

REQUEST FOR DMPC DECISION – PCD 150

Title: Drummond Gate Lease Agreement

Executive Summary:

This paper requests approval to surrender, by assignment, the lease for 1 Drummond Gate, which is no longer required for operational purposes. The paper also recommends the payment of a premium to enable the early assignment of the lease, which will deliver significant revenue savings.

Recommendation:

The DMPC is asked to

1. Approve the surrender, by assignment, of the lease for 1 Drummond Gate, which is no longer required for operational purposes.
2. Approve the payment of a premium to enable early assignment of the Drummond Gate lease (further details in the Part 2).

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. Any such interests are recorded below.

The above request has my approval.

Signature

Spurwender

Date

21/02/17

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

Decision required – supporting report

1. Introduction and background

- 1.1 MOPAC entered into a lease for 1 Drummond on October 10th 1983 expiring on October 9th 2018. The MPS are not currently in occupation of the building, having sublet the property to the Department of Environment (DoE) for a period of 22 years. The lease with the DoE started on the 5th January 1996 and expires on the 4th January 2018.
- 1.2 MOPAC will be liable for the occupation costs for the period between 5th January 2018 and the 9th October 2018. The landlord (Tyrolease) has agreed to accept an assignment of the leasehold interest, which would effectively surrender MOPAC's interest. The assignment is in exchange for a premium payment to the landlord. The assignment needs to be completed by March 24th 2017.

2. Issues for consideration

- 2.1. Due to the confidential nature of the proposal the detail is held in Part 2

3. Financial Comments

- 3.1. The cost of the lease surrender will be funded from the Dilapidations Reserve. The surrender and assignment of the lease support the MPS's strategy of the One Met Model and supports future savings target.
- 3.2. These are discussed further in the Part 2.

4. Legal Comments

- 4.1. Section 6 of the Police Reform and Social Responsibility Act 2011 ("the Act") provides that MOPAC must secure the maintenance of the Metropolitan Police Service, and secure that the Metropolitan Police is efficient and effective.
- 4.2. In carrying out its functions, the MOPAC may, under paragraph 7, Schedule 3 of "the Act" "do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office". This includes, entering into contracts and other agreements, in addition to acquiring and disposing of property (including land). The MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the "the Act".

5. Equality Comments

- 5.1. There are no direct equality issues arising from this proposal.

6. Background/supporting papers

- 6.1. 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 MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

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

Is there a **Part 2** form – Yes

If yes, for what reason: EXEMPT under Article 2(2) of the Elected Local Policing Bodies (Specified Information) Order 2011.

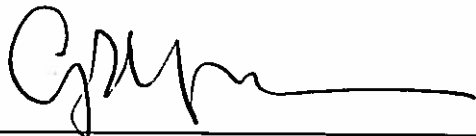
ORIGINATING OFFICER DECLARATION:

	Tick to confirm statement (✓)
Head of Unit: The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Equalities Advice: No Equalities and Diversity issues identified.	✓

OFFICER APPROVAL**Chief Executive 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

21/02/17

INVESTMENT ADVISORY BOARD

7th FEBRUARY 2017

DRUMMOND GATE LEASE ASSIGNMENT

A report by the Interim Director of Property Services

SUMMARY

The MOPAC/MPS One Met Model 2020, has a strategic objective to provide a more efficient and higher quality estate with significantly lower running costs.

1 Drummond Gate was identified as a building that could be released in line with the objectives of OMM2020.

This paper recommends the payment of a premium to enable the early assignment of the lease of Drummond Gate which will deliver significant revenue savings.

A. RECOMMENDATIONS – THE INVESTMENT ADVISORY BOARD is asked to:

- 1. Approve the assignment, of the lease held by the Mayor's Office for Policing and Crime (MOPAC) of 1 Drummond Gate, which is no longer required for operational purposes.**
- 2. Approve authority for the Interim Director of Property Services to finalise the terms of an assignment as detailed in Exempt Appendix 1.**
- 3. Note the surrender of Drummond Gate will avoid future costs in 17/18 and 18/19 as set out in Exempt Appendix 1.**

B. SUPPORTING INFORMATION

- 1. Drummond Gate is an office building of c. 107,000 square feet located in SW1, Westminster. MOPAC hold the premises via a lease dated 10th October 1983 from the landlord Tyrolese (773) Limited. The expiry date of MOPAC's lease is 9th October 2018. The MPS are not in occupation of the property. MOPAC sublet the building to the Secretary of State for The Department of Environment (DoE) for a period of 22 years via a lease dated 5th January 1996, expiring on 4th January 2018.**
- 2. MOPAC's Landlord has agreed to accept an assignment of MOPAC's leasehold interest effectively surrendering MOPAC's interest. The assignment is to be in exchange for a premium payment to the Landlord.**
- 3. The MPS Portfolio and Investment Board on 10th January 2017 gave approval for the Interim Director of Property Services to finalise the terms of the assignment as detailed in Exempt Appendix 1.**
- 4. This paper seeks the DMPC's approval to authorise the Interim Director of Property Services to finalise the terms of the surrender on the basis as set out in Exempt Appendix 1 as offering best value for money to MOPAC.**

5. The Government Property Unit, acting on behalf of the occupying Central Government Departments, has confirmed it could not take an assignment of MOPAC's lease or extend the sub-lease of the whole up to MOPAC's lease expiry. Any short term extension of occupational sub-leases would not present value for money to MOPAC.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. Exiting poorly utilised buildings will deliver revenue savings which will assist in meeting savings targets. The CRE programme identifies opportunities to improve usage of buildings in the core estate. The over arching CRE Equality Impact Assessment (EIA) addresses moves generally and advocates that building specific EIAs are conducted on a case by case basis.
2. Drummond Gate is currently not occupied by the MPS and could not be occupied during the term of the Sub-Lease. There is no intention to re-occupy the property for the period 5th January 2018 to 9th October 2018 as the property is surplus to operational requirement.

Capital

3. No capital works are required.

Revenue

4. Approval is being sought to assign MOPAC's lease with effect from March 2017 in exchange for payment of a premium. The net cost benefit of disposing of MOPAC's leasehold interest is set out in Exempt Appendix 1. Costs of the lease surrender will be met from the dilapidations reserve.

Value for Money

5. The recommended assignment enables the release of a building that is not occupied by the MPS and will support future savings targets.

Legal Implications

11. Section 6 of the Police Reform and Social Responsibility Act 2011 ("the Act") provides that MOPAC must secure the maintenance of the Metropolitan Police Service, and secure that the Metropolitan Police is efficient and effective.
12. In carrying out its functions, the MOPAC may, under paragraph 7, Schedule 3 of "the Act" do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office". This includes, entering into contracts and other agreements, in addition to acquiring and disposing of property (including land). The MOPAC has the power to dispose of surplus properties (including land) under paragraph 7 (2) (b) of Schedule 3 of the "the Act".
13. 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".

Risk (including Health and Safety) Implications

14. All relevant health and safety legal requirements such as the workplace, health and safety regulations and appropriate MOPAC and MPS standards will be met in any minor works required.

Environmental Implications

15. The property is not occupied by the MPS. Release of the building will have no impact on the reduction in the level of energy use and associated emissions.

Report author: Andrew Denniss – Property Services

Abbreviations:

DMPC	-	Deputy Mayor for Policing and Crime
CRE	-	Corporate Real Estate
DP		Digital Policing
EIA	-	Equality Impact Assessment
ESB		Empress State Building
MOPAC	-	Mayor's Office for Policing And Crime
MPS	-	Metropolitan Police Service

