



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Council Temporary Office Accommodation
Date:	22 August 2008
Reporting Officer:	Mr Trevor Salmon, Director of Corporate Services Ext: 6083
Contact Officers:	Mr Gerry Millar, Director of Improvement Ext. 3494

Relevant Background Information

From a range of accommodation options Members authorised the Director of Corporate Services to enter into negotiations in respect of a short-term solution to secure Grade B office accommodation in Harvester House arising from the impending demolition and redevelopment of Clarendon House where 130 Council staff are currently located in 15,854 sq feet.

In order to satisfy Council's office space requirements it was estimated that approximately 20,000 sq feet was required to accommodate displacement from Clarendon House, relief of existing City centre office overcrowding (Clarendon House, Cecil Ward Building), and other temporary office occupations which terminate within the next couple of years (Linenhall Exchange, Scottish Amicable Building)

At its meeting on 20th June 2008 the Strategic Policy & Resources Committee were advised that provisional agreement had been reached in respect of Harvester House that met the short-term requirements of Council on the basis of a 5 year Lease reflecting the need for an element of upgrading and refurbishment.

Since issuing draft Heads of Agreement reflecting the deal agreed to by Members the Landlord's agents (Lisney) have now advised that their client (National Farmer's Union) have reneged on the undertaking and were no longer willing to proceed on the basis previously agreed. Now instead of a 5 year term NFU would require a 10 year commitment from Council to protect the "investment value" of their premises
(Appendix 1 – letter from Lisney)

Council do not have a requirement for additional second hand office accommodation for a period of the duration now sought by NFU and have advised Lisney that negotiations could only be concluded on the basis of the previous Strategic Policy & Resources Committee decision and for a 5 year term.

By virtue of a Notice to Determine Council are still required to vacate Clarendon House by 23rd November 2008. If relocation can be effected before the end of September 2008 Council can take the benefit of a £100,000 premium from the Landlord of Clarendon House to facilitate its early demolition.

A renewed trawl has been undertaken for suitable temporary replacement accommodation available to occupy on a short-term basis which provides approximately 20,000 sq feet of modern office space.

In order to meet the timescale for relocation of staff from Clarendon House that secures the premium offered by the Landlord the Director of Corporate Services has exercised his delegated authority, after prior consultation with the Chair of the Strategic Policy and Resources Committee, to give authority to Council Officers to commencement arrangements to take occupation of accommodation in 9 Lanyon Place.

Key Issues

- The original office accommodation search identified Harvester House as meeting both the space and short-term occupation criteria for Council. Subject to negotiations and at the request of Lisney this initial 2-3 year requirement was extended to a 5 year term as an acceptable duration for the Landlord - NFU.
- Despite advancing negotiations through the agent for a number of months on the basis of a short-term let, never extending beyond 5 years, they were slow to confirm their client's further instructions in this matter after being informed of the Strategic Policy & Resources Committee decision to approve leasing temporary space in Harvester House for a term of 5 years. Council officers were advised of the change in NFU's requirement for a longer term (minimum of 10 years) at the start of July 2008 and despite further requests to "honour" earlier commitments which had been made Subject to Contract Lisney confirmed NFU's latest position which they had taken to protect the "investment value" of Harvester House.
- Limited accommodation options that suit Council's short-term requirements for good quality office space totalling approximately 20,000 sq feet currently exist in the City centre. Even previously available Fanum House is no longer an option as the owner now proposes to redevelop in the near future.
- A fresh trawl of currently available options that suit the Council's timeframe has now revealed two new options in 9 Lanyon Place and Victoria House. Victoria House is new build and could not be made ready for occupation by the end of September which would mean foregoing the £100,000 made available from the Landlord of Clarendon House.
- 9 Lanyon Place offers a suitable amount of space to address Council's short-term office accommodation requirements with minimal adaptation or upgrade required (fully air conditioned and cabled with Cat5e computer wiring) which could feasibly be readied for occupation by the end of September 2008. This timescale could only be achieved if the necessary Council fit-out works were commenced by 11th August 2008 hence the delegated action.
- Occupation in 9 Lanyon Place is available by way of assignment of an existing 17 year Lease which runs until 2020. However, with two break options in January 2012 and January 2017 this would give Council the flexibility to terminate occupation (upon 12 months notice) after a little over 3 years duration. This flexibility in duration fits well with current RPA programme.
- The following table provides a comparison of the temporary office accommodation available to Council as compared to that currently occupied in Clarendon House.

Office	Total Occupational Cost	Comments
Clarendon House (15,854 sq ft)	£354,499	1 year left on Lease with additional accommodation required thereafter
Harvester House	£2,394,322	5 year term

(20,524 sq ft)		
9 Lanyon Place (23,326 sq ft)	£1,701,963	break option in Jan 12 (3.25yrs)
Victoria House (24,550 sq ft)	£2,785,860	5 year term

- Currently negotiations in respect of 9 Lanyon Place with the agents representing the current Leaseholder (Northbrook Technology) have secured an incentive to take an assignment of their Lease which equates to 1 years rent (£316,548) Therefore Council's rent and service charge commitment up to the first break option would be limited to approximately £1.7M

Resource Implications

Financial

- The occupational cost of 9 Lanyon Place is offset by the currently incurred occupational costs of Clarendon House and Callender Street premises which total £223,331 (rent & service charge but excluding rates)
- Financial contribution from owner of Clarendon House in recognition of early surrender of Council occupation and receipt of reverse premium in 9 Lanyon Place will assist in offsetting relocation to these alternative short-term premises.

Asset and Other Implications

- Relocation to a single office building of suitable location, size and specification is considered more cost effective rather than further split Council's temporary requirements over multiple premises that individually would require fitting-out and suitable data communications installed to each.

Recommendations

Members are asked to note the delegated authority exercised by the Director of Corporate Services and to subsequently approve the leasing of replacement office accommodation for Clarendon House in 9 Lanyon Place subject to satisfactory legal provisions approved by the Director of Legal Services

Key to Abbreviations

NFU – National Farmer's Union
RPA – Review of Public Administration

Documents Attached

Appendix 1 – letter from Lisney

