

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

Report of: Executive Member for Finance, Planning & Performance

Meeting of:	Date:	Ward:
Executive	20 April 2022	St Mary's and St James's
Delete as appropriate		Part exempt

Appendix 2 to this report is exempt and not for publication

SUBJECT: Letting of Underground Car Park, Parker Court Garages, Basire St, London N1 8RZ

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 unused car park under one of its housing schemes on Basire Street. 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 tenants and operator which will provide a significant rental income to the HRA. The proposed tenant, Metro Storage, already operates a facility nearby in Lower Maryland Walk and this transaction highlights the demand for local storage space in the area.
- 1.3 The location plan identifying the space is attached at Appendix 1 (non-exempt). The space's proximity to residential accommodation and amenity land is recognised and conditions would be included in the lease to limited operating hours and 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, following 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 2 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 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 Basire 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 local storage opportunities in the vicinity.

3.3 The proposed tenant, an existing council tenant operating a similar facility close by, 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 anticipated 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 -	8am to 8pm
Saturday -	9am to 6pm
Sunday and Bank Holidays -	10am to 4pm

3.5 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. It should be noted that there have been no issues with the existing lease on the Lower Maryland Walk operation.

3.6 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 2, with any reasonable amendments being delegated to the Corporate Director for Community Wealth Building.

4. Implications

4.1 Financial implications

The letting will provide a substantial long term income to the HRA to support its activities and investment in social housing stock. The financial details of the letting are set out in the exempt Appendix 2 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.

4.3 **Equalities Impact Assessment**

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 1 Location Plan
- Exempt Appendix 2: Heads of Terms for the Lease

Final report clearance:

**Authorised
by:**

Executive Member for Finance, Planning & Performance

Date: 6 April 2023

Report Author: Mark Grant
Tel: 07890 044924
Email: Mark.grant@islington.gov.uk

Financial Implications Author: Abdulrazak Kassim
Tel: 0207 527 5512
Email: Abdulrazak.Kassim@islington.gov.uk

Legal Implications Author: Helen Coyle
Tel: 020 7527 3082
Email: helen.coyle@islington.gov.uk