

Community Wealth Building
Town Hall, Upper Street, N1 2UD

Report of: Executive Member for Finance and Performance

Meeting of: Executive

Date: 18 July 2024

Ward: All

Appendices 1 and 3 of this report are exempt and not for publication

Subject: Renewal of lease – Units 9 and 10 Bush Industrial Estate

1. Synopsis

- 1.1. This report sets out a proposal to renew the Council's lease for Units 9 and 10 Bush Industrial Estate, N19 5UN, which expires on date 8 July 2024.
- 1.2. Unit 9 accommodates the Council's in-house joinery shop, making doors, windows, and other crucial carpentry items needed for housing repair services in Islington. Meanwhile, Unit 10 functions as a specialised counter service, providing materials for the housing repairs team. As shown in the site plan in Appendix 2.
- 1.3. The Council is retendering its building and construction materials contract and the approved procurement strategy includes the reprovision of a local store and counter service.
- 1.4. The proposed terms for the new lease are set out in Exempt Appendix 1 and include a break clause offering the Council flexibility to relocate these services as part of its ongoing FutureWork programme.

2. Recommendations

- 2.1. To approve renewal of the lease for Units 9 and 10 Bush Industrial, terms set out in Exempt Appendix 1
- 2.2. To approve sub lease for Unit 10 with the successful materials supply tender, terms set out in Exempt Appendix 1.
- 2.3. To delegate authority to enter into a new lease and to award a sub-lease to the Corporate Director of Community Wealth Building, after consultation with

Executive Member for Finance, Planning & Performance and the Corporate Director of Resources.

3. Background

- 3.1. The council is a landlord to around 36,000 council tenants and leaseholders living in homes located across the borough. The service currently employs a total of 140 repairs Operatives from various building trades that deliver in the region of 95,000 maintenance jobs per annum.
- 3.2. In order to deliver an efficient and productive repair service the Operatives need to be able to access locally situated business materials tools and plant hire. The council requires building materials plant hire to be supplied to Islington Council's repairs service and to be delivered directly through an Islington store facility. Building supplies consist of, but are not limited to, the supply of tailored van stock made up of the material items most commonly used by individual repairs operatives which need to be replenished on a weekly basis. The service also requires the provision of servicing of plant hire.
- 3.3. The current materials contract expires on 8th July 2024 and the lease for Units 9 and 10 also cease at the same time.
- 3.4. Unit 9 carries out an approximate of 1,500 joinery work orders a year and manufacturers bespoke items such as front entrance doors and glazing items to our council tenants' properties. In addition to the bespoke items Unit 9 also supports training courses which take place not only for Islington Council staff but also for residents who attend DIY classes as well as rolling out classes for pre-apprenticeship candidates.

4. Other considerations

- 4.1 All possible alternatives were considered when coming to the decision of renewing the lease of Units 9 and 10;
- 4.2 The option of utilizing existing space within our current premises was considered however, this would have involved repurposing an area to accommodate both the Training requirements and delivery of a materials service within other current Council owned buildings. However, it became clear due to the size and scale of the repairs service available space was insufficient and would require significant renovations to meet specific requirements to the service and would cost a high amount as well as majorly disrupting service delivery.

- 4.3 The proposed lease term is for 10 years with a break in year 3 to allow council time to revisit the possibility of repurposing of current assets for delivery of this service as part of the ongoing Futurework programme.
- 4.4 Another consideration explored was to partner with an external vendor to provide specialist counter service. The option would have allowed us to work closely with an existing provider that occupy their own space already which would cause delays in service delivery. We have calculated that with waiting times within a stores, each operative would have to have 2 hours a week allocated to them to replenish stock having a drop off of productivity. This would mean 240 hours a week across the Repairs service would be spent replenishing materials. This would result in a drop of 12,480 work orders a year a 13% decrease in productivity. This would also result in a higher number of repairs being attend out of target due to the lack of availability. Approximately 10 Operatives could be recruited to counter this drop in productivity but would cost approximately an additional £410,000 per annum.

5. Implications

5.1. Financial Implications

- 5.1. The issue of a new lease at unit 9 and 10 is expected to result in net growth to the HRA, more detailed analysis is set out in Exempt Appendix 3. Growth arising is expected to be met from existing budgets within the Repairs and maintenance service. However, it should be noted that the ability to meet growth from existing budgets may be constrained by the increasing demands on the repairs and maintenance service due to recent developments including damp and mould, and the Building Safety Act 2022. In the event growth cannot be met from existing budgets, this will need to be met from HRA reserves.

5.2. Legal Implications

- 5.2.1. The Council has an obligation to keep its housing stock in good repair and the installations in the stock for the supply of water, gas, electricity and sanitation in good working order (Part 2 of the Housing Act 1985; section 11 of the Landlord and Tenant Act 1985; the Council's tenancy conditions and residential leases).
- 5.2.2. The Council has the power under sections 111 and 120 of the Local Government Act 1972 (as amended) to acquire the lease of the units to facilitate the discharge its above functions and obligations.
- 5.2.3. Although the Council may have the necessary power (Section 111 and 120 of the Local Government Act 1972) to take the lease of the units, any decision to do so must be taken: (1) reasonably (2) with reference to the financial implications of this report and (3) with due regard to the Council's fiduciary duty to act in the best interests of its taxpayers.

5.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

5.4. An Environmental Impact Assessment is unnecessary as it was completed for procurement strategy for the Supply of Building and Construction Materials.

5.5. Environmental considerations for this contract include:

- Requirement to stock non-oil based products for health and safety reasons which will also have environmental benefits.
- Waste management policies and procedures. Ensuring the service meets hazardous waste, Waste Electrical and Electronic Equipment (WEEE) and Duty of Care Regulations especially in terms of WEEE disposal, asbestos and the environmental cleaning service.
- Chosen supplier to have robust waste management policy and practices in place.
- Encourage use of vehicles which release fewer pollutants, where this is possible and to minimise journeys through efficient stock management.
- Encourage supplier to use energy and water saving and recycling measures within the store.
- Pollution prevention – ensuring the service minimised the number of pollution incidents to land, water and air through well managed procedures and operational controls. The service/supplier needs to implement a certified Environmental Management System certified to ISO14001.
- Whole life costing of products purchased; especially in terms of products that require energy to function and the cost of parts for repair.
- Encourage supply of environmentally friendly and sustainably sourced products from accredited suppliers, wherever possible and practicable.

5.6. **Equalities Impact Assessment**

5.6.1. 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.

5.6.2. An Equalities Impact Assessment is not required in relation to this report as the related functions are generally not resident facing.

6. Conclusion and reasons for recommendations

- 6.1. The renewal of the Council's lease and the award of a sub-lease will support the ongoing delivery of the in-house joinery service as well as supporting the approved procurement strategy for the provision of construction and building materials.
- 6.2. The costs related to this decision can be funded and a break clause is included to provide future flexibility.

Appendices:

- Appendix 1 Exempt Heads of Terms
- Appendix 2 Floor Plans
- Appendix 3 Exempt Financial Implications

Final report clearance:

Authorised by:

Executive Member for Finance and Performance

Date: 8 July 2024

Report Author: Martina Kmetikova, Property Surveyor
Email: Martina.kmetikova@islington.gov.uk

Financial Implications Author: Tim Partington, Assistant Director of Finance
Email: Tim.Partington@islington.gov.uk

Legal Implications Author: Helen Coyle Chief Lawyer (Planning and Property)
Email: Helen.coyle@islington.gov.uk