
To: Infrastructure, Land and Environment Policy Board

On: 29th August 2018

Report by: Director of Finance & Resources

Heading: Lease of Premises at Studio 907, Mile End Mill, 12 Seedhill Road, Paisley

1. Summary

- 1.1 As part of the capital investment works to refurbish the Paisley Museum, there is a requirement to relocate services temporarily. This report seeks authority to extend an already procured short term lease to facilitate this need.
- 1.2 This report advises Members of the property implications associated with the proposed lease extension.
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2. Recommendations

The Board is asked to: -

- 2.1 Authorise the Head of Property Services and the Head of Corporate Governance to implement an option to extend the existing lease at Studio 907, Mile End Mill, 12 Seedhill Road, Paisley, for a further 3 years, based on the terms and conditions noted in 4 below.
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3. **Background**

- 3.1 Paisley Museum and Central Library are due to close in October 2018, to allow commencement of major capital investment works to refurbish the premises. Accordingly, staff, exhibits and facilities are being decanted to a range of alternative locations and facilities. Part of that relocation is for the Heritage Centre to be reinstated at an alternative location. This initiative was reported to the Leadership Board at its meeting on the 12th December 2017, report entitled “Suspension of Paisley Museum Loans and Curatorial enquiries during Capital Redevelopment”.
- 3.2 Initially the Council's operational portfolio was reviewed and then a search was completed for external private property solutions. This resulted in the selection of premises at Studio 907, Ground Floor, Mile End Mill, 12 Seedhill Road, Paisley, which are the subject of this report. Given the short-time scales to decant, the Head of Property Services has concluded a 1-year lease of the premises under his Delegated Powers. This was with an “option to extend” included in the legal missives, on the same lease terms and conditions, for a further 3 years, which could be implemented with authority of the Board only.
- 3.3 The terms of the lease deal are as noted in 4. below. Renfrewshire Leisure, who will occupy the premises, will also enter into an appropriate sub-lease, to replicate the lease arrangements at their other existing Renfrewshire Council owned properties.

4. **Provisional Terms and Conditions: -**

The Terms and Conditions agreed with the Landlord are as follows: -

- 4.1 By the date of this Board meeting, Renfrewshire Council will have concluded a new 1-year lease over the premises at Studio 907, Ground Floor, Mile End Mill, 12 Seedhill Road, Paisley, commencing on 20th August 2018, on full repairing and insuring terms. This lease agreed under the Head of Property Services' delegated powers.
- 4.2 Renfrewshire Leisure will take a sub-lease over the premises throughout the duration of the lease and any lease extension period, effectively taking on the Tenant obligations under the lease.
- 4.3 The lease has an “option to extend” included which allows the Tenant to give notice to the Landlord to extend the term of the lease for a further 3 years. This option requires the authority of the Board to progress. Typically, any lease over 1 year would be procured with appropriate Board authority, however the timescales required to begin fit out and preparatory works to the premises precluded this.

The decant lease requirement for the Museum refurbishment programme has always been known as being c. 4 years, hence the action undertaken to secure the premises at the earliest opportunity, while seeking a Board decision at a later date. The Landlord for the premises has proceeded in good faith in assisting us, both in taking the slight risk of signing up to a 1-year initial lease only, and in paying for part of the fit out works as an incentive at his cost.

- 4.4 The rent is £23,000 per annum Plus VAT, payable quarterly in advance. The rent will not be the subject of review during the lease term.
- 4.5 Service charges will be payable in addition, currently running at £10,062.50 per annum plus VAT. This may be reviewed during the term, the landlord acting reasonably.
- 4.6 The Landlord, as an incentive to the Council, is undertaking some preparatory fit out works at his cost, including upgrade of lighting, additional new partitioning, decoration, electrical and IT additions and upgrades. Renfrewshire Council are progressing at cost with any further works beyond that.
- 4.7 Each party will bear their own professional and legal expenses in the conclusion of this lease.
- 4.8 The transaction for the new lease shall include such other terms and conditions as may be deemed necessary by the Head of Property Services and the Head of Corporate Governance to protect the interests of Renfrewshire Council.

Implications of the Report

- 1. **Financial** – Revenue – Rent will be £23,000 per annum + VAT, with additional payments due for service charges, insurance, etc. Capital costs for the Council are estimated at £42,000 or thereby, which is being funded from the Cultural Infrastructure programme.
- 2. **HR & Organisational Development** – None.
- 3. **Community Planning** –
 - Our Renfrewshire is thriving – encouragement of take up of available space
 - Our Renfrewshire is fair - facilitation of a practical solutions to Tenant needs.

4. **Legal** – The Head of Corporate Governance will extend the newly entered lease agreement for a further 3- year term.
5. **Property/Assets** – As per the report.
6. **Information Technology** – continuation of services already in place.
7. **Equality & Human Rights** – The activity support equality of access to services.
 - (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 as services in their current format will continue only partially revised and in a different location. 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** – Work for Property Services to procure fit out works at cost.
10. **Risk** – Increasing maintenance costs along with potential residual terminal dilapidations costs.
11. **Privacy Impact** – None.
12. **Cosla Policy Position** – None.

List of Background Papers

- (a) Background Paper 1 – Report to the Leadership Board on 12th December 2017 entitled “Suspension of Paisley Museum Loans and Curatorial enquiries during Capital Refurbishment”.

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 Services, tel. 0141 618 6159, email: - joe.lynch@renfrewshire.gov.uk.