

**Community Wealth Building
Islington Town Hall, London N1 2UD**

Report of: Executive Member for Finance, Planning & Performance

Meeting of:	Date:	Ward:
Executive	24 November 2022	Clerkenwell
Delete as appropriate	Non-exempt	

The appendices to this report are exempt and not for publication

SUBJECT: Letting of The Former NCP Underground Car Park, Skinner Street, London, EC1R 0WX

1. Synopsis

- 1.1 The Council has a small commercial property portfolio that is used to generate income to support service delivery to residents and local communities. We seek to ensure that our commercial tenants also work closely with the Council to create local employment opportunities and other social value. Application of the London Living Wage commitment is a standard condition of our commercial leases. Additionally, we seek to work with tenants to derive social value opportunities for the wider community.
- 1.2 The Council owns the freehold of an ex-car park under one of its housing schemes on Skinner St in Clerkenwell. It is proposed, subject to the grant of planning consent, to use this space for self storage and terms have been agreed with a prospective tenant and operator which will provide a significant rental income to the HRA.
- 1.3 The space, a location plan, and existing and proposed 3D views (subject to planning) are attached at Appendix 1a, b, c (non-exempt). The space's proximity to residential accommodation and amenity land is recognised and conditions would be included in the lease to limit operating hours and to generally minimise impact on local residents. The letting will provide a much-needed storage service to an urban community, as well as removing the risk of anti-social behaviour in this redundant vacant space.
- 1.4 Advised by an independent firm of Chartered Surveyors, with experience in this specialist market, to ensure transparency and value for money is achieved, the proposed transaction will transform the redundant space into an income generating asset and remove contingent liability and cost to the council. It meets the Council's criteria for a best value consideration.
- 1.5 The Executive is therefore asked to authorise entering into the agreement for lease and subsequent lease on the terms set out in the exempt Appendix 1, with any reasonable amendments being delegated to the Corporate Director for Community Wealth Building.

2. Recommendation

- 2.1 To authorise the Corporate Director for Community Wealth Building, in consultation with the Corporate Director of Resources and Acting Corporate Director of Homes and Neighbourhoods, to enter into the agreement for lease and subsequent lease on the terms set out in exempt

Appendix 1, along with the delegation to amend any such reasonable matters during the completion of the necessary paperwork.

3. Background

3.1 The opportunities for repurposing this former NCP underground garage space, which is not fit for purpose for parking modern sized vehicles and potentially inconsistent with the Council's Net Zero Carbon strategy, are not straightforward.

3.2 The garage space at Skinner Street has been vacant for a considerable time. It does not provide opportunities for any council operational use. As such, a considered commercial opportunity presents the advantage of creating a valuable income source to the HRA, as well as using this space for the benefit of the wider community. Additionally, in keeping with mitigating environmental and amenity concerns, the proposed use creates opportunities to support both residents and the local business community with storage opportunities in the vicinity.

3.3 The proposed tenant will seek the necessary planning consents including all the required statutory consultation and undertake the enabling and fitout works at their cost. The lease terms reflect the normal incentives for such an arrangement.

3.4 The proposed Hours of Use and Access to the Premises to be permitted, subject to any conditions imposed by any planning consent and other consultation, are between the following times only:

Monday to Friday -	6am to 10pm
Saturday -	8am to 10pm
Sunday and Bank Holidays -	10am to 6pm

3.5 Loading and unloading on the forecourt will only be permitted between the following times (other parking will not be permitted):

Monday to Friday -	8am to 10pm
Saturday -	9am to 10pm
Sunday and Bank Holidays -	10am to 6pm

3.6 The user clause will also have, notwithstanding the tenant's own terms and conditions of use, substantial restrictions in respect of items permitted to be stored and types of usage to ensure compliance in regard to Health and Safety matters, as well as ensuring no nuisance to the neighbouring residential properties is created.

3.7 The Executive is therefore asked to authorise entering into the agreement for lease and subsequent lease on the terms set out in the exempt Appendix 1, with any reasonable amendments being delegated to the Corporate Director for Community Wealth Building.

4. Implications

4.1 Financial implications

The financial implications set out in the exempt Appendix 1 confirm that the proposed arrangements are in line with market conditions and reflect the Council's fiduciary duty. The income generated will support the HRA and the financial pressures reported to the Executive elsewhere.

4.2 Legal Implications

- 4.2.1 The Council has the power under s120 of the Local Government Act 1972 to enter into the proposed lease for the purposes of any of its functions, or the benefit, improvement or development of its area. The proposed lease would satisfy these conditions. The exempt Appendix 1 confirms that the arrangements reflect the current market rent level and, in agreeing the terms of the proposed variation, the Council has acted in accordance with its fiduciary duty.

Equalities Impact Assessment

- 4.3
- 4.3.1 The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 4.3.2 An Equalities Impact Assessment is not required in relation to this report, because this matter relates to a commercial investment transaction in respect of property held for income generation. There are no Human Resources or equality implications in respect of this proposal.

4.4 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030

- 4.4.1 There are no adverse environmental or net zero implications associated with the proposal. The proposed use as self storage, following the necessary enabling and fitout works has a low energy usage and light environmental impact. Initiatives will be explored with the tenant including electric vehicle charging points.

5. Reason for recommendation

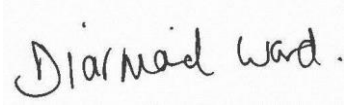
- 5.1 The ability to generate substantial long-term income for the HRA from non-operational property assets provides a much-needed revenue stream to the Council to reinvest in social housing. Additionally, in keeping with mitigating environmental and amenity concerns, the proposed use creates opportunities to support both residents and the local business community with storage opportunities in the vicinity.
- 5.2 The proposed letting, as set out in the exempt appendix, reflects market conditions, including pandemic implications, and represents the best consideration reasonably obtainable. The income secured from the grant of the lease supports the council securing valuable income to support the investment and delivery of frontline services within the HRA.

Appendices

- Non Exempt Appendices 1a, b, c; Location Plan and 3D images
- Exempt Appendix 1: Heads of Terms for the Lease

Final report clearance:

Signed by:



Diarmuid Ward.

Executive Member for Finance, Planning & Performance

Date: 16 November
2022

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