

REQUEST FOR DEPUTY MAYOR FOR FIRE & RESILIENCE DECISION – DMFD112

Title: Heathrow Fire Station - Lease Renewal

Executive Summary:

This report seeks the approval of the Deputy Mayor for Fire and Resilience, for the London Fire Commissioner (LFC) to progress the taking of a new ten year lease with Heathrow Airport Limited (HAL) in respect of the current Heathrow fire station at a whole life cost of not more than £2,203,696.

This report is presented to secure the uninterrupted provision of emergency response fire cover in this area. In the event the proposed lease is in place for the full ten-year term, the whole life costs are estimated at £2,203,696. Total costs are inclusive of rent at £1,207,500 (annual rent of £115,000 rising to £126,500 after five years assuming a 10% uplift to reflect a 2% per annum increase), anticipated business rates of £341,843 and maintenance costs of £654,353, also assuming a 2% inflation increase over the term.

The report annual rental of not more than £115,000 per annum for the first five years represents a nil uplift on the annual rent payable as part of the current lease and has been confirmed as the market rent for these premises. The proposed lease agreement is an improvement on the current terms, extending the break clause to two years and providing London Fire Brigade (LFB) with enough capacity to plan and implement contingency arrangements in the event HAL exercise the break option, which can be exercised at any time. The two-year break clause is mutual to provide LFB with flexibility to accommodate any changes in the future to risk and resource planning.

The London Fire Commissioner Governance Direction 2018 sets out a requirement for the London Fire Commissioner to seek the prior approval of the Deputy Mayor before *“the acquisition or disposal of leasehold property where the lease is for a term of seven years or more”* and *“a commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices.”*

Decision:

That the Deputy Mayor for Fire and Resilience authorises the London Fire Commissioner to progress the taking of a new ten year lease with Heathrow Airport Limited in respect of the current Heathrow fire station at a whole life cost of not more than £2,203,696.

Deputy Mayor for Fire and Resilience

I confirm that I do not have any disclosable pecuniary interests in the proposed decision.

The above request has my approval.

Signature:



Date:

9 March 2021

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE DEPUTY MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 Report LFC-0482 to the London Fire Commissioner sets out the background for the request to progress the taking of a new ten year lease with Heathrow Airport Limited (HAL) in respect of the current Heathrow fire station at a whole life cost of not more than £2,203,696. At their meeting on 10 July 1997 the London Fire and Civil Defence Authority's (the then authority for the London Fire Brigade) Policy and Resources Committee agreed to establish a one appliance fire station at Heathrow Airport. This was necessary in order to improve the level of fire cover following the upgrading of the airport's Central Terminal to "A" risk categorisation, a standard that could not be met due to the fact that appliances from Hayes fire station were not able to arrive within the required attendance time.
- 1.2 Accordingly, it was agreed that part of an ambulance station site (the building was originally built as a purpose-built fire station) near the Northern Perimeter road at Heathrow was leased. As there has been a continuing need for fire cover, subsequent leases mainly of 5 years duration have been agreed with the most recent granted in August 2016. This lease is due to expire on 31 July 2021. For the purposes of the current LFB Integrated Risk Management Plan (the London Safety Plan), the Assistant Commissioner Fire Stations has confirmed that there is a continued operational requirement for Heathrow Fire Station.
- 1.3 The provision of fire and rescue services for the airport site (airside and landside) is underpinned by an interim Section 15 agreement between Heathrow Airport Fire Services (HAFS) and the London Fire Brigade (LFB). The Section 15 agreement refers to the provision in the Fire and Rescue Services Act (2004) that enables a fire and rescue authority to enter into an arrangement with 'a person' who employs firefighters (in this case HAL). A permanent Section 15 agreement is currently being discussed. LFB provides the emergency response to all domestic incidents (not involving aircraft or the runway, e.g. a fire in the terminal) as well as supporting the response to an aircraft incident at the site. Previously, HAFS provided a response to domestic incidents, but this provision was withdrawn by HAFS in November as a result of the impact of the Covid-19 pandemic, and is not expected to be reinstated for the foreseeable future.

Present Position

- 1.4 It should be noted that HAL have confirmed that any lease granted to LFC will be outside the protection of the Landlord and Tenant Act 1954. HAL have confirmed they are not prepared to grant LFC a lease with the rights/security provided by the Act. This has been the case with all but one of the previous lease grants as HAL always need to retain site flexibility to deal with potential airport expansion or third runway proposals.
- 1.5 Officers from LFB's Property department have liaised with officers from Operational Resilience and Control and Strategy and Risk to ensure awareness of LFC's strategic position to support lease renewal discussions with HAL. Negotiations have been ongoing between LFC property consultants Dron & Wright and HAL for some time. The outcome is that HAL have agreed to grant LFB a further lease beginning 1 August 2021.

2. Objectives and expected outcomes

Lease Term and Break Clause

- 2.1 Following extensive negotiations LFB Property have achieved an extended lease term of ten years as opposed to historic five-year lease renewal periods. This extended term provides LFB with some reassurance and commitment from HAL on their support for LFB to continue to provide an operational

response service to both Heathrow airport and the London Borough of Hillingdon, with the potential to allow LFB to plan on a longer-term basis.

- 2.2 Successful negotiations have increased the 12 month break clause proposed by HAL to finally agree a 24 month mutual break clause. Under the new lease terms either party can serve 24 months' notice to terminate the lease at any time. This agreement will retain the LFC's flexibility if LFB requirements at Heathrow change, whilst securing sufficient time to ensure a revised plan can be implemented should HAL provide notice to vacate.
- 2.3 Whilst the expansion plans for Heathrow remain protracted and unresolved, the expectation is they will impact on Heathrow Fire Station should they be move forward. A two-year break clause for HAL still places uncertainty for LFB at this site, and a tenant only break clause to guarantee long term security has been refused.
- 2.4 Previous risk mitigation activities included conducting searches for an alternative site for Heathrow fire station, however this did not present any suitable locations. The opportunity to mitigate risk and the location of Heathrow fire station remains under close review by officers in LFB Strategy and Risk and Operational Resilience and Control, and will be informed by the forthcoming review of LFB's operational risk model.

Rental valuation and review period

- 2.5 As part of rent negotiations HAL proposed an increase to the annual rent level from £115,000 per annum to £130,000 per annum with a rent review every three years. HAL were requested to provide evidence to justify the rental increase whilst LFC property consultants Dron and Wright undertook a robust benchmarking exercise on comparable sites to support negotiations and assure LFC on value for money considerations.
- 2.6 Dron & Wright are of the view that the rental should be at a lower level than that proposed by HAL based on research of comparable evidence. They consider that that for the purpose of the lease renewal in July 2021 the rental value should remain at £115,000 per annum. This figure reflects the age and specification of the building, its proximity to the airport and the value of the car parking spaces.
- 2.7 As a result of extensive negotiations, HAL have agreed that the rent under the new lease will remain at £115,000 per annum, subject to a Retail Price Index (RPI) increase after the fifth year. Should the ten-year lease run for the full term, the total value is estimated at £1,207,500 assuming a 10% uplift to reflect a 2% per annum RPI increase.
- 2.8 HAL property officers have advised there remains considerable uncertainty on longer term planning with specific reference to the third runway and expansion plans alongside the ability to assess the significance of the ongoing impacts of Covid-19 on airline provision, delivery and ongoing passenger capacity. HAL were also unable to support any new proposals which committed their support to discussing the relocation of Heathrow fire station and its inclusion (within operational parameters) as part of any redevelopment of the current site.

3. Equality comments

- 3.1 The London Fire Commissioner and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (s149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.

- 3.2 It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3 The protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), Race (ethnic or national origins, colour or nationality), Religion or belief (including lack of belief), Sex, and Sexual orientation.
- 3.4 The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- (a) Eliminate discrimination, harassment and victimisation and other prohibited conduct;
 - (b) Advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it; and
 - (c) Foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (a) tackle prejudice; and
 - (b) promote understanding.
- 3.8 An Equality Impact Assessment (EIA) has been undertaken, the outcome of which showed that the proposal to renew lease terms with HAL as set out in this report had a neutral impact. Comments received from LFB Cultural Change team agree that the proposals in this report are likely to have limited to no disproportionate adverse effects on any persons with a particular characteristic.

4. Other considerations

Workforce comments

- 4.1 This report refers to the taking of a new lease for a current LFC facility. No workforce implications have been identified; therefore, no staff side consultations have taken place. Staff side will be provided with this report as part of the pack for the Deputy Mayor's Fire and Resilience Board meeting.

Sustainability implications

- 4.2 Planning with regard to the installation of an Electric Vehicle Charging Point (EVCP) had previously been placed on hold as Heathrow fire station was within the area which would be affected by the third runway. Uncertainty around expansion plans and the third runway are still present, however Property officers will progress discussion with HAL on a future commitment to approve the installation of an ECVP to support LFB's sustainability priorities.

5. Financial comments

- 5.1 This report recommends that a ten year lease is agreed for the current Heathrow fire station site at a total cost over the ten years of £1,207,500, which includes an increase linked to RPI at five years. The cost of this will be contained within the existing budget for rent, and any inflationary increases will be included as part of the budget process for future years.
- 5.2 The report also notes that the estimated total cost of business rates of £341,843 and maintenance costs of £654,353, assuming a 2% inflation increase over the term, which will also be contained within the existing budgets.
- 5.3 There are no direct financial implications for the GLA.

6. Legal comments

- 6.1 Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.
- 6.2 By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor").
- 6.3 Paragraphs (a) and (b) of Part 2 of the said direction requires the Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices..." and before "the acquisition or disposal of any freehold interest or leasehold interest in land where the lease is for a term of seven years or more".
- 6.4 The Deputy Mayor's approval is accordingly required for the Commissioner to enter into the lease of Heathrow fire station duly detailed in this report.
- 6.5 The statutory basis for the actions proposed in this report is provided by section 7 (2)(a) of the Fire and Rescue Services Act 2004, under which the Commissioner must secure the provision of personnel, services and equipment necessary to efficiently meet all normal requirements for firefighting.

Appendices and supporting papers:

Report LFC-0482 – Heathrow Fire Station – Lease Renewal

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? Yes**

If YES, for what reason:

The commercial interests of the London Fire Commissioner require deferral of the decision until after the renewal of the lease has been agreed.

Until what date: 1 May 2021

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer

Richard Berry has drafted this report with input from the LFC and in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service

Niran Mothada has reviewed the documentation and is satisfied for it to be referred to the Deputy Mayor for Fire and Resilience for approval.

✓

Advice

The Finance and Legal teams have commented on this proposal.

✓

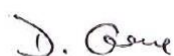
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 8 March 2021.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

9 March 2021