

10 July 2019

**Policy, Resources and Economic Development
Committee**

**Less than best consideration - Citizens Advice South
Essex Limited**

Report of: *Russell Clinker Senior Asset Manager*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 Brentwood Borough Council wish to grant a lease to Citizens Advice South Essex Limited of ground floor offices in the newly redeveloped Town Hall
- 1.2 The rent to be paid by Citizens Advice is below Market Rental levels and the Council therefore requires authorisation under the Less than best consideration criteria to grant a lease within these guidelines.

2. Recommendation(s)

- 2.1 **That the Committee agrees to grant a Lease to Citizens Advice South Essex Limited on the basis of the attached Heads of Terms shown in Appendix B, which is at less than best consideration.**
- 2.2 **Delegated authority to Director Corporate of Resources (Section 151) to take all necessary steps towards implementing recommendation 2.1, including instructing Solicitors to prepare an agreement for Lease.**

3. Introduction and Background

- 3.1 Brentwood Citizens Advice Bureau Limited currently occupy offices at 8-12 Crown Street owned by The Assize House (a Trust) under a 25 year lease outside the Landlord and Tenant Act 1954 from 28 November 2005. The lease is therefore due to expire on 27 November 2030.
- 3.2 The tenant is required to keep the property (including the fences) in good repair and condition.

3.3 The tenant has the ability to break (terminate) the lease each year on the anniversary of the commencement date of the lease by giving 3 months' prior written Notice.

3.4 The rent is £1,000 per annum

4. Issue, Options and Analysis of Options

4.1 Both Brentwood Borough Council and the Citizens Advice Bureau are keen to agree outline terms for a lease of offices in the newly redeveloped Town Hall building. These offices are shown edged red in the attached location plan.

4.2 The lease is proposed to commence on 21 October 2019.

4.3 Brentwood Citizens Advice Bureau who are the tenant at 8-12 Crown Street are closing down the existing company and becoming part of a newly formed organisation called Citizens Advice South Essex Limited (Registered Charity number 1113231) (Charitable Company Number 5596895)

4.4 It is proposed that a new lease is granted to the new organisation to occupy offices in the Town Hall (shown edged red in the plan in Appendix A) at the same time as the existing Citizens Advice interest in 8 – 12 Crown Street is surrendered to the landlord of this building, the Assize House trust.

4.5 The proposed terms of the new lease are set out in the Heads of Terms in Appendix B.

4.6 As the proposed lease is less than Market Rent and in excess of seven years, the Council needs to comply with the Less than best consideration criteria as set out in Appendix C.

5. Reasons for Recommendation

5.1 Citizens Advice is a valued service within the Borough and it is considered the organisation will compliment other proposed tenants such as Jobcentre plus in the new Town Hall 'hub' area.

5.2 It is considered Citizens Advice South Essex will continue to offer support to the community of Brentwood, whilst retaining offices close to the centre of Brentwood and its transport links.

5.3 The move of Citizens Advice into the Town Hall will mean the existing offices in Crown Street can be redeveloped to create a lasting investment allowing the

Assize House trust to continue to support the Community for many years to come.

- 5.4 It is recommended that an agreement for Lease, which is a vehicle to agree the terms of a lease in advance of the demise being ready for occupation; and a Lease is granted to Citizens Advice on the Heads of Terms shown in Appendix B.

6. Consultation

- 6.1 No formal external consultation has been undertaken regarding the proposal

7. References to Corporate Plan

- 7.1 Value for Money: policies that invest in key services to create opportunity for all, provide better value for Brentwood's taxpayers and enhance the Borough's infrastructure whilst modernising and transforming Brentwood Borough Council. We will re-prioritise and focus our resources and be innovative in our approach.
- 7.2 Our Borough: Policies which promote our environment, support sustainable growth, and safeguard our high quality environment including heritage and countryside. We will provide responsive, accessible and forward thinking services for vulnerable residents, supporting people back into work and providing good quality housing making Brentwood our residents' Borough of Choice.

8. Implications

Financial Implications

**Name & Title: Jacqueline Van Mellaerts, Director of Corporate Resources
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- 8.1 The rental income proposed in the Heads of Terms is at less than best consideration, which is explained in the criteria in Appendix C.
- 8.2 The reduction in Market Rent Value proposed to Citizens Advice, has been reflected within our Medium Term Financial Plan for 2019/20, as was prudent to do so.
- 8.3 The Council currently grants Citizens Advice £59k p.a which is a 3 year term from 2018/19 to 2020/21. It is envisaged that this Grant could be reviewed in future years, once Citizens advice have settled into the Town Hall.

- 8.4 With Citizens Advice surrendering their interest in 8-12 crown street, this allows the Trustees of the Assize House trust to review the possible options available for that asset and will be reviewed at Committee later in the year.

Legal Implications

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- 8.5 The recommendations are lawful and within the Council's powers and duties. The Council has power to dispose of land as it sees fit, subject to a requirement to obtain the best consideration reasonably obtainable. The General Disposal Consent (England) 2003 provides that there is no obligation to seek the specific consent of the Secretary of State in circumstances where the Council wishes to dispose of land at an undervalue, provided that the purpose for which the interest in the land is being disposed of by way of the lease is likely to contribute to the "promotion or improvement" of the economic, social, or environmental well-being of the area and the difference in unrestricted value of the lease of the land and the actual price paid for the lease (if any) is not more than £2 million.
- 8.6 Government guidance (Circular 06/2003) states that 'In determining whether or not to dispose of land for less than the best consideration reasonably obtainable, and whether or not any specific proposal to take such action falls within the terms of the Consent, the authority should ensure that it complies with normal and prudent commercial practices, including obtaining the view of a professionally qualified valuer as to the likely amount of the undervalue'.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.7 None

9. Background Papers (include their location and identify whether any are exempt or protected by copyright)

- 9.1 See details in this report for any background information

10. Appendices to this report

Appendix A – Plan showing the proposed offices in the Town Hall
Appendix B - Proposed Heads of Terms
Appendix C – Less than best consideration criteria
Appendix D - Citizens Advice Bureau Accounts

Appendix E - Citizens Advice Bureau South East - Memorandum and
Articles of Association

Appendix F – Citizens Advice Bureau South East - Introduction and Background

Appendix G – Citizens Advice South East Funding Template

Appendix H – Citizens Advice Bureau - Future of Advice

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