

REQUEST FOR DMPC DECISION – DMPCD 2014-157

Title: Queens Crescent - Lease Surrender

Executive Summary:

Queens Crescent is currently designated as a deployment and neighbourhood base in Camden and is used as an occasional touchdown space by officers who have relocated to Kentish Town Police Station. There is no front counter or contact point at this location. The existing lease expires in November 2016.

A one off cost of dilapidations will be incurred and this proposal will generate part year revenue savings in 2014/15 and on-going annual revenue savings.

Recommendations:

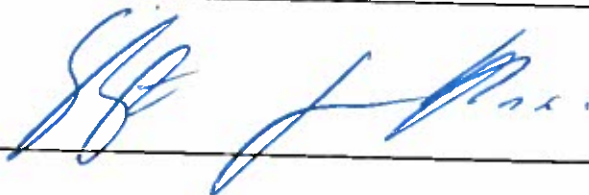
The DMPC is asked to approve the proposal for the early surrender of the lease for 104A Queen's Crescent.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct for elected Members of the Authority. Any such interests are recorded below.

The above request has my approval.

Signature



Date

19/12/2014

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1 Queens Crescent is currently designated as a safer neighbourhood and deployment base. It contains no front counter or contact point. The officers previously based there have re-located to Kentish Town Police Station, using Queens Crescent as an occasional touchdown space.

2. Issues for consideration

- 2.1 The existing lease with London Borough of Camden includes a provision for a rolling break which is currently exercisable with 6 months prior written notice.
- 2.2 It has been identified by both the Borough Commander and Property Services as surplus to requirements.

3. Financial Comments

- 3.1 The costs of moving, estimated at £12,000, will be met from the Major Change Programme reserves. On-going revenue savings will accrue following the exit and surrender of the lease. The one-off costs of dilapidations will accrue whenever the lease is brought to an end. See Part 2 for the detailed financial implications.

4. Legal Comments

- 4.1 The MOPAC has the power to acquire and dispose of properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the Police Reform and Social Responsibility Act 2011 ("the Act").
- 4.2 The Commissioner may also do anything which is calculated to facilitate, or is conducive or incidental to acquiring and disposing of property (apart from land) but only with the consent of MOPAC under paragraph 4 (2) (b) of Schedule 4 of the Act. The Commissioner must also under s4(3) of the Act exercise the power of direction and control conferred upon him in such as way as is reasonable to assist the MOPAC to exercise that Office's function.

5. Equality Comments

- 5.1 There are considered to be limited equality or diversity issues arising as a result of this proposal.

6. Background/supporting papers

MPS Briefing Paper Appendix 1

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – Yes

If yes, for what reason: section 43 commercial interest FoIA 2000

ORIGINATING OFFICER DECLARATION:

		Tick to confirm statement (✓)
Head of Unit: Annabel Cowell has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.		✓
Legal Advice: The Legal team have been consulted on this proposal.		✓
Financial Advice: The Chief Finance Officer has been consulted on this proposal.		✓
Equalities Advice: Equality and Diversity issues are considered in the body of the report.		✓

OFFICER APPROVAL**Chief Operating Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature 

Date 19/12/2014.

Joint Asset Management Panel**17 December 2014****REQUEST FOR APPROVAL TO DISPOSE OF
104A QUEENS CRESCENT, GOSPEL OAK, LONDON NW5 , BY LEASE SURRENDER****Report by Director of Property Services on behalf of the Director of Commercial & Finance****Summary**

The Local Police and Public Access Statement (Local Policing Model (LPM) for Camden approved and published by MOPAC in 2013 identifies Queens Crescent as a Deployment and Safer Neighbourhood Base. There is no Front Counter or Contact Point. The 110 sq m (1,152 sq ft) of ground floor offices fitted out with 6 work stations has come to be used as occasional touchdown space, Officers having relocated to Kentish Town Police Station.

Due to the shortage of suitable accommodation in the vicinity and the property's perceived vacancy, The Queens Crescent Community Association have made a request to occupy the space for the purposes of running the local street market. To facilitate the request MOPAC will need to bring its 10 year lease to an end ahead of expiry in November 2016 as neither sharing, nor sub-letting is permitted. Early termination may be achieved either by exercise of a 6 months rolling break option or by negotiating an earlier surrender.

The BOCU have confirmed the property is surplus to operational requirements and may be released. This will be subject to removal of furniture, equipment and branding and usual exit surveys and searches. A date of Christmas 2014 is being proposed which, while challenging and dependent upon the cooperation of MOPAC's landlord, London Borough of Camden, will allow the Community Association time to negotiate and document a new lease independent of MOPAC for occupation in the New Year. The BOCU will undertake early stakeholder engagement to secure other local support for the proposed change to the LPM.

The disposal of Queens Crescent will deliver additional short term CRE revenue savings.

Both Met Change and CRE Governance Boards support the Change Control Request to the disposal of Queens Crescent to generate additional short term CRE savings.

This report seeks DMPC/MOPAC approval to the change to the published LPM for Camden by disposing of the property by a lease surrender, coupled with exercise of the break as a fail safe, which will bring the lease to an end.

A. RECOMMENDATIONS - That the DMPC :-

1. **Note that negotiation of a surrender coupled with exercise of the break option will bring the lease to an end at an early date and contribute to total revenue savings;**
2. **Approve the proposal to surrender the lease combined with exercising the lease break as a means of bringing to an end MOPAC's exposure to revenue running costs and legal obligations in respect of this property, while simultaneously demonstrating support for the local community and small local business, and**
3. **Note that the BOCU will undertake stakeholder engagement to explain the reason for closure and to obtain other local support for the change.**

B. SUPPORTING INFORMATION

1. The MPS as supported by MOPAC have adopted a CRE approach to the provision of property/facilities for operational needs. The principles are to provide a more efficient and higher quality estate which meets the operational needs of the MPS and that is lower in cost to run. Revenue savings of £59m are to be delivered over the period 2013/14 to 2015/16 from disposal of surplus properties, both freehold and leasehold.
2. 104A Queens Crescent, designated a Deployment Base and Safer Neighbourhood Base under the LPM, has been identified by both the BOCU and PSD as being surplus to requirements in connection with the LPM on account of its occasional use as 'touchdown space' and a suitable candidate for exit ahead of lease expiry in November 2016. Officers operate out of Kentish Town Police Station half a mile or 7-8 minutes walk away and within the same ward, without any operational detriment.
3. The lease includes provision for a rolling break currently exercisable at any time with 6 months' prior written notice. Following a long running and unsuccessful property search, the Queens Crescent Community Association, which provides a valued local amenity, has made an approach to see if they could share or sub-let MOPAC's space, as this is perceived to be vacant. Neither of these options is permitted under the terms of MOPAC's lease from its landlord, London Borough of Camden. While service of a break notice would enable MOPAC to break its lease in 6 months' time, negotiation of an early surrender coupled with a break notice would offer the advantage of both capping MOPAC's financial liability and legal responsibilities in respect of the property and facilitating the community association's early access. The community association would be free to negotiate and document its own arrangements with LB of Camden without any MOPAC involvement.
4. An early date of Christmas 2014 has been proposed for a surrender and Knight Frank (Independent Property Experts) have been instructed to undertake an assessment of dilapidations in that expectation. Dilapidations will accrue whenever the lease is brought to an end and meeting the cost of liability for repair, redecoration and reinstatement of tenant's alterations on lease expiry is an unavoidable lease obligation, except where the property is demolished or redeveloped. The quantum will be agreed by negotiation either as part of the surrender or as a consequence of the break.

5. The earliest date when the property could be vacated is Christmas 2014 and empty rates, FM and utility savings will accrue from this date. Rental liability will continue until the lease is terminated or surrendered. MOPAC's solicitors have been alerted to the need to serve a break notice and to complete a Deed of Surrender and contact made with LB of Camden concerning the surrender.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. There are considered to be limited equality or diversity issues arising as a result of this proposal.
2. 104A Queens Crescent has already been vacated by operational units in connection with the LPM and is currently used for occasional touchdown space only. It has no public access and there is therefore no loss of public facing facility. Officers operate out of Kentish Town Police Station half a mile or 7-8 minutes walk away and within the same ward. There is no operational detriment as a consequence.
3. The tight timescale for exit has precluded other stakeholder engagement to date and this will be undertaken by the Borough post MOPAC approval. There is no known opposition to the proposal. The Queens Crescent Community Association support the MPS and by supporting an early exit MOPAC/MPS will help to promote good community relations in circumstances which are mutually beneficial to MOPAC. MOPAC will retain its impartiality as its landlord and the Community Association will conduct their property negotiations independently.

Financial Implications

4. The exit of this property from the MOPAC estate will contribute towards the Corporate Real Estate savings of £59m, originally planned to be delivered by the end of 2015/16.
5. The leasehold revenue running costs detailed at Exempt Appendix 1 relate to rent, rates, insurance, utilities and maintenance and are based on 2012/13 operational costs. All except rent will be subject to annual increases at least equal to the rate of inflation and to that extent, savings will be marginally understated.
6. Exiting Queens Crescent provides an opportunity to realise savings early in 2015/16. No building works are required in connection with the move and the move costs are estimated at £12k, these costs being met from the Major Change Programme earmarked reserves. Dilapidations accrue from when the lease is brought to an end and meeting the cost of liability for repair, redecoration and reinstatement of tenant's alterations on lease expiry. These costs will be met from earmarked reserves, set aside specifically for this purpose. The amount to be paid for dilapidations will be agreed by negotiation either as part of the surrender or as a consequence of the break and are set out in Exempt Appendix 1.
7. Whether the break is achieved by surrender or break is unlikely to make a difference to the financial payment necessary to exit the lease. Conclusion of a surrender benefits the Association by facilitating their earlier access.

Legal Implications

8. The legal implications arising from the recommendations are contained within this report, and flow from either exercising the break and / or negotiating an earlier surrender to bring the lease to an end.
9. The MOPAC has the power to acquire and dispose of properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the Police Reform and Social Responsibility Act 2011 ("the Act").
10. The Commissioner may also do anything which is calculated to facilitate, or is conducive or incidental to acquiring and disposing of property (apart from land) but only with the consent of MOPAC under paragraph 4 (2) (b) of Schedule 4 of the Act. The Commissioner must also under s4(3) of the Act exercise the power of direction and control conferred upon him in such as way as is reasonable to assist the MOPAC to exercise that Office's function.
11. On the basis of the information contained within this report and on the basis of the aforementioned statutory powers, DLS are supportive of the proposed recommendations .

Environmental Implications

12. There are not considered to be any significant environmental implications from surrendering or breaking the lease of the ground floor of Queens Crescent. Responsibility for managing all environmental impacts will transfer to the landlord on the date of surrender or break, if later. The table below notes the impact on the MPS:

	Higher	Lower	No Impact	Mitigation/ management of any higher impact
Level of energy use and associated carbon dioxide emissions		✓		Energy and carbon emissions will reduce when vacated.
Level of water consumption		✓		The building referred to will be surplus to requirements. Whilst there is a reduction in MPS water use a future occupier will use water.
Level of waste generation/waste requiring disposal		✓		This building is partially vacant and there is reduced waste.
Level of travel and transport and associated emissions		✓		Regular inspections for insurance and other purposes will cease.
Raw material use and finite resources (use of recycled materials and			✓	The property will be disposed of.

Risk Implications

13. The proposal carries minimal risk for MOPAC as the lease contains a 6 months' rolling break and may be exercised at any time. If for any reason, the surrender did not proceed or was delayed, service of the break notice guarantees a maximum of 6 months' exposure to lease costs.
14. The BOCU has demonstrated that the relocation of manpower has had no detrimental operational or public facing impact.
15. Release of the property secures critical CRE savings for MOPAC at minimal cost and avoids any claim of partiality by leaving the other parties free to conduct their negotiations independently.

Exempt Appendix 1 - Queens Crescent Exit Calculation

Report Author: Jane Bond – Director Property Services

Background Papers

CRE SIP Funding - Governance Board - 28 March 2012

Estates Strategy - Management Board - 6 November 2012

Abbreviations

CRE	-	Corporate Real Estate
DLS	-	Directorate of Legal Services
DMPC	-	Deputy Mayor for Policing and Crime
LPM	-	Local Policing Model
MOPAC	-	Mayor's Office for Policing and Crime
MPS	-	Metropolitan Police Service