

Cabinet

14 OCTOBER 2010

**DEPUTY LEADER
(+ENVIRONMENT AND
ASSET
MANAGEMENT)**

*Councillor Nicholas
Botteril*

**HAMMERSMITH TOWN HALL EXTENSION -
REFURBISHMENT WORKS TO 4TH FLOOR TO
FACILITATE THE RELOCATION OF THE
PRITMARY CARE TRUST STAFF**

Ward:

Hammersmith
Broadway

This report is to advise The Deputy Leader and Members of the proposed refurbishment works to the 4th floor, Hammersmith Town Hall Extension to enable the relocation of Primary Care Trust (PCT) to Hammersmith Town Hall Extension, when the lease expires on their current office accommodation at 1 Hammersmith Broadway at the end of November 2010. The PCT will fund all costs associated with the refurbishment and the relocation of the PCT staff.

CONTRIBUTORS

ENV(BTS)
DFCS
ADLDS

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| HAS A PEIA BEEN COMPLETED? YES |
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Recommendations:

- 1. For Members to note the appointment of Philiams Construction & Development Limited to carry out the proposed refurbishment works to enable the decanting of the Primary Care Trust (PCT) from 1 Hammersmith Broadway to the 4th floor Hammersmith Town Hall Extension.**
- 2. To note that PCT will wholly fund the cost of the project in the sum of £150,000 plus contingencies in the sum of £25,000 making a total estimated cost of £175,000. Consequently there will be no cost to the council and the subsequent utilisation of the accommodation by the PCT will generate an annual income of approximately £360,000 for reinvestment or debt reduction.**
- 3. To authorise the granting of a lease to the Primary Care Trust for the 4th floor, Town Hall Extension on the terms outlined in the report subject to such detailed terms and conditions, or modifications, as the Assistant Director Building and Property Management and Assistant Director (Legal and Democratic Services) consider appropriate.**

1. BACKGROUND

- 1.1 The Primary care Trust (PCT), are currently residing at 1 Hammersmith Broadway with the existing lease due to expire end of November 2010. As part of the Council's drive to achieve "SmartWorking" throughout the Council, staff in the Environment directorate are re-locating to two floor areas, 5th and 6th floors within the Hammersmith Town Hall Extension, freeing up space on the 4th floor. This provides the opportunity for the PCT team to rent the 4th floor from the Council, avoiding an extension to their current lease which could incur substantial cost to the PCT/Council in the long term should they remain at their offices.
- 1.2 The PCT have agreed in principle to take a lease of the 4th Floor at an annual rent of approx £360,000 per annum inclusive of all outgoings and subject to the council providing them with 120 workstations. Each workstation comprises of one desk, one pedestal and one chair. The PCT are currently considering the option of paying the council a capital sum of £30,000 for the workstations, instead of renting them. Should this option be adopted the annual rental will be adjusted downwards accordingly to approx £354,000 per annum inclusive.
- 1.3 The lease will be for a term of commencing 1st November 2010 and expiring 31st March 2013 and will be excluded from Section 24-28 of the Landlord & Tenant Act 1954. The lease to contain a mutual break clause subject to 9 months written notice in advance, such notice not to be served within 12 months of the commencement date. Upon expiry of the lease PCT will not be liable for any dilapidations.
- 1.4 The works need to be undertaken in order to accommodate the PCT's IT network and arrangement of the floor space to accommodate PCT staff's requirements.
- 1.5 The PCT will continue to use the PCT infrastructure and network, therefore work is required to allow the technical PCT set up. They will also require H&F's telephone network. H&F's Siemens HiPath 4000 will be rolled out to the PCT staff as it is a communications server for large organisations, and can therefore handle the PCT telephony request.

2. BRIEF DETAILS OF THE WORKS

- 2.1 Officers from Building & Property Management have reviewed the project requirements and programme timescale. The works will be carried out under the Council's Measured Term Contract for Non-Housing Works 2007/2010 held with Philiam Construction and Development Limited which runs from 1 January 2007 to 31 December 2010. The scope of the MTC covers the carrying out of works to non housing properties on an order by order basis using the National Schedule of Rates as the pricing mechanism. This MTC is appropriate to undertake the required work and its use will save the time required to invite and obtain approval of building tenders. This approach to procurement allows projects to be processed quickly without recourse to a separate tender, whilst at the same time maintaining value for money, as the completed works are paid for at competitively tendered rates. The inherent flexibility of this MTC is well suited for a project of this nature which requires some design development as the works progress. Philiam

Construction & Development Limited have agreed to undertake the works to meet the programme.

2.2 The proposed works consist of refurbishment of the 4th floor similar to that of SmartSpace (in the Town Hall) to include the following:-

- Cladding and new lighting on pillars and rear wall
- Re-carpeting
- Repainting
- Partitioning for new meeting rooms and glazing panels with manifestation
- Electrical and data points for new layout (plan to follow)
- Telephony

All building control, smoke detection and alterations to emergency lighting are to be included.

3. COMMENTS OF THE DIRECTOR OF ENVIRONMENT AND DETAILS OF FUNDING PROVISIONS

3.1 Comments of the Director of Environment Services are contained within the body of the report.

4. PROGRAMME OF WORK

4.1 The anticipated programme of work is as follows:

| | Date: | Year: |
|-------------------------|--------------|-------|
| ECM: | 22 September | 2010 |
| EMT: | 29 September | 2010 |
| Cabinet Approval: | 14 October | 2010 |
| Proposed Start on Site: | 01 November | 2010 |
| Anticipated Completion: | 16 November | 2010 |

5. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

5.1 The estimated expenditure of £175,000 will be included within the Council's capital programme and be fully funded by a contribution from the PCT.

5.2 The PCT will pay a rental, estimated at £360,000 per annum, for the space they subsequently occupy. This represents new income for the Council and will be taken account of within the current year revenue monitoring and Medium Term Financial Strategy Process.

5.3 Reference is made to a potential upfront capital payment of £30,000 by the PCT for use of workstations. This will reduce there annual rent by an estimated £6,000 per annum. These are existing council owned workstations for which no new

expenditure will be incurred. If received the capital contribution will be taken account of within Capital Estimates.

6. COMMENTS OF THE ASSISTANT DIRECTOR FOR STRATEGY, PERFORMANCE & PROCUREMENT

6.1 There are no Performance or Procurement issues relating to this project.

7. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

7.1 The Council has the power to grant a lease to the PCT under Section 123 Local Government Act 1972. As the lease will not exceed 7 years, it is not essential that the rent and other consideration received represent the best consideration reasonably obtainable, but obviously there need to be sound reasons for any element of subsidy.

7.2 Given the proposals regarding demolition and redevelopment of (inter alia) the Town Hall Extension, it is important that no statutory security of tenure is acquired by the PCT as otherwise recovery of possession may be delayed and become subject to payment by the Council of compensation equivalent to the rateable value of the premises.

7.3 In connection with the redevelopment proposals, a conditional agreement has already been entered into with developers. Under the terms of that agreement, clearance from the developers' solicitors will be needed to grant the lease to the PCT, but it is not expected this will pose a problem, so long as the PCT's lease is to be contracted out of statutory security of tenure.

7.4 Although (in view of the proposed demolition) it is reasonable that the PCT be relieved of liability for dilapidations (to the fabric of the building) when their lease ends, this would be implied anyway if demolition were still being proposed (S.18 Landlord and Tenant Act 1927). If the demolition were to be delayed or abandoned, relieving the PCT from liability for terminal dilapidations could entail the Council in unexpected expense. In those circumstances, it would be preferable therefore that the express exemption from liability for dilapidations be confined to fair wear and tear (since only that will have been reflected in the level of the agreed rent).

7.5 Despite the cost of the refurbishment being borne by the PCT (albeit the works will actually be undertaken by the Council) the interest of the PCT in the result should be limited to their rights under the lease (with no right at the end of the lease to remove anything or claim compensation in lieu).

7.6 It is noted that the works are to be carried out by the Council (and reimbursed by the PCT) under an existing framework agreement for non-housing works.

7.7 If it is necessary to procure workstations, officers should ensure that these are procured in accordance with the Council's contract standing orders. It is

recommended that the arrangements for the provision of the workstations are set out in a written agreement between the Council and the PCT. Legal services will work with officers to put an agreement in place.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

| No. | Description of Background Papers | Name/Ext of holder of file/copy | Department/ Location |
|------------|--|--|---|
| 1. | Contract Control Document | Adele Casey Ext. 2106 | BPM/ENV, Technical Services Manager, SmartFM 6 th floor HTH Extension, King Street, Hammersmith W6 9JU |
| 2. | Project documents, tender preparation details, specification, correspondence, Quality Assurance Plan (Bsi) | Patrick Nolan Ext.4516 | BPM/ENV |
| 3. | Tender returns, tender evaluation details | Patrick Nolan Ext. 4516 | BPM/ENV |
| 4. | Property file | Izhar Haq Ext. 2692 | BPM/ENV |

MDF : REP09/rev08/1.3.2010

Word/Business Support/Admin/Reports/original/ Cabinet Member's Decision

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