

## BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

### REPORT OF THE EXECUTIVE DIRECTOR PLACE TO CABINET

#### PROPOSAL TO SURRENDER THE CURRENT LEASE AT WELLINGTON HOUSE, BARNSELY

##### 1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to update Cabinet on the Council's intention to surrender one of the current leases at Wellington House (six months early) to facilitate the site being used by DWP for a new Job Centre provision and create a 'Support Hub' in the Town Centre.

##### 2. RECOMMENDATIONS

It is recommended that:-

- 2.1 **The terms are accepted to surrender of the lease arrangements at Wellington House on the 31<sup>st</sup> December 2020.**

##### 3. BACKGROUND

- 3.1 Cabinet will recall approval was given in February 2020 for the Town Centre Accommodation Strategy, which would reduce surplus office accommodation through the disposal or repurposing of assets and divesting of leasehold sites upon expiry.
- 3.2 Wellington House is currently occupied by way of several leases expiring in June 21 and June 26. The original plan was for the lease to be terminated for the Ground/1<sup>st</sup> Floor in June 2021 contributing a total saving of £227,700 (£170,775 in 21/22 and a further £56,925 in 22/23) which would contribute towards the 21/22 efficiency saving of £242,000. This space has been vacant since the library moved to the Lightbox in 2018.

Table below summarises current occupancy:

<b>Floor Space</b>	<b>Lease Arrangements</b>	<b>Rent £</b>	<b>Service Currently Operating</b>
Basement 5,629 sq. ft	The Council have a 10-year lease of part, commencing 24/06/16	The passing rent is £14,075 per annum with reviews on the 5 <sup>th</sup> and 10 <sup>th</sup> anniversary	Library Services – BIBs team
Ground 6,635 sq. ft  1 <sup>st</sup> Floor 6,351 sq. ft	The Council have a 5-year lease of part of the ground floor and part of the first floor, commencing 24/06/16. This lease also includes the car park	The passing rent is £103,088 per annum	Currently Vacant and the proposed space for HOT
2 <sup>nd</sup> Floor 12,900 sq. ft	The Council have a 10-year lease of the whole of 2 <sup>nd</sup> floor, commencing 24/06/16	The passing rent is £103,200 per annum with reviews on the 5 <sup>th</sup> and 10 <sup>th</sup> anniversary	The Adult Skills and Community Learning Service (ASCL)
Part First Floor 4,994 sq. ft	The Council have a 10-year lease of the remaining part of the first floor	BMBC are responsible for the rent of £39,522 per annum with reviews on the 5 <sup>th</sup> and 10 <sup>th</sup> anniversary	Sublet to Citizens Advice Bureau (CAB) whose rent payable is Zero, however BMBC recovers a service charge.

#### **4. PROPOSAL**

- 4.1 The DWP have approached the Council to take space within the Town Centre. The Head of Property has negotiated a deal with the Landlord and DWP for them to occupy the vacant space at Wellington House.
- 4.2 The deal results with an early surrender (31.12.20) of the lease held by the Council for the ground and first floor with a surrender premium of £83k, which is payable by the Council.
- 4.3 This payment will be a full and final settlement and will allow the Council to walk away from the dilapidations claim of c£220k and a further 6 months rates liability.

#### **5. BENEFITS**

- 5.1 The following benefits of this early surrender have been identified:
- Early surrender of the lease will achieve the KLOE for this site six months early and meet the objectives of the Accommodation Strategy.

- Remove the risk and liability associated with a long-term empty asset.
- Create savings associated with the Business Rates Liability and remove the costs associated with the final schedule of dilapidations (£220K).
- Economic and Employment Benefits – with DWP taking the lease it will bring approximately 200 jobs to the Town Centre.
- The occupation by DWP will complement the Adult Education and CAB Services that will continue to operate from this site until 2026.
- SMT did recently approved a temporary move for Housing Options Team to occupy the subject space albeit on a temporary solution. This deal will prevent that temporary move being facilitated, however the Assets Team have now identified several alternatives to meet the long-term requirements.

## 6. FINANCIAL IMPLICATIONS

<b>Revenue</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Current Costs</b>	<b>£</b>	<b>£</b>
Rent & Service Charge	165,094	165,094
Running Costs	77,538	77,538
<b>Total</b>	<b>242,632</b>	<b>242,632</b>
<b>Revised Proposal</b>	<b>£</b>	<b>£</b>
Rent & Service Charge	206,821	0
Running Costs	58,153	0
<b>Total</b>	<b>264,974</b>	<b>0</b>
<b>Saving</b>	<b>22,342</b>	<b>(242,632)</b>
<b>Cumulative</b>	<b>22,342</b>	<b>(220,290)</b>

- 6.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer.)
- 6.2 Whilst extra costs will be incurred during in the current financial year (payment of the surrender premium £83K), this will be partially offset by savings on the service charge and running costs.
- 6.3 However, in the financial year 2021/22 a full saving of £242,632 will be achieved and the KLOE fully delivered in 2021/22.
- 6.4 There will also be a Capital expenditure saving of £220K associated with dilapidations that no longer need to be funded by the Town Centre Accommodations scheme.

## 7. EMPLOYEE IMPLICATIONS

- 7.1 Not Applicable.

**8. LEGAL IMPLICATIONS**

8.1 Not Applicable.

**9. CUSTOMER AND DIGITAL IMPLICATIONS**

9.1 Not Applicable.

**10. COMMUNICATIONS IMPLICATIONS**

10.1 Not Applicable,

**11. CONSULTATIONS**

11.1 Internal consultation has taken place with Service Director Finance and Executive Director Place.

**12. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK**

12.1 Not applicable.

**13. PROMOTING EQUALITY, DIVERSITY AND SOCIAL INCLUSION**

13.1 Not applicable.

**14. TACKLING THE IMPACT OF POVERTY**

14.1 Not applicable.

**15. TACKLING HEALTH INEQUALITIES**

15.1 Not applicable.

**16. REDUCTION OF CRIME AND DISORDER**

16.1 Not applicable.

**17. RISK MANAGEMENT ISSUES**

17.1 Not applicable.

**18. HEALTH, SAFETY AND EMERGENCY RESILIENCE ISSUES**

18.1 Not applicable.

**19. COMPATIBILITY WITH THE EUROPEAN CONVENTION ON HUMAN RIGHTS**

19.1 Not applicable.

## **20. CONSERVATION OF BIODIVERSITY**

20.1 Not applicable.

## **21. BACKGROUND PAPERS**

There are no background papers associated with this report

If you would like to inspect background papers for this report, please email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk) so that appropriate arrangements can be made

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