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**To: Infrastructure, Land and Environment Policy Board**

**On: 23 January 2019**

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**Report by: Director of Finance and Resources**

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**Heading: Proposed Occupational / Leasing Agreements at Renfrewshire House for Scotland Excel**

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**1. Summary**

- 1.1 The Head of Property has been working with the Director of Scotland Excel, to seek to revise their current occupation arrangement at Renfrewshire House, to utilise additional space.
- 1.2 This report advises the Board of the terms of proposed revised occupation / lease agreement of appropriate premises with Renfrewshire House, through which Scotland Excel and Renfrewshire Council will formalise the occupation.
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**2. Recommendations**

The Board is asked to: -

- 2.1 Authorise the Head of Property and the Head of Corporate Governance to conclude an appropriate revised occupational agreement or leasing arrangement over appropriate premises within Renfrewshire House, to accommodate Scotland Excel.

- 2.2 Recognise that actual location / size of the space which will ultimately be occupied by Scotland Excel within Renfrewshire House, together with the fitting out proposal and costing, may change marginally to reflect ongoing Council / Scotland Excel Priorities, but is otherwise as described in part 4 of this report.
- 2.3 Authorise the Head of Corporate Governance to formally implement the provisionally agreed terms detailed within this report.
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### 3. **Background**

- 3.1 Scotland Excel currently occupy the majority of the North Wing on the fourth floor of Renfrewshire House, which premises extend to c. 654 square metres or thereby. Scotland Excel currently share the north wing with Communities, Housing and Planning Services, however this service is being relocated within Renfrewshire House to free up their space for Scotland Excel to occupy. Scotland Excel will occupy the North Wing of the fourth floor in its entirety, increasing their space to c. 901 square metres or thereby.
- 3.2 Scotland Excel occupy their current space allocation under a lease / occupation agreement which commenced on 13<sup>th</sup> February 2013 and ran for 5 years until 12<sup>th</sup> February 2018, now continuing by Tacit Relocation for 1 further year until 12<sup>th</sup> February 2019.
- 3.3 Scotland Excel operationally require additional space for expansion and the Head of Property has been in discussion with Scotland Excel for some time in reviewing options to accommodate their requirements. Internal restructuring and current Service move plans, together with consultation with the Director of Communities, Housing and Planning Services, identified ability to make the rest of the North Wing of the fourth floor of Renfrewshire House available for Scotland Excel to expand into. Scotland Excel are satisfied in principle with the proposed layout and space plan.
- 3.4 As Renfrewshire Council act as lead authority for Scotland Excel, the Council would ordinarily procure and maintain Scotland Excel's leasing arrangement in the name of Renfrewshire Council. As the Council cannot lease property to itself however, some other form of occupational arrangement is required and the Head of Property will review with the Head of Corporate Governance in this regard. It is likely however that the current arrangement will merely be revised to reflect the Heads of Terms for a replacement occupation arrangement noted in part 4 below.
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4. **Provisional Terms and Conditions: -**

- 4.1 The occupation agreement to be a continuation of the current agreement, revised for the additional space allocation, on an all-inclusive basis, whereby all hard and soft facilities, management services generally, together with utility provision, repairs, payment of rates, insurance etc. will be undertaken by Renfrewshire Council.
- 4.2 The occupation agreement will exist for a new period of 10 years from the current expiry date of 12<sup>th</sup> February 2019, extending therefore until 12<sup>th</sup> February 2029. Scotland Excel will have a “break option” to allow termination of the occupation agreement at the 5<sup>th</sup> anniversary of the term commencement date on providing 12 months prior notice. If the break is not exercised, the rental will be the subject of review at the 5<sup>th</sup> anniversary of the new term commencement date.
- 4.3 Current space planning proposals are for the current partitioning separating Scotland Excel from the rest of the North Wing on the fourth floor of Renfrewshire House to be removed to effect increased open plan working. It should be noted that these plans may change marginally, subject to further agreement with Scotland Excel.
- 4.4 Scotland Excel will have their current parking allocation revised appropriately reflecting the additional space and their staff users will continue to be subject to the Salary Sacrifice Scheme which is already in operation with Renfrewshire Council employees, meaning this element is cost neutral to the Council.
- 4.5 The space allocation will increase from c. 654 sqm or thereby to c. 901 sqm or thereby. The rental payments, currently passing at £107.60 per square metre (£10 per square foot), which is competitive in the current marketplace, will remain at that level. Under the current proposals, this will result in the rental income to Renfrewshire Council increasing to c. £97,000 per annum from that passing of £70,320 per annum. The rent will continue to be billed quarterly in advance.
- 4.6 The current service charge arrangements will continue going forward, enhanced only to reflect the additional space allocation. This will include all operational property costs (including Non-Domestic and Water Rates) in relation to Renfrewshire Council servicing the premises to be occupied by Scotland Excel. This will be billed along with the rent quarterly in advance and will reflect the previous year’s cost out-turn figures, subject to an annual reconciliation at the end of each financial year.

Based on the current charging regime, this will result in an annual payment to Renfrewshire Council of c. £119,500, subject to reconciliation, to offset an appropriate share of Renfrewshire Council's ongoing operational costs in maintaining the Renfrewshire House facilities in a sustainable manner.

- 4.7 Renfrewshire Council shall arrange for the procurement of appropriate fitting out works on behalf of Scotland Excel, with Scotland Excel budgeting Renfrewshire Council fully in this regard, including professional fees.
- 4.8 Finalised terms will require the approval of the Scotland Excel Joint Committee, particularly those relating to fit out costs
- 4.9 Each party will bear their own professional and legal expense in concluding an agreement with Scotland Excel responsible for meeting the cost of any land transaction taxes due.
- 4.10 The transaction shall include such other terms and conditions as may be deemed necessary by the Head of Property and the Head of Corporate Governance to protect the interests of Renfrewshire Council.

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## Implications of the Report

- 1. **Financial – Revenue** – The Rent and Service Charges payable under the proposed occupation agreement will be c. £216,500 per annum exclusive of VAT, subject to any further adjustment to reflect the final agreement over the actual space occupation. Car parking allocation will continue to be cost neutral to the Council as income in this regard will be maintained.
- 2. **HR & Organisational Development** – None.
- 3. **Community Planning** – None.
- 4. **Legal** – Completion of a revised Occupation Agreement.
- 5. **Property/Assets** – As per the report.
- 6. **Information Technology** – Reconfiguration of IT services as per the augmented layout.

7. **Equality & Human Rights -.**
- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety – None.**
9. **Procurement –** Renfrewshire Council will procure an appropriate fit-out works contract.
10. **Risk –** Only for other move planning actions depending on timescales.
11. **Privacy Impact – None.**
12. **Cosla Policy Position – None.**
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### **List of Background Papers**

- (a) Background Paper 1 – Report to the General Management and Finance Policy Board on 13<sup>th</sup> June 2012 entitled "Proposed Occupational / Leasing Agreements at Renfrewshire House for Scotland Excel.

The foregoing background papers will be retained within Property Services for inspection by the public for the prescribed period of four years from the date of the meeting. The contact officer within the service is Joe Lynch, Head of Property, tel. 0141 618 6159, email [joe.lynch@renfrewshire.gov.uk](mailto:joe.lynch@renfrewshire.gov.uk)

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