

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

Report of: Executive Member for Finance, Planning & Performance

Meeting of:	Date:	Ward:
Executive	20 th April 2023	Bunhill
Delete as appropriate		Part exempt

Appendices 1-3 are exempt and not for publication

SUBJECT: Letting of 10-14 Garrett Street, London, EC4

1. Synopsis

- 1.1 The Council has an active strategy of delivering affordable work space on the borough secured both within its existing portfolio and also in third party developments by way of S106 conditions on grant of planning. This strategy supports the creation of local employment opportunities and other social value.
- 1.2 Long running negotiations have been ongoing with the developer in respect of swapping the councils long leasehold interest in Finsbury Tower to a long leasehold interest in Garrett Street. This swap will provide the council with a larger amount of more suitable affordable work space, fully fitted out at the developers cost in a similar location.
- 1.3 The proposed transaction will transform Garrett Street into an affordable work space capable of supporting a wide range of business including those requiring maker space rather simply office space.

2. Recommendation

- 2.1 To authorise the Corporate Director for Community Wealth Building, following consultation with the Corporate Director of Resources, to enter into the agreement for lease and subsequent lease on the terms set out in exempt Appendix 1.

3. Background

- 3.1 The council has a lease in Finsbury Tower for use as affordable work granted to the council on 9 March 2022.
- 3.2 This interest was created by a S106 planning obligation relating to planning reference P2016/3939/FUL and P2017/4939/S73 where the owner of Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ (“HYLO”) is obliged to provide affordable workspace totalling not less than 1,000 square metres GIA and not less than 700 square metres NIA in accordance with the affordable workspace specification (a Category A fit out).

3.3 Following lengthy negotiations between the developer and the council an alternative site has been identified, and purchased by the developer, to accommodate the affordable workspace, at Garrett Street (GS). It is therefore proposed to;

1. The surrender of the council HYLO Lease
2. The grant of a lease of part of the GS Property to the council

For clarity if the conditions for the grant of the lease at Garrett Street are not met including the grant of planning consent, which has now been granted subject to certain conditions, and timely delivery of the agreed space to the correct standards the council will retain their interest in the HYLO affordable work space

3.4 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 costs of the proposed transaction fall wholly to the developer. A significant benefit to the council will be a significant uplift to the balance sheet to reflect the value of the long leasehold acquired.

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 conditions 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 environmental or net zero implications associated with the proposal other than those associated with the development of a commercial building.

5. Reason for recommendation

- 5.1 The ability to create and operate much needed affordable work spaces is a key council strategy to support local business recovery and economic growth with its attendant benefits in employment and community wealth building.
- 5.2 The variations to the existing arrangement ensure the council benefits from acquiring a type of space needed on favourable financial terms and at no cost or risk to the council.

Appendices

- Exempt Appendix 1: Heads of Terms for the Lease and floor plans

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