

ARGYLE ROAD OFFICES, ACCOMMODATION FOR OUTSIDE ORGANISATIONS

Finance Advisory Group 25 July 2012

Report of the: Corporate Resources Director

Status: For Consideration

Also considered by: Performance & Governance Committee - 18 September 2012
Cabinet - 11 October 2012

This report supports the Key Aim of
Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Head of Legal & Democratic Services – Mrs Christine Nuttall

Recommendation to the Performance & Governance Committee that capital reserves are used to provide office accommodation for Moat Housing on the terms and conditions detailed in the report and to such other conditions as the Council's legal advisors consider necessary to protect the Council's interests.

Introduction

1. Following the relocation of Environmental Health to Dartford uses of the vacated accommodation have been considered.
2. The District Council has been approached by Moat Housing which currently rents 12 desk spaces located on the second floor between the Election section and the Property section. Due to an internal reorganisation they would like to have 15 desks which cannot be accommodated on the second floor.
3. It is possible to fit 15 desks into the area vacated by Environmental Health on the first floor as shown on the attached plan (Option 2). This layout provides:
 - Environmental Health 8 hot desks as existing with no changes proposed.
 - The 15 desks for Moat which have been accommodated in reduced space following a meeting with Moat where they agreed to reduce the amount of storage required
 - Three dedicated hot desks for Community Development and the Police.

4. Moat currently pays £8,500p.a. rent and £14,400p.a service charge and if the proposed changes precede these payments will increase to £9,200 and £18,000 respectively
5. Officers are also in discussion with Kent County Council Social Services who are looking for accommodation for 6 staff; these staff could be accommodated with the current Moat second floor area with the remaining 6 desks being used as corporate hot desks until an alternative occupier is identified. (Option 2b)
6. To achieve this capital expenditure in the sum of £7,000 is needed to be invested by the District Council in respect of furniture and alterations to the power supply (each proposed tenant will be responsible for providing their own IT and telephony systems at no cost to the District Council)
7. KCC will pay £4,700p.a. rent and £7,200p.a. service charge.
8. The total income from Moat and KCC will increase from £22,900p.a. to £39,100 p.a.
9. All these figures are subject to the final agreement of all parties and the draft Heads of Terms are appended to this report for information.
10. The rental indicated above reflects a rental of £15 per square foot per annum which reflects favourably with commercial office rents in central Sevenoaks given that the accommodation in Argyle Road is not self contained, does not have air conditioning, has no allocated parking and is only available for use 5 days/week during normal office hours. Central Sevenoaks purpose built self contained air conditioned offices with parking tend to attract a rent of between £16 and £21 per square foot per annum with high specification offices reaching £23 per square foot.
11. The service charge is based on actual costs incurred in the preceding year in respect of building repairs, plant maintenance, power and water, fire safety, business rates, insurance, cleaning etc. and photocopying usage. The cost for 1011/12 has been calculated at £1,200 per desk per year.

Key Implications

Financial

12. This project will enable some of the Council capital to be converted into a revenue stream and will also go some way to mitigating the cost of operating the Argyle Road offices

Community Impact and Outcomes

13. Moat will retain a local presence in Sevenoaks for the convenience of their tenants and this proposal will enable closer joint working with the Housing team

Legal, Human Rights etc.

14. No legal or human rights issues have been identified.

Value For Money and Asset Management

15. The proposal provides an acceptable return on the capital invested and reduces the cost of operating the offices on the public purse.

Equality Impacts

16. No legal or human rights issues have been identified.

Risk Assessment Statement

Risk 1

17. That Moat Housing or Kent County Council vacate the accommodation early thereby reducing the Council's income. The likelihood is low and the mitigation is that the updated accommodation will remain available for use by other parties/sections of the Council.

Risk 2

18. That generally investment rates increase to a level that renders the return on the capital invested poor. The likelihood of this happening during the first 5 year period is extremely low and mitigation is not considered necessary.

Appendices: Appendix A – Plans of proposed accommodation

Appendix B – Draft Heads of Terms

Background Papers: Property file- Argyle Road Office Moves (Current)

Contact Officer(s): Jim Latheron Extn. 7209

Dr. Pav Ramewal
Corporate Resources Director