centrally with good public transport links and access to public car parking making it easily accessible by both staff and service users.
- 3.4. Based upon current projections for service demand there is a long term requirement for office accommodation at this location.

4. Proposal

4.1. Following negotiation it is proposed that the terms of the existing lease are replaced with the principal terms and conditions as follows:-

1. The lease will be for 20 years from the date of variation
2. The rent is to be £581,514 per annum

3. The rent will be the subject of 5 yearly reviews based upon 2.5% per annum uplifts
 4. The Landlord will make a one off contribution of £50,000 towards the costs of improvements to the property
 5. Each party will bear their own legal expenses, however the Landlord will make a contribution of £5,000 towards the Council's costs
- 4.2. The proposed terms and conditions represent market value and offer a rental reduction of £199,086 p.a. on the current terms.
- 5. Employee Implications**
- 5.1. There are no employee implications.
- 6. Financial Implications**
- 6.1. The proposed rental of £581,514 per annum will be met from existing budgets, and reflects a reduction of £199,086 per annum from the current rent level.
- 6.2. Land Transaction Tax will be applicable to the new lease arrangements which is payable by the Council. It is estimated that this will be in the region of £70,000 to £80,000 and this will be met from the first year's rental savings.
- 7. Other Implications**
- 7.1. Entering into the revised lease terms provides the Council with security in terms of future service delivery.
- 7.2. The longer term occupation presents the opportunity to enter into discussions with our partners regarding their future property requirements.
- 8. Equality Impact Assessment and Consultation Arrangements**
- 8.1. Consultation was carried out with Finance and Legal Services regarding the proposal.
- 8.2. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and therefore no impact assessment is required.

Daniel Lowe
Executive Director (Housing and Technical Resources)

15 May 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent

Previous References

- ◆ None

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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