

# GREATER **LONDON** AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2385

**Title: London European Office accommodation**

### **Executive Summary:**

The nine-year lease on the building that the London European Office currently occupy expires at the end of February 2019. The GLA appointed CBRE to provide professional advice and this MD seeks approval to sign a new nine-year lease with the current landlord. The previous nine-year lease was approved via MD509 on 21 December 2009.

### **Decision:**

Mayoral approval is sought to:

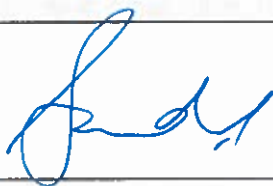
1. Authorise for the GLA to sign a nine-year lease on 252sqm of office space on the first floor of the current building at Leopold Plaza, Brussels, with appropriate break clauses at three yearly intervals (years 2022, 2026, 2029);
2. Agree a base rent of Euro 50,400 indexed annually; and
3. Delegate authority to the Head of Government and EU Relations to approve and authorise the subletting of office space within the London European Office.

### **Mayor of London**

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**



**Date:**

17/12/12

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. Given the impact of EU policy, legislation and funding on London, the Mayor and GLA Group have a representative office in Brussels. Most large EU cities and regions, as well as thousands of other stakeholders from business, NGOs and other interests, have equivalent offices.
- 1.2. London's European Office (LEO) was established in 2001. The office is currently part funded by the GLA and GLA Group under the terms of a cooperation agreement comprising, the GLA, Transport for London, London Fire Commissioner and the Mayor's Office for Policing and Crime. In the agreement it sets out their mutual objectives in relation to London's European Office as being as follows (as set out in para 3.1 of the agreement attached as appendix 1):
  - Improving the Parties' access to information about EU policies in selected areas;
  - Providing advance warning of EU policy developments – including regulations, directives, funding regimes and policy papers;
  - Helping the Parties achieve influence in shaping EU level decisions;
  - Providing a presence for London in Brussels and a base for London organisations to use when active in Brussels;
  - Raising London's profile in Europe and building networks and partnerships;
  - Assisting each of the Parties in achieving their EU objectives insofar as they are not inconsistent with the objectives or conflict with the interests of any of the parties; and
  - Providing advice and facilities at the LEO to enable the Parties to comply with their obligations under this agreement and achieve their objectives.
- 1.3. LEO has four members of staff who undertake these functions.
- 1.4. Whilst the future EU-UK relationship is unclear, there will remain a considerable degree of regulatory alignment between the UK and EU for years to come and both sides are aiming for the UK to remain eligible for major EU funding.
- 1.5. LEO ensures that London is actively engaged on EU policy and funding and manages our relationships with: the EU institutions; other large EU cities represented in Brussels; wider networks (particularly our membership of EUROCITIES and POLIS); and other offices in Brussels (e.g. business and NGOs). Recent achievements include:
  - Working with TfL for several years on HGV safety. This has led directly to the Commission including TfL's proposals for Direct Vision Standards in its proposal to revise vehicle safety regulations, which if agreed by MEPs and Member States will be mandatory for all new HGVs.
  - Working with TfL to lobby for EU rules on enforcement of local schemes (such as congestion charges and LEZs) against foreign vehicles, which currently is problematic. The Commission included relevant powers in its Directive on Interoperability of road tolling which has just been agreed.
  - Chairing the EUROCITIES working group on Air Quality and in that capacity representing the network on the EU Urban Agenda partnership on air quality, which also includes Member States, other cities and NGOs. LEO ensured that London's priorities were included in the partnership's recommendations on future EU air quality policy.

- Securing a seat for TfL on the Commission's Expert Group on future vehicle emissions policy. This is dominated by industry and we are the only city directly represented.
- Obtaining EU funding: LEO identified a relevant call for proposals for "nature-based solutions" for the GLA environment team and identified suitable partners from other EU cities. The bid for a total of EUR 14m was successful, with GLA receiving EUR 972,000 towards a project to green two housing estates.

1.6. Standard accommodation leases in Belgium run for nine years, with options to break after three and six years. These break options could therefore be exercised in the event of LEO's role having to change significantly. The current office space is on the first floor of a modern building in the EU quarter of the city, offering easy access to the main European institutions and other stakeholder offices. The other tenant on the first floor is the European office of the British Council, with whom LEO shares some communal facilities and conference rooms.

## **2. Property searches**

- 2.1 The GLA appointed CBRE to provide professional advice so a decision could be reached as to whether there was alternative office space in Brussels that LEO could locate too, rather than sign a new nine year lease with the current landlord.
- 2.2 The Head of Facilities and Head of Government and EU Relations visited four potential offices in Brussels with, and as identified by, CBRE. Three were ruled out as not being compliant with access standards. This left one potential alternative and CBRE were instructed to open negotiations with the landlord of that building (Froissart – option 2) and with the landlord of their current office (Leopold Plaza – option 1).

### **Option 1**

#### **Leopold Plaza**

Y1 – €50,400 (including six months rent free: incentives of €25,200 – year one only – Net €55,526)

Y2 – €51,408 (plus taxes and charges – Net €82,125)

Y3 – €52,436 (plus taxes and charges- Net €83,550)

**NPV after 3 years €208,448**

To increase the security of the building and limit access to the floors, the landlord proposes to install a badging system in the lifts at no cost to City Hall.

### **Option 2**

#### **Froissart**

Y1 – €38,639 (including three months rent free - incentives of €7,946 – Net €38,939)

Y2 – €32,421 (plus taxes and charges – Net €47,405)

Y3 – €33,069 (plus taxes and charges – Net €48,241)

**NPV after 3 years €192,329**

In addition, the following estimated charges would apply to fit out the office. Estimates supplied by CBRE, bar IT costs.

#### **Fit out charges:**

Fit out works – €24,450

Eight work stations (4 permanent staff/ plus 4 additional desks to allow for the possibility of subletting part of the office – €20,000)

Move costs €1400

Dilapidation on current €18,900  
IT installation €5000

**Total NPV plus fit out charges after 3 years: €262,079**

2.4 Although the total cost over three years for option one is greater than option two based on NPV after 3 years of EUR 16,119, however, when the fit out charges have been taken into account the total cost for option 2 is greater. However, other factors have also been taken into account to lead us to recommend signing a new nine-year lease for Leopold Plaza:

- A critical part of LEO's advocacy role is being able to host meetings, seminars and other events to promote the Mayor's strategies and facilitate networking with EU institutions and other cities and stakeholders. The current co-operation with British Council and sharing of facilities enables LEO to do this at no extra cost. There are no equivalent facilities at the Froissart building in option 2, which means that either alternative facilities would need to be hired, or LEO would need to reduce the number of meetings and events. The cost of renting space of a comparable size for such events is, according to CBRE figures, approx. EUR 800 per day, excluding additional staff time and the inconvenience of hosting events off site.
- The end of the lease has enabled us to negotiate a better deal with the current landlord. This represents a reduction of EUR 2,200 per annum on what we have been paying under the current lease. The landlord has also agreed, at no additional cost the GLA, to improve the security measures.
- Remaining in the current office minimises the disruption and significant costs of moving to another building. The current office requires no refurbishment for at least three years.

#### *Sub-letting part of the London European Office*

- The current office earns income (£12k per annum) from sub-letting 3 desks to Bristol City Council. This arrangement that has been in place since 2016. We are currently in the process of signing a six-month contract with Bristol City Council that will be in place until February 2019 at which point we will enter further discussions with Bristol City Council and partners about extending the lease.

2.5 Overall, staying in the current accommodation provides the best balance of facilities and cost-effectiveness, given the role of LEO. Approval is therefore sought to proceed with this option and sign a new nine-year lease with the appropriate break clauses at three yearly intervals.

### **3. Objectives and expected outcomes**

3.1 Signing a new nine-year lease in February 2019, with three-year break clauses, with the current landlord for office space for the London European Office in Leopold Plaza.

### **4. Equality comments**

4.1 The Mayor must comply with the public sector equality duty under section 149 of the Equality Act 2010, which requires the Mayor to have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not.

- 4.2 Protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (all except the last being 'relevant' protected characteristics). The duty may involve, in particular, removing or minimising any disadvantage suffered by those who have a relevant protected characteristic, taking steps to meet the needs of such people, and encouraging them to participate in public life or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding. Compliance with the Act may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 4.3 When a search for office accommodation was undertaken with CBRE, 3 offices that were visited were ruled out as not having the necessary access. (See para 2.2.) The current office has good access facilities.

## 5 Other considerations

- 5.1 The Mayor is committed to maintaining relations with the EU even in the event of the UK leaving the EU. See also para 1.4.

## 6 Financial comments

- 6.1 Approval is being sought to sign a nine-year lease with Leopold Plaza for office space, with break clauses every three-year interval.
- 6.2 The estimated costs of the nine-year lease are (including indexations):

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Leopold Plaza Total €
Rent Office Space		50,400	51,408	52,436	53,485	54,555	55,646	56,759	57,894	59,052	491,635
Service Charges and Taxes		30,326	30,716	31,114	31,518	31,930	32,349	32,774	33,207	33,649	287,583
Incentives		(25,200)									(25,200)
Dilapidation & Lease registration	1,194									18,900	20,094
<b>Total</b>	<b>1,194</b>	<b>55,526</b>	<b>82,124</b>	<b>83,550</b>	<b>85,003</b>	<b>86,485</b>	<b>87,995</b>	<b>89,533</b>	<b>91,101</b>	<b>111,601</b>	<b>774,112</b>

- 6.3 There is a penalty charge of 1.5 months rent, if the GLA terminates the contract within the first 3 years. This charge is approx. (€ 6,500).
- 6.4 The costs of the lease will be contained within the Mayor's Office budget for each financial year.

## 7 Legal comments

- 7.1 Section 30 of the GLA Act 1999 provides the power for the Mayor to do anything which the Authority considers will further one or more of its principal purposes. These are the promotion of economic development and wealth creation, the promotion of social development and the promotion of the improvement of the environment in Greater London.

- 7.2 Section 34 provides that the Authority may do anything (including the acquisition or disposal of any property) which is calculated to facilitate or is conducive or incidental to the exercise of any functions of the Authority. Paragraphs 1.2 and 1.4 set out the reasons why the London European Office would facilitate the functions of the Authority.
- 7.3 External legal advice has been sought on Belgian property law, and advice has been provided there are no relevant restrictions on the GLA acquiring a lease under Belgian Law.

## **8 Planned delivery approach and next steps**

<b>Activity</b>	<b>Timeline</b>
Delivery Start Date [for project proposals]	1 March 2019

### **Appendices and supporting papers:**

None.

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) 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 it has been approved 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: To be published once lease is signed.

Until what date: (a date is required if deferring) 1 MARCH 2019

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – YES**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to  
confirm the  
following (✓)

**Drafting officer:**

Sarah Gibson has drafted this report in accordance with GLA procedures and confirms the following:

**Sponsoring Director:**

Sarah Gibson has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

**Mayoral Adviser:**

Jack Stenner has been consulted about the proposal and agrees the recommendations.

**Advice:**

The Finance and Legal teams have commented on this proposal.

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 17 December 2018.

✓  
✓  
✓  
✓

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. J. Allen*

Date

*17.12.18*

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature

*D. Bellamy*

Date

*17/12/2018.*

