

Approval of Sub Letting of Space in Sand Martin House, Fletton Quays, Peterborough.

Councillor David Seaton Cabinet Member for Resources

April 2019

Deadline date: 12 April – target completion for the agreement for lease. (Target date for the lease commencement is 01 August 2019)

Cabinet portfolio holder: Responsible Director:	David Seaton, Cabinet Member for Resources Peter Carpenter, Acting Corporate Director of Resources
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/04MAR19/01
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES Appendix 1: Heads of terms and financial headlines.
Is this a project and if so has it been registered on Verto?	YES Verto number: PR002571

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to:

1. Approve the subletting of surplus office space at Sand Martin House, Peterborough to Construction Industry Training Board.
2. Approve associated legal fees.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for David Seaton to consider exercising delegated authority under Part 3, (delegations Section 3, Executive Functions) of the constitution in accordance with the terms of their portfolio at paragraph 3.4.3 (i).
- 1.2 The attached report/background information is NOT FOR PUBLICATION in accordance with paragraph 4 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to negotiations namely negotiations in relation to agreeing a new lease. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so would prejudice on going commercial negotiations.

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. BACKGROUND AND KEY ISSUES

- Peterborough City Council (PCC) relocated staff into Sand Martin House, Fletton Quays in 2018, with a view to occupying more modern and efficient office space.
- The total floor area of Sand Martin House, is 87,300 square feet (sqft) of which 23,000 sqft is surplus and which could be sublet to generate income for PCC.
- The proposal to sublet a floor to Construction Industry Training Board (CITB) will make a significant contribution to these costs.
- The term of the lease is nine years with break options after 3 and 6 years. The minimum term is three years.
- In addition, the letting to CITB is aligned with the strategic objective of sharing commercial property with other public sector organisations, with a view to a more streamlined and efficient use of property within the public estate.
- Currently PCC (and other partner organisations such as Serco) occupy space on all floors, however, there is an opportunity to consolidate within the building which will free up space for subletting.

3.1 Approval is sought to the subletting of 22,580 square feet of office space to Construction Industry Training Board. Heads of terms are included in Appendix 1.

4. CONSULTATION

4.1 The superior landlord will need to be consulted regarding consent to underlet.

5. ANTICIPATED OUTCOMES OR IMPACT

5.1 CITB will be tenants of floor 2 in Sand Martin House, and co-tenants of the engine shed and adjacent break out areas from August 2019.

6. REASON FOR THE RECOMMENDATION

- 6.1
- Significant cost savings over (at least) the next three years
 - More efficient utilisation of our estate in line with PCC's Asset Management Plan contained in the Medium Term Financial Strategy.

7. ALTERNATIVE OPTIONS CONSIDERED

7.1 An alternative option was to retain the surplus space within the building for PCC's own use. This option has been discarded because PCC's requirement for space can be satisfied in the remainder of the building (64,720 sqft).

8. IMPLICATIONS

Financial Implications

8.1 The transaction will generate rent and service charge payments and cover business rates payments for the 2nd floor of Sand Martin House equating to circa £700k per annum for a minimum of three years,

Legal Implications

8.2 None.

Equalities Implications

8.3 None.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

9.1 None.

10. BACKGROUND DOCUMENTS

10.1 None.

11. APPENDICES

11.1 Exempt annex, Appendix 1 – Heads of terms (pages 1-2)