

## **EAST AYRSHIRE COUNCIL**

### **CABINET – 4 NOVEMBER 2009**

#### **PROPOSED LEASE EXTENSION OF OFFICE ACCOMMODATION AT 33 TOWNHEAD STREET, CUMNOCK**

##### **Report by Executive Head of Finance and Asset Management**

#### **1 PURPOSE OF REPORT**

- 1.1** To authorise the Solicitor to the Council to extend the lease with the Secretary of State for Communities and Local Government (Department for Work and Pensions) in relation to the office accommodation at 33 Townhead Street, Cumnock subject to the terms and conditions outlined in section 3.4.

#### **2 BACKGROUND**

- 2.1** The subjects comprise office accommodation situated on the first floor of a two storey building with shop units on the ground floor. The net internal floor area extends to 486.29 square metres (5,235 square feet) or thereby.
- 2.2** The subjects are currently leased to the Secretary of State for Communities and Local Government (Department for Work and Pensions). The existing lease is due to expire on 30 April 2011 and the current rent payable is £29,250 per annum which was agreed on 1 May 2007. There are no further opportunities to review the rental before the end of the existing lease agreement.
- 2.3** The agent working on behalf of the Department for Work and Pensions (Job Centre Plus) contacted the Council to advise that his client was looking at its future office requirements in Cumnock. He advised that the office accommodation at 33 Townhead Street being located at first floor level did not meet Disability Discrimination Act (DDA) requirements and therefore was currently unsuitable for his client.
- 2.4** The agent advised that his client was looking at a number of potential options one being to undertake substantial works to 33 Townhead Street. The main area of work being the installation of a personnel lift to improve accessibility to the first floor office accommodation.
- 2.5** The agent outlined that should his client not undertake works within 33 Townhead Street, Cumnock they were considering options outwith the Cumnock area.

### **3 PRESENT POSITION**

- 3.1** The Secretary of State for Communities and Local Government (Department for Work and Pensions) confirmed that they intend to remain in 33 Townhead Street, Cumnock and undertake upgrading works to the office.
- 3.2** Following on from the discussion at the 23 September 2009 pre agenda Cabinet meeting in respect of the possibility of DWP's incorporation into the new regeneration office accommodation within central Cumnock, the Estate Management Division has sought and received comments from DWPs representative.

DWP's agent has advised that although his client may be willing to discuss alternative accommodation at the conclusion of the proposed lease (2016-18) the business functionality and continuity of the Cumnock facility requires that the identified improvements are undertaken in the subject immediately.

As timescales in relation to the new office development in Cumnock have yet to be finalised, DWP need accessible accommodation in the interim period and therefore the Townhead Street lease extension is their only feasible option at this time.

- 3.3** Prior to undertaking the required works to the building the agent outlined that his client would require an extension of the existing lease beyond 30 April 2011.
- 3.4** Provisional terms and conditions in relation to the proposed lease extension have been agreed and are outlined below:
- i. The lease termination date shall be extended from 30 April 2011 to 30 April 2018.
  - ii. The tenant shall have the option to terminate the lease at any time from 30 April 2016 subject to providing the Council with six months written notice.
  - iii. There shall be rent reviews on 1st May 2011 and 1st May 2016.
  - iv. Landlord's consent shall be granted for the proposed installation of the personnel lift into the subject. The installation shall require to meet the requirements of East Ayrshire Council. The tenant shall be responsible for ensuring that the lift is maintained throughout the duration of the lease. The Council shall not require the removal of the lift at the lease termination.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1** The rental shall remain at £29,250 per annum until the next review date on 1 May 2011. The Council is no worse off than had the existing lease been allowed to continue.
- 4.2** With the proposed lease extension the Council shall have a term certain investment to 2016.
- 4.3** It has been estimated that the cost of installing a personnel lift in the office accommodation is in the region of £100,000. The Council as owner of the subject shall make a one off contribution of £29,250 (equivalent to one years rental) to assist with the cost of the improvement works to the Council's asset; the balance of the costs to be met by the tenant. The payment shall be made on completion of the improvement works, and will be met from the approved capital budget allocation in relation to Cumnock Town Centre Regeneration.

#### **5 LEGAL IMPLICATIONS**

- 5.1** The Solicitor to the Council will require to enter into a Minute of Agreement with the tenant to extend the lease and incorporate the new terms agreed as outlined in 3.4 above.

#### **6 POLICY IMPLICATIONS – Nil**

#### **7 COMMUNITY PLANNING IMPLICATIONS**

- 7.1** The proposed improvement works to the property and the retention of the Job Centre Plus in Cumnock town centre will contribute towards meeting the aims and aspirations of the 'Delivering Community Regeneration' Action Plan

#### **8 ASSET MANAGEMENT IMPLICATIONS**

- 8.1** The proposed lease extension meets the Council's policy objectives in respect of asset management.

#### **9 RECOMMENDATION**

- 9.1** Cabinet is asked to :
- i. Authorise the Solicitor to the Council to extend the lease with the Secretary of State for Communities and Local Government (Department for Work and Pensions) in relation to the office accommodation at 33 Townhead Street, Cumnock subject to the terms and conditions outlined in section 3.4, and
  - ii. Approve the contribution of £29,250 from the capital budget allocation for Cumnock Town Centre as outlined in section 4.3

**Alex McPhee**  
**Executive Head of Finance and Asset Management**

AMcP/LH  
21 October 2009

**BACKGROUND PAPERS - Nil**

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