

# Commercial Revenue Committee

## Agenda

Monday 16 September 2019

12.00 pm

Room 9 (1st Floor)- 3 Shortlands, Hammersmith, W6 8DA


### MEMBERSHIP

<b>Administration:</b>
Councillor Max Schmid - Chair Councillor Adam Connell



### Shortlands

3 Shortlands,  
Hammersmith,  
London W6 8DA

 **Closest Underground Station**  
Hammersmith

 **Closest Bus Stop**  
Latymer Court (Stop G)

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Date Issued: 02 September 2019

# Commercial Revenue Committee Agenda

16 September 2019

<u>Item</u>		<u>Pages</u>
<b>1.</b>	<b>MINUTES OF THE MEETING HELD ON 26 JULY 2019</b> To approve as an accurate record, and the Chair to sign the minutes of the meeting held on 26 <sup>th</sup> July 2019	4 - 5
<b>2.</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>3.</b>	<b>DECLARATIONS OF INTEREST</b> If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.  At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.  Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.  Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Audit, Pensions and Standards Committee.	
<b>4.</b>	<b>COMMERCIAL REVENUE - PROPERTY LETTING OF RAVENSCOURT CENTRAL STORES, RAVENSCOURT GARDENS W6 0TU</b>	6 - 16
<b>5.</b>	<b>FUTURE DATES OF MEETINGS</b> The following dates have been approved for the new municipal year:  Monday 25 November 2019 Monday 16 March 2020	

## **LOCAL GOVERNMENT ACT 1972 - ACCESS TO INFORMATION**

### **Proposed resolution:**

Under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

# Agenda Item 1



London Borough of Hammersmith & Fulham

## Commercial Revenue Committee

### Minutes

Friday 26 July 2019

#### **PRESENT**

**Committee members:** Councillors Max Schmid and Adam Connell

**Officers:** Nigel Brown (Head of Asset Strategy and Portfolio Management), Andy Lord (Head of Strategic Planning and Monitoring) and Henry Aziarah (Estate Surveyor)

#### **13. MINUTES OF THE MEETING HELD ON 14 JUNE 2019**

The minutes of the meeting held on 14 June 2019 were approved and signed by the Chair.

#### **14. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **15. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **16. COMMERCIAL REVENUE - PROPERTY LETTING OF THE FORMER GINGLIK CLUB, 1 SHEPHERDS BUSH GREEN W12 8PH**

Nigel Brown noted that the report seeks approval for the Council to grant a long lease in respect of a vacant commercial asset, 1 Shepherds Bush Green, to Bloomsbury Leisure Group, who will undertake renovation works at their cost to create a new bar venue. The venue will provide a unique business offer in the heart of Shepherds Bush and will contribute to the evening time economy in this locality.

Officers explained that background and credit checks were undertaken on all the bidders. Following our agent's assessment against the assessment criteria and withdrawals the long list was cut down to the 3 strongest bidders. Members asked for the short-listing process to be attached to minutes.

### **Action by Nigel Brown**

The successful company would not be able to reassign the lease. The hours of operations have not been agreed as Shepherds Bush has its own special licensing hours. The cost of the lease would be made public through the Land registry.

### **RECOMMENDATIONS**

- 1.1 That the Council enters into a long lease and associated property agreement with Bloomsbury Leisure Group in accordance with the heads of terms outlined in Appendix 4.
- 1.2 That delegate authority be given to the Strategic Director of The Economy in consultation with the Cabinet Member for Finance and Commercial Services and the Assistant Director of Legal and Democratic Services, to complete the legal property documents.

## **17. FUTURE DATES OF MEETINGS**

The following meeting dates were noted for the new municipal year:


- Monday 25 November 2019
- Monday 16 March 2020

Meeting started: 12.30 pm  
Meeting ended: 12.38 pm

Chair .....

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# Agenda Item 4

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>Commercial Revenue Committee</b></p> <p style="text-align: center;"><b>16<sup>th</sup> September 2019</b></p>	
<p><b>COMMERCIAL REVENUE - PROPERTY LETTING OF RAVENSCOURT CENTRAL STORES, RAVENSCOURT GARDENS W6 0TU</b></p>	
<p><b>Report of the Cabinet Member for Finance and Commercial Services – Councillor Max Schmid.</b> <b>Cabinet Member for The Economy – Councillor Andrew Jones.</b></p>	
<p><b>Part Exempt Report</b></p> <p>Appendices 5 &amp; 6 – open.</p> <p>Appendices 1, 2, 3 &amp; 4 are exempt from disclosure on the grounds that they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	
<p><b>Classification - For Decision</b></p> <p><b>Key Decision: No</b></p>	
<p><b>Consultation</b></p> <p>Internal stakeholders have been consulted when drafting this report. Officers have engaged with Ravenscourt Gardens Residents Association.</p>	
<p><b>Wards Affected:</b> Ravenscourt Park</p>	
<p><b>Accountable Director:</b> Jo Rowlands – Strategic Director of The Economy</p>	
<p><b>Report Author:</b> Nigel Brown – Head of Asset Strategy and Property Portfolio. The Economy Department</p>	<p><b>Contact Details:</b> Tel: 020 8753 2835 E-mail: nigel.brown@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval for a lease agreement in respect of the Council's former operational asset, Ravenscourt Central Stores, (rear of 44-60 Ravenscourt Gardens). This property has been extensively marketed by an

external property agent. An analysis of the interest received has been undertaken and detailed in this report.

## **2. RECOMMENDATIONS**

That the Commercial Revenue Committee :

- 2.1. Approve the Council entering into a commercial lease including the proposed rental income and associated property agreement with Kindred Studios in accordance with the heads of terms in Appendix 1.
- 2.2. Agrees to delegate authority to the Strategic Director of The Economy in consultation with the Cabinet Member for Finance and Commercial Services and the Assistant Director of Legal and Democratic Services, to complete the legal property documents.
- 2.3. To note that if Kindred Studios do not operate the break clause in year six of their property lease that a further report is submitted to Cabinet for the approval of the continuing lease.

## **3. REASONS FOR DECISION**

- 3.1 The recommendations allow the Council to grant a lease to Kindred Studios. Kindred Studios will undertake renovation works at their own cost to create new affordable studios for professional artists, artisans and craftspeople. Kindred Studios propose to invest approximately £300,000 on the renovation of the property and have provided a schedule of their proposed works at Appendix 2.
- 3.2 A decision is required as the proposed income is above delegated authority limits for property transactions within the Council's constitution.

## **4. PROPOSAL AND ISSUES**

- 4.1. The proposal is to bring the premises into commercial use following its previous redundant function as the Council's central storage facility. The premises are now surplus to operational requirements and are almost completely vacant, with remaining items to be cleared shortly. The Council will be responsible for removing intrusive vegetation from the external walls and roof in readiness for the tenants' refurbishment works and for keeping the premises secure until completion of the legal documentation. This work is ongoing and liaison with 7 neighbouring residents on this matter continues.
- 4.2. The future use of the building must ensure that its use is enclosed within the existing boundaries of the property and be mindful of its location in a residential area within the Ravenscourt & Starch Green Conservation Area. Council Officers have engaged with Ravenscourt Gardens Residents Association to listen to their views, concerns and ideas about

any proposed letting to Kindred Studios or another occupy. A location plan showing the property is in Appendix 5.

- 4.3. The intention is that the majority of daily pedestrian and vehicular movements are away from the current primary entrance on the residential Ravenscourt Gardens. The Council has a long-standing access agreement TfL at the rear of the property. This existing secondary entrance onto the non-residential service road at the rear (controlled by Transport for London (TfL)) will now become the primary access for Kindred Studios. Council officers are working with TfL and Kindred Studios, so the primary access is fully documented.
- 4.4. The key consideration of the project for all parties will be to minimize any adverse impact to the immediately adjacent residential properties on Ravenscourt Gardens. Therefore, there will be a secondary fire escape access onto Ravenscourt Gardens, which has been discussed with local Ravenscourt Gardens Residents Association.
- 4.5. An external property agent, Boston Gilmore, was appointed due to their extensive knowledge of the Hammersmith and west London commercial market. Their role was to assist officers and provide specialist advice on the potential commercial market value and tenant profile. The driver was for the Council to maximise a commercial return and to ensure the property was also refurbished to enhance the asset value.
- 4.6. To ensure full exposure of the property to potential interested parties, the Council's agents advised that a minimum 10-year lease term should be offered to attract a range of potential tenants and users. A copy of the marketing flyer is attached at Appendix 6.
- 4.7. By the conclusion of the marketing period, the Council's agent had fielded nine genuine expressions of interest and viewings, which resulted in the submission of two formal offers as outlined in Appendix 3. Following consultation with our agents and internal stakeholders, various assessment criteria were considered, the most notable being; (a) deliverability of the proposed transaction, (b) financial status, and (c) business track record. However, during the assessment process, one of the two final companies withdrew their offer as alternative accommodation was found.
- 4.8. In Summer 2019 after careful analysis of the Kindred Studios proposal document, along with further financial status checks, references, credentials, business track record information and the assessment of their positive influence on previously held sites, Kindred's offer was to be put forward for consideration. The supporting documents provided by Kindred Studios are at Appendix 4.
- 4.9. Their proposal intends for most of the site to be designated as affordable studios for a wide spectrum of professional artists and craftspeople, spanning fashion, pottery, glass, illustration, weaving, fine art, screen



printing, digital arts, leather mastercraft, instrument making and other such manual creative practices. Kindred would occupy by way of a 25-year lease (incorporating a 2-year rent-free period as an incentive to cover their renovation costs), with the artists occupying by way of a licence with Kindred. Heads of Terms have been agreed and are at Appendix 1.

4.10. The proposed commercial letting meet's key outcomes of both the Council's Industrial Strategy and Cultural Strategy (Connected Borough 2016-2022).

## 5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. **Option 1** – To continue with use of the premises as a Council storage facility following essential remedial works. Essential works to the roof would need to be carried out since sections of the roof and walls have fallen into disrepair creating site safety issues. The estimate of these works would be in excess of £100,000. Water and vegetation ingress have subsequently also led to internal damage to parts of the building fabric and some of its contents.
- 5.2. As outlined in paragraph 4.1 of this report, the premises are now surplus to operational requirements and therefore investing capital would not be value for money.
- 5.3. **Option 2** – To decommission the building and sell the site for redevelopment.
- 5.4. The option to redevelop has previously been considered by the Council's Housing and Regeneration team. The site was identified in a feasibility study as having the potential to bring forward an affordable housing scheme provided under the Council's social housing framework.
- 5.5. More detailed studies to assess suitability identified the key development constraint of the site as being the existing vehicular access, restricted in both height and width via the only access point which is through an arch beneath part of the first floor of the two-storey semi-detached Grade II Listed house at number 50 Ravenscourt Gardens.
- 5.6. In addition, any residential scheme would need to address a number of factors which include; safeguarding amenity and privacy of existing occupiers within neighbouring residential properties; providing new high-quality accommodation in terms of design, internal space and layout; mitigating the potential negative impact of the adjacent railway in terms of noise and vibration; providing adequate light within each dwelling; providing adequate private amenity space; and providing adequate servicing, including for removals, deliveries, fire and emergency access and refuse.
- 5.7. Taking the above constraints into account, officers concluded that the site could not be explored further as a viable residential affordable housing or private sector housing.

- 5.8. **Option 3** – To let the property on a commercial lease reflecting its locality and proximity of residential accommodation. The Council sought advice from an external property agent, Boston Gilmore and their advice indicated there would be demand from commercial and businesses. This option provides the best opportunity to create a new revenue stream from this surplus asset. As redevelopment is not viable due to various constraints then securing rental income.
- 5.9. Option 3 is preferred as it allows ingoing commercial tenants to shape the investment based on their business model. The Council does not have a significant capital planned maintenance budget for investing in commercial property assets. Neither does it have the expertise to inform the very detailed capital investment to refurbish the property to ensure it attracts the right commercial tenant. This option allows the Council to secure a long-term rental stream reflecting the third-party commercial investment.

## **6. CONSULTATION**

- 6.1. There has been consultation with internal stakeholders and members of the Ravenscourt Gardens Residents Association. Local members have also met with Ravenscourt Gardens Residents Association too to gauge their views on their proposals for Ravenscourt Stores.
- 6.2. In respect of any future planning application or other licences needed, the appropriate consultation will be undertaken with residents and key stakeholders.

## **7. EQUALITY IMPLICATIONS**

- 7.1. It is not anticipated that there will be any direct negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010, from the approval of the recommended option.

*Implications verified by: Fawad Bhatti, Policy & Strategy, tel. 07500 103617.*

## **8. LEGAL IMPLICATIONS**

- 8.1 The Local Government Act 1972 section 123 gives the council the power to dispose of land and property. It states that 'a principal council may dispose of land held by them in any manner they wish' subject to a requirement that the property be disposed for best consideration that can reasonably be obtained. It is noted, the Council has marketed the property and sought to secure the best value from its assets
- 8.2 The council considers that the purpose for which the property is to be disposed (by way of a lease) is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any person's resident or present in its area;
- i) The promotion or improvement of economic well-being;

- (ii) The promotion or improvement of social well-being;
- (ii) The promotion or improvement of environmental well-being

*Implications verified/completed by: Rachel Silverstone, Senior Solicitor, tel. 020 8753 2210.*

## **9. FINANCIAL IMPLICATIONS**

- 9.1. The structure of the letting is outlined in Appendix 1. The estimated agent's marketing fees, legal costs and other costs which will be in the region of £30,000 and this are forecast in current budgets. There are current facilities management costs in relation to removing vegetation from the neighbours' walls and roof of Ravenscourt Stores. These will be funded from the Corporate Facilities revenue management budget.
- 9.2. Once let, the Council will also benefit from not having holding costs in relation to if this property remained vacant. The ingoing tenant will be responsible for business rates so the Council will save estimated costs of £30,000 per annum. In addition, as the property is let it will save on future facilities management costs too currently borne by the Council.
- 9.3. The proposed rental income from this property is outlined in Appendix 1. Once the letting is completed, the asset will be transferred from civic accommodation budget to General Fund commercial property budget. The Council's General Fund commercial property income budget has not achieved its target to date, so this letting will ensure it reaches its income forecast in future years.

*Implications completed by: Gary Hannaway – Head of Finance, tel. 020 8753 6071*

*Implications verified by: Emily Hill, Assistant Director of Finance, Corporate Finance, tel. 020 8753 3145*

## **10. IMPLICATIONS FOR BUSINESS**

- 10.1. The proposal is aimed at creating fit for purpose space for artists and related micro/small businesses, which will bring new businesses to the area and allow existing local businesses to access space too. In addition, Kindred is a well-established organisation with strong focus on providing local social and economic value through community programmes and support opportunities for fledgling artists.
- 10.2. The council will work with Kindred and its newly established premises in the borough to maximise any business and skills/employment opportunities.

*Implications verified/completed by: Albena Karameros - Economic Development Team, tel. 020 7938 8583*

## **11. COMMERCIAL IMPLICATIONS**

- 11.1. Properties deals are outside the Public Contract Regulations (2016), therefore there are no procurement implications.

*Implications verified/completed by: Ilaria Agueci, Interim Procurement Consultant tel. 0777 667 2878*

## **12. IT IMPLICATIONS**

- 12.1. No IT implications are considered to arise from this report as it seeks approval to award approval to enter into a lease agreement in respect of Ravenscourt Central Stores with Kindred Studios. Should this not be the case, for example, by requiring new systems to be procured or existing systems to be modified, IT Services should be consulted.
- 12.2. IM implications: a Privacy Impact Assessment(s) should be carried out to ensure that all the potential data protection risks around this agreement (e.g. in consulting with Residents) are properly assessed with mitigating actions agreed and implemented.
- 12.3. The lease with Kindred Studios will need to include H&F's data protection and processing schedule. This is compliant with Data Protection law (the General Data Protection Regulation (GDPR) 2016; and the Data Protection Act (DPA) 2018).
- 12.4. Kindred Studios will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

*Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager, IT Services, tel 0208 753 5748.*

## **13. RISK MANAGEMENT IMPLICATIONS**

- 13.1. In line with the Council priority of being Ruthlessly Financially Efficient, officers have considered a range of options for the future use of this site and have determined that the preferred option will generate a commercial return and ensure the property will be refurbished to a tenable standard to facilitate the ongoing use of the property.
- 13.2. As a result of the whole property being transferred to a commercial let arrangement, the property will now move to LBHF's commercial property schedule and the tenant will be recharged annually for building insurance and terrorism costs.

*Implications verified/completed by: David Hughes – Director of Audit, Fraud, Risk and Insurance, tel. 020 7361 2389, or 07817 507695.*

#### **14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None

#### **LIST OF APPENDICES:**

Appendix 1 – Heads of terms agreed with Kindred Studios – exempt

Appendix 2 – Kindred Studios proposed schedule of works - exempt

Appendix 3 – Summary of offers from Karakuri Limited and Kindred Studios - exempt

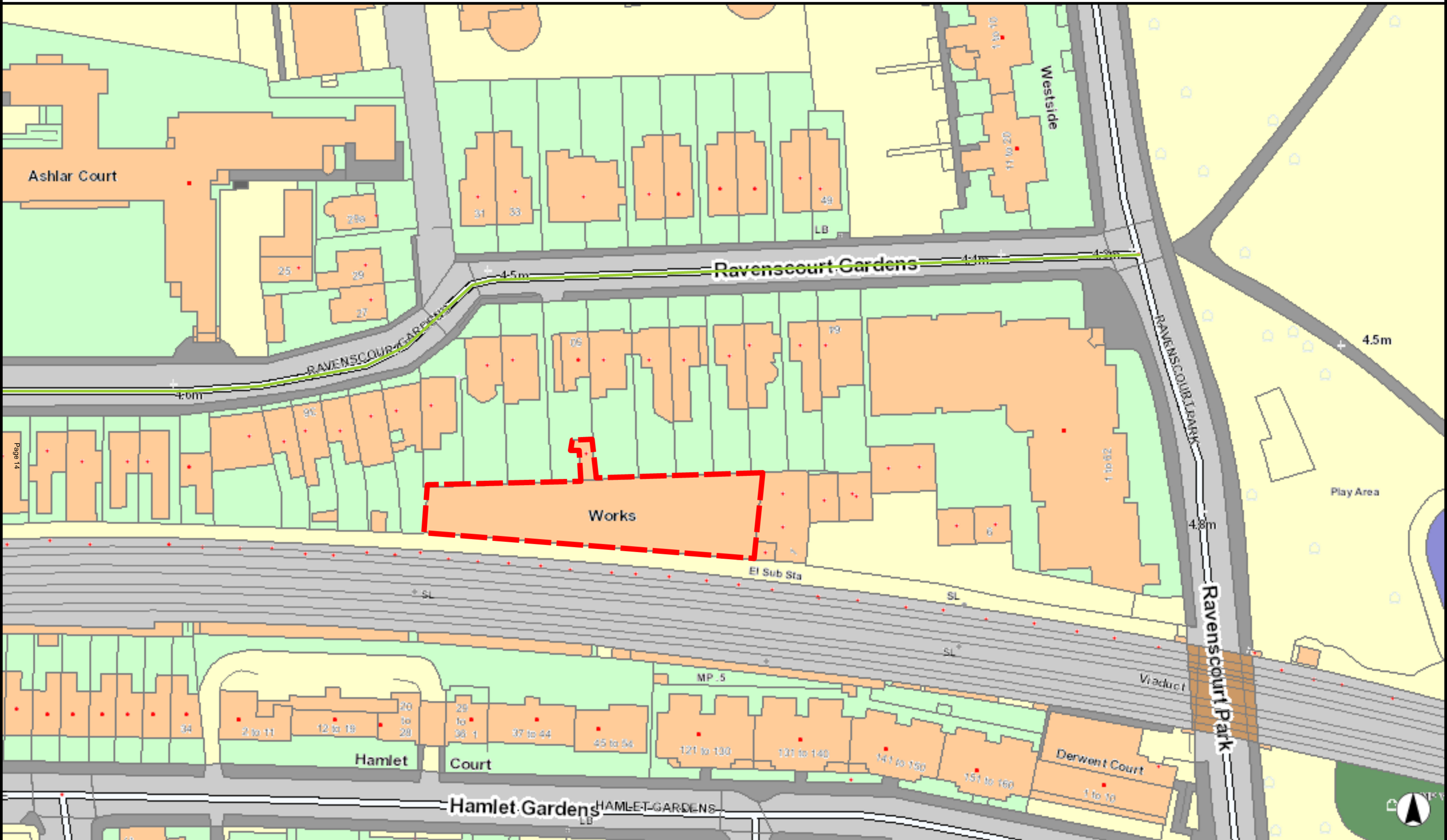
Appendix 4 – Kindred Studios supporting documents - exempt

Appendix 5 – Site location plan - open

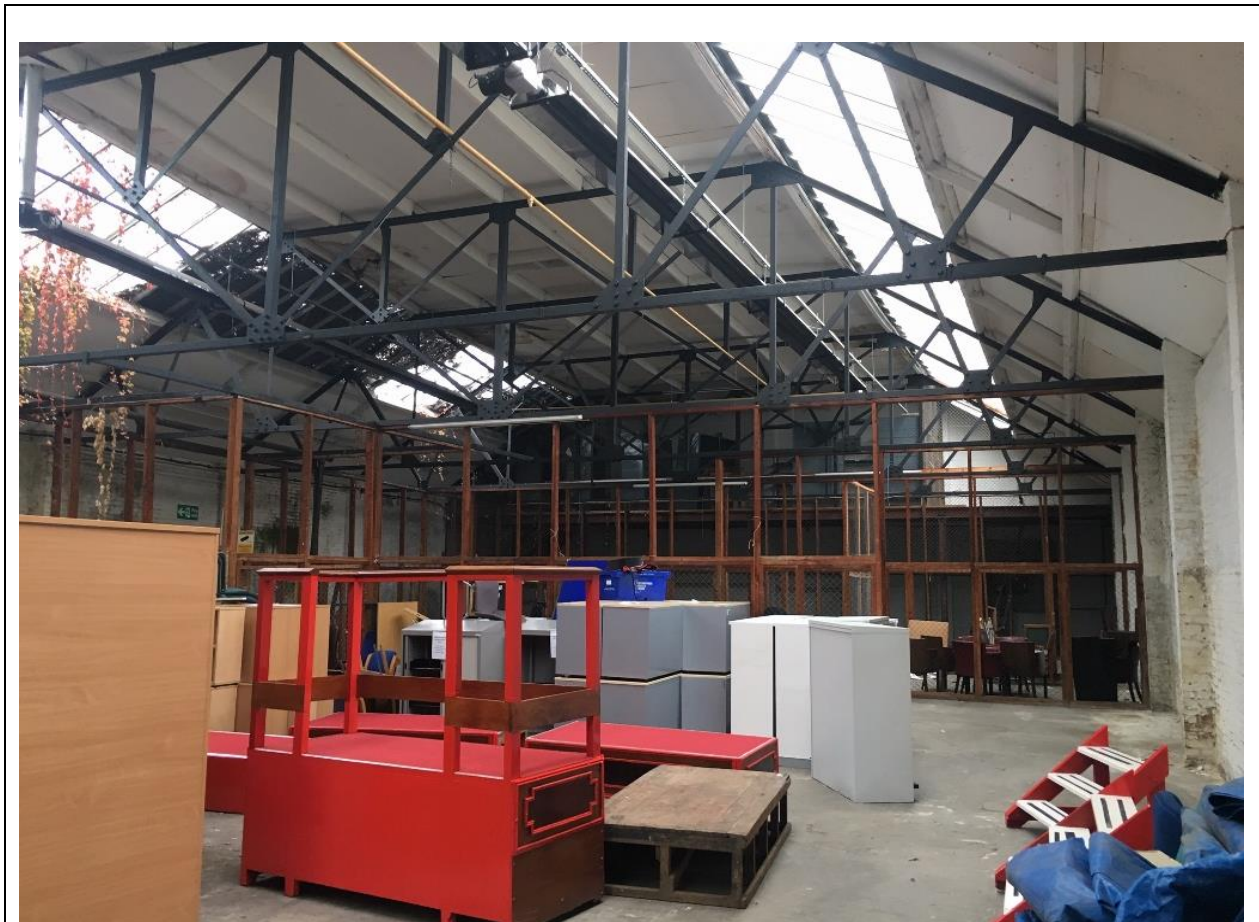
Appendix 6 – Boston Gilmore marketing flyer - open

# Ravenscourt Stores

## Ravenscourt Gardens W6



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**GROUND FLOOR BUSINESS/STORAGE SPACE  
WITH EXCELLENT ACCESS TO HEATHROW AND THE WEST.****TO LET ON NEW LEASE.****Ravenscourt Stores, 50 Ravenscourt Gardens, London W6 0TU****10,007 sq ft (948.3 sq m) approx.****Location:**

The property is situated just east of Stamford Brook Underground Station with access available from a service road providing access for railway arches off Goldhawk Road (close to its junction with King Street Hammersmith). There is also access from Ravenscourt Gardens, a residential street with driveway through an arch to private courtyard and forecourt loading. Please note the archway limits the vehicles to regular transit size vans.

**TEL: 020 7603 1616****BOSTON GILMORE LLP ■ 4 BEACONSFIELD TERRACE ROAD ■ HAMMERSMITH ■ LONDON W14 0PP**

Est. 1983

**TEL: 020 7603 1616 ■ FAX: 020 7603 2822 ■ EMAIL: [property@bostongilmore.com](mailto:property@bostongilmore.com) ■ WEBSITE: [www.bostongilmore.com](http://www.bostongilmore.com)****Subject to contract and exclusive of VAT if applicable**

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The area is well served by local routes the motorway network via the A4/M4 and A40/M40.

**Description:**

This is a traditionally built industrial property constructed circa the 1960's with brick elevations and a pitched corrugated roof on metal trusses. There are a number of glazed roof sections and these provide a considerable amount of natural light during daylight hours.

**Amenities include:**

WC - Forecourt and Parking – 3 Phase Power (not connected) – Small additional mezzanine area – Strip lighting – Heating system (not in use).

**Tenure:**

A new lease to be taken outside the security provisions of the Landlord and Tenant Act

**Rates Payable:**

TBA

**Rent:**

£165,000 per annum exclusive plus VAT

**Service Charge:**

TBA

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