



DECISION OF THE EXECUTIVE MAYOR

Tuesday, 20th October, 2009

at 3.00 pm

Hackney Town Hall - Town Hall

Committee Members:

Mayor Jules Pipe

Gifty Edila
Corporate Director of
Legal and Democratic Services

Contact: Rabiya Khatun
Tel: 020 8356 3503
Email: rabiya.khatun@hackney.gov.uk

The press and public are welcome to attend this meeting

AGENDA

Tuesday, 20th October, 2009

ORDER OF BUSINESS

Item No		Page No		
1.	<p data-bbox="300 539 1286 607">ACQUISITION OF THE FREEHOLD INTEREST IN 300 MARE STREET, HACKNEY, E8</p> <p data-bbox="300 658 1286 725">This report seeks approval to acquire at the Jones Lang LaSalle auction on the 21st October the freehold interest in 300 Mare Street.</p> <table border="1" data-bbox="288 763 1294 943"><tr><td data-bbox="288 763 799 943"><p data-bbox="432 775 655 842">Wards Affected Hackney Central;</p></td><td data-bbox="799 763 1294 943"><p data-bbox="839 775 1254 909">Contact Officer James Croysdill, Peter Edwards ☎ Tel: 0208 356 7744, Tel: 020 8356 2603</p></td></tr></table>	<p data-bbox="432 775 655 842">Wards Affected Hackney Central;</p>	<p data-bbox="839 775 1254 909">Contact Officer James Croysdill, Peter Edwards ☎ Tel: 0208 356 7744, Tel: 020 8356 2603</p>	1 - 18
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Access and Information

Location

Hackney Town Hall is on Mare Street, bordered by Wilton Way and Reading Lane, almost directly opposite The Ocean.

Trains – Hackney Central Station – Turn right on leaving the station, turn right again at the traffic lights into Mare Street, walk 200 metres and look for the Hackney Town Hall, almost next to The Empire immediately after Wilton Way.

Buses 30, 48, 55, 106, 236, 254, 277, 394, D6 and W15.

Facilities

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall.

Induction loop facilities are available in Rooms 102 and the Council Chamber

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

Copies of the Agenda

The Hackney website contains a full database of meeting agendas, reports and minutes. Log on at: www.hackney.gov.uk

Paper copies are also available from local libraries and from Democratic Services officer whose contact details are shown on page 2 of the agenda.

Local Democracy Website – www.hackney.gov.uk

The Local Democracy section of the Hackney Council website contains full details about the democratic process at Hackney, including:

- Councillor contact details
- Information about MPs, MEPs and GLA members
- Agendas, reports and minutes from council meetings
- The council's constitution
- Overview and Scrutiny information
- Details and links to area forums and local consultations
- And more.

ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to **all** Members of the Council including the Mayor, co-opted Members and independent Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may often need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- The Corporate Director of Legal and Democratic Services;
- another Council lawyer; or
- Democratic Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

1. Do you have a personal interest in any matter on the agenda or which is being considered at the meeting?

You will have a personal interest in a matter if it:

- i. relates to an interest that you have already registered on the Register of Interests;
- ii. relates to an interest that should be registered but you have not yet done so; or
- iii. affects your well-being or financial position or that of members of your family or your close associates, to a greater extent than it would affect the majority of people in the ward affected by the decision.

Note: The definition of family is very wide and includes a partner, step-relations and in-laws. A "close associate" is someone whom a reasonable member of the public might think you would be prepared to favour or disadvantage.

2. If you have a personal interest you must:

- i. **declare the existence and nature of the interest (in relation to the relevant agenda item) at the beginning of the meeting, before it is discussed or as soon as it becomes apparent to you; but**
- ii. **you can remain in the meeting, speak and vote on the matter unless the personal interest is also prejudicial.**

However, in certain circumstances you may have an exemption which means that you might not have to declare your interest.

Exemption 1: You will have an exemption where your interest arises solely from your membership of or position of control/management in:

- a body to which you have been appointed or nominated by the authority; and/or
- a body exercising functions of a public nature (e.g. another local authority).

Exemption 2: You will have an exemption if your personal interest is simply having received a gift or hospitality over £25 which you registered more than 3 years ago.

If you have an exemption:

- i. **you need only declare your interest if you address the meeting; and**
- ii. **you can vote without declaring the interest providing you do not speak.**

3. When will a personal interest also be prejudicial?

Your personal interest will also be prejudicial if a member of the public who knows the relevant facts would reasonably think the personal interest is so significant that it is likely to prejudice your judgement of the public interest; and

- i. either the matter affects your financial position or the financial position of any person or body through whom you have a personal interest; or
- ii. the matter relates to the determining of any approval, consent, licence, permission or registration that affects you or any relevant person or body with which you have a personal interest.

Exemptions: You will not have a prejudicial interest if the matter relates to the following:

- i. the Council's housing functions - if you hold a lease or tenancy with the Council, provided that the matter under consideration is not your own lease or tenancy;
- ii. school meals, transport or travel expenses – if you are the parent or guardian of a child of school age, provided that the matter under consideration is not the school the child attends;
- iii. statutory sick pay;
- iv. Members' allowances;
- v. ceremonial honours for Members; or
- vi. setting the Council Tax.

4. If you have a prejudicial interest you must:

- i. **Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.**
- ii. **Leave the room unless members of the public are allowed to make representations, give evidence or answer questions about the matter. If that is the case, you can also attend to make representations, give evidence or answer questions about the matter.**
- iii. **Once you have finished making representations, answering questions etc., you must leave the room. You cannot stay in the room whilst the matter is being discussed neither can you remain in the public gallery to observe the vote on the matter. In addition, you must not seek to improperly influence a decision about the matter.**

Further Information

Advice can be obtained from Gifty Edila, Corporate Director, on 020 8356 3265 or email Gifty.Edila@hackney.gov.uk

Guidance is also available from the Standards Board for England's website: www.standardsboard.gov.uk/TheCodeofConduct/Guidance/

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REPORT OF THE CHIEF EXECUTIVE		
ACQUISITION OF THE FREEHOLD INTEREST IN 300 MARE STREET HACKNEY E8	Classification PUBLIC	Enclosures Exempt Appendices A-G
	Ward(s) affected HACKNEY CENTRAL	AGENDA ITEM No
Decision of the Executive Mayor – 20th October 2009		

IN ORDER THAT THE COUNCIL DOES NOT LOSE THE OPPORTUNITY TO ATTEMPT TO ACQUIRE THE FREEHOLD INTEREST 300 MARE STREET, THE MAYOR HAS BEEN ASKED TO TAKE THE DECISION HIMSELF UNDER THE SPECIAL URGENCY PROVISION OF RULE 19 OF THE ACCESS TO INFORMATION PROCEDURE RULES.

COUNCILLOR SIMCHE STEINBERGER CHAIR OF THE OVERVIEW AND SCRUTINY BOARD HAS GIVEN HIS CONSENT.

1 INTRODUCTION

- 1.1 The proposal to seek to acquire at the Jones Lang LaSalle auction on the 21st October the freehold interest in 300 Mare Street provides the Council with the rare opportunity to purchase and control an operational building centrally located within the Civic Centre of Hackney. It will enable the Council to also recoup its investment creating a saleable asset that would otherwise be lost in terms of the rental commitment until the expiry of the lease in 2018 and in extensive dilapidations that are known to be required and have been costed. It is considered therefore that this strategic purchase is cost neutral.
- 1.2 The purchase of this building enables the Council to undertake further rationalisation of its Civic/Operational estate. A number of potential Council office user groups have already been identified for possible decant to this property. This in turn will release other existing less prominent council buildings to either lease or disposal.

2 SUMMARY

- 2.1 This property is prominently situated immediately opposite the Hackney Empire Theatre in an established commercial location on Mare Street at its busy junction with Morning Lane. Hackney Town Hall is approximately 60 metres to the South West. Nearby occupiers include Barclays Bank and Wetherspoons.

- 2.2 This property is a substantial attractive period building comprising office accommodation arranged over ground, first second and third floors with ancillary basement in all providing a total approx floor area of 6,990 sq ft.
- 2.3 The property is held on a 20 year full repairing lease by the Council from 29th September 1998 subject to 5 year rent reviews at a current rent of £66,406.25 per annum. The next and remaining rent review is in 2013.
- 2.4 It has been estimated that potential dilapidations accruing at the end of the lease would result in a liability for the Council, please see attached in Exempt Appendices C Scenario 1 and Scenario 2.
- 2.5 The simple business case for pursuing this freehold acquisition is on the basis that the ongoing rental commitment to 2018 having regard to the likely rent review in 2013 and coupled with potential dilapidations would match the current value of the freehold interest. Although the acquisition price would be an upfront cost now rather than at the end of the lease it would provide the Council with a saleable asset and not a depreciating asset.
- 2.6 The Jones Lang La Salle auction catalogue advises a price guide of £950,000.

3 RECOMMENDATIONS

- 3.1 **To agree that the Council purchases the freehold interest in 300 Mare Street at the Jones Lang La Salle auction on the 21st October within the price range as detailed in the attached Exempt Appendix A and to authorise the re-sourcing and spending of these monies.**
- 3.2 **To authorise the Director of Legal and Democratic Services to agree the terms for the contract and to complete the purchase of 300 Mare Street on behalf of the Council.**
- 3.3 **To delegate authority to the Corporate Director of Legal & Democratic Services to enter into agreement and other necessary legal documentations required to implement the required proposed acquisition on behalf of the Council.**

4 BACKGROUND

- 4.1 The proposal to purchase the site (as shown on the attached photograph and plan in Exempt Appendix B) at 300 Mare Street was identified through the JLL auction catalogue. Subsequently a meeting was arranged with the Service First Team to establish the Council's ongoing intentions for the property up until the expiry of the lease in 2018. It became clear that there were a number of immediate decants in the pipeline notably the legal team from 298 and others located outside of the civic centre. Therefore the purchase would facilitate a strategic decant and any dilapidation obligations could then be written down in perpetuity rather than up until expiry of the lease.
- 4.2 The property is located on Mare Street almost opposite the civic centre buildings of the Town Hall, 2 Hillman Street, Christopher Addison House, Library and the new Service First building.
- 4.3 The existing accommodation comprises:-

	Sq m	Sq ft
Basement	78.27	842
Ground	147.27	1,585
First Floor	129.18	1,390
Second Floor	137.24	1,477
Third Floor	157.50	1,696
TOTAL	649.46	6,990

- 4.4 Valuations have been undertaken on a Term and Reversion Method with an assumed reversionary rent **(please see attached in the exempt appendices E & F)**.
- 4.5 Investment Capital Values are also shown in Table 1 & 2, **(please see exempt appendices G)** inclusive and exclusive of VAT.
- 4.6 The level of the Council's liabilities till the end of the term of the lease can be seen in **exempt appendices C** as set out in scenarios 1 & 2. Depending on the level of dilapidations capital values are set out in **exempt appendices E, F & G** and outline the level at which the Council are capable of bidding in the auction based on a cost neutral scenario inclusive of purchaser's costs.
- 4.7 Holding costs have been assumed on the basis of securing prudential borrowing of 4% on a straight line basis, **(please see attached in exempt appendix D)**.
- 4.8 Please note these figures are exclusive of finance holding costs, refurbishment costs and running costs.
- 4.9 In addition to the Council's current office requirements a potential commercial requirement has been identified for the ground and basement floors. This will provide the Council with an associated income from granting of a lease which as potential revenue could contribute towards the prudential borrowing holding costs.
- 4.10 It is recommended that refurbishment costs will have to be identified and costed in line with the proposed end user.
- 4.11 It is recommended that that refurbishment costs will have to be identified and costed in line with potentially granting of a commercial lease on the ground floor and basement.
- 4.12 It is recommended that a sinking fund be established for a rolling refurbishment works programme.
- 4.13 This acquisition increases the Council's existing asset base in and around the civic centre of the Hackney Town Hall and the new Service First building and provides the Council with a potentially appreciating asset.
- 4.14 It also continues the Councils rationalisation of it's existing estate and rental liabilities paid to third party Landlords.
- 4.15 Strategic Property commend this acquisition.

5 RELATED DECISIONS

NONE

6 FINANCIAL CONSIDERATIONS

The acceptable range of possible auction bidding sums are set out in Exempt Appendix G, any one of which can be funded from existing Council capital resources.

The Council is currently the tenant of the property and is meeting the rental and other occupation costs from existing revenue budgets.

7 COMMENTS OF THE CORPORATE DIRECTOR OF LEGAL & DEMOCRATIC SERVICES

The proposal to acquire the site is in line with the Council's strategy to continue to improve it's asset base.

There is no legal impediment to the proposed acquisition.

Property & Facilities Management at 8 below confirm their view that the purchase price represents best value in all of the circumstances.

8 COMMENTS FROM PROPERTY & FACILTIES MANAGEMENT

The valuation figures of the Strategic Property Manager have been reviewed by Property Services and we concur with their conclusions that the price range indicted for the property represents the market value of the property at present, given the opportunities the property offers to the Council. Therefore, the Council can justify the purchase of this building on the basis of the figures contained in the exempt appendices.

Also, the addition of the freehold interest in the property to the Councils portfolio will enable the property to be wholly within its control and will allow the ground floor and basement to be let on market terms to provide an income. Therefore the purchase of the property is advantageous to the Council for the above reasons.

Ian Williams
Corporate Director of Finance and Resources

Report Originating Officer:	Peter Edwards / James Croysdill	☎020-8356 2603 ☎020-8356 7744
Financial Comments:	Tim Sylvester	☎020-8356 2020
Comments of the Corporate Director of Legal & Democratic Services	Dennis Macharaga	☎020-8356 3981

List of appendices:

1. Exempt Appendix A
2. Exempt Appendix B
3. Exempt Appendix C
4. Exempt Appendix D
5. Exempt Appendix E
6. Exempt Appendix F
7. Exempt Appendix G

Appendices A - G have been classified as Exempt on the following basis:

That under S100 (4) of the Local Government Act 1972, the public be excluded from the meeting for the item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 Part I of Schedule 12A of the Act as amended.

Information relating to the financial or business affairs of any particular person (including the authority holding the information).

Background papers

None

Document is Restricted

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