

APPENDIX A – Lettings Strategy

Harborough District Council

Headquarters Building; Retail and Office Lettings Strategy

20/08/2012

1. Introduction, Purpose and Scope

The generation of income from Harborough District Council's property portfolio in Market Harborough is a key component of the wider business case for Transformation. This strategy document has been prepared to inform the approach to be taken by Council officers to deliver the sustainable revenue income required by the Transformation business case in terms of determining the type and value of lettings to be entered into.

Nb. The management and development of market trading activity in Market Harborough, and a strategy for the development, use and management of the Market Hall is to be set out separately.

This strategy is made up of three distinct elements:

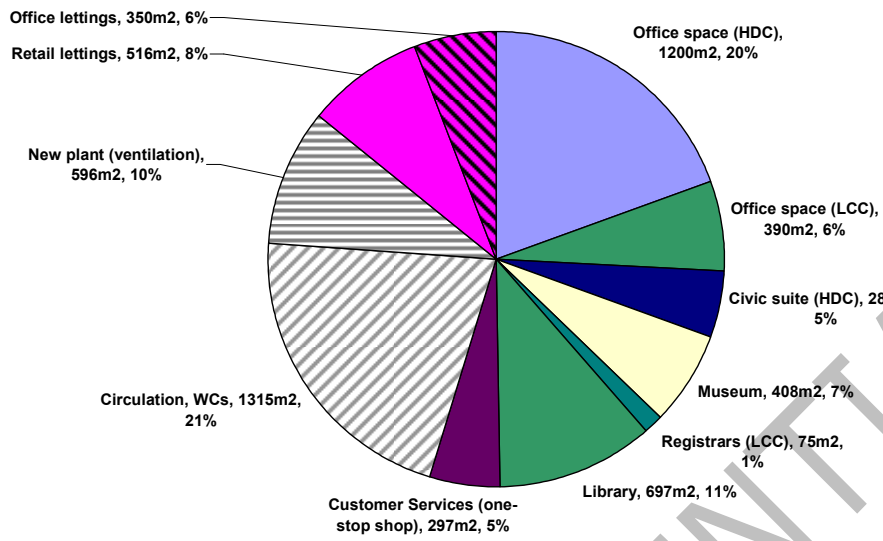
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The use of the Headquarters building will primarily be by Harborough District Council as the owner of the Asset and by Leicestershire County Council, who will effectively be the “anchor tenant” for the redeveloped site; entering into agreements for a total of approximately 18% of the building covering Library, Registrars and Office accommodation (as well as shared use of the one-stop shop for meeting service users).

As the following diagram illustrates, a total of 14% of the total floorspace within the building is commercially “lettable”; 8% as retail and 6% as office space.

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Proposed asset utilization following redevelopment – Council Headquarters, Adam and Eve Street



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2. Retail Lettings

2.1. Available retail units

The redevelopment of the headquarters building will provide a total of just under 470sq m of retail space. This is divided into 3 areas (shown in blue on plan SK100 as Appendix 1):

Unit	Size (sq m)	Location/Access	Description/Notes
1	139	Adam and Eve Street façade, accessed from north-west side of the arcade into the building.	This unit can be let as a single unit (preferred) or subdivided if demand exists into two units of equal size.
2	163	Adam and Eve Street façade, accessed from south-east side of the arcade into the building.	This unit will be let as a single unit.
3	163	Adam and Eve Street façade, accessed from reinstated "Club Room" entrance on Adam and Eve Street, to South East of Fox Yard entry.	This unit will be let as a single unit.

2.2. Retail lettings approach

Retail leases will be let on a commercial basis.

Leases will be made on the basis of "shell" spaces on the first occasion. Lessor will be expected to meet the cost of fit out.

Basic services (electricity, water, cooling, all separately metered) will be supplied to each unit.

Rent levels will consider the local economic climate both at the time of entering into leases with any prospective tenant and through periodic rent reviews where appropriate.

2.3. Retail tenant selection policy

In considering potential tenants, the following criteria shall apply:

Tenants must set out their intention to operate a business which strictly meets the planning criteria definition for A1 retail use; (or otherwise seek authorisation from the landlord before obtaining planning permission for any potential alternative use).

In order to support and sustain the unique, diverse and highly successful retail offer in Market Harborough, preference shall be given for independent, local businesses.

Where possible, tenancy for existing retail businesses already based in Market Harborough town centre shall be avoided, unless demonstrable business requirements can be given for relocation to the site (eg. business growth, suitability of current accommodation).

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Tenants must be able to meet the monthly licence fee and other charges; and shall:(accepting that some may need to raise external funds at an early stage in order to continue to pay such charges);

- have a bank account in the name of the company;
- pay a deposit equal to the first month's licence fee prior to occupation;
- shall establish a standing order (direct debit) for the on-going payment of the monthly licence fee.

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3. Office Lettings

3.1. Available office space and facilities

The redevelopment of the headquarters building will provide a total of just under 1750 sq m (Net Internal Area) of office space distributed across the second and third floors. This has been designed in accordance with RICS good practice, and in line with a number of comparable local projects, including District Council led development in Melton and Hinckley, and the County Council's office strategy.

In line with the development ethos to provide sustainable income, the office space within the redevelopment has been considered with flexibility as a priority. As a single, open plan office space with accompanying facilities and services, the space offers huge potential for a range of possible lettings models.

3.2. Lettings approach

It is proposed to let office space within the building on a "by desk" approach, as fully serviced office accommodation.

Market rent (or equivalent by desk usage charges) will be levied.

This enables maximum flexibility and cost effective use to be made of the building, as follows:

- Office accommodation needs of public sector partners (including HDC and LCC) committing to the scheme can be met in a highly flexible manner, that can fluctuate readily with changes to service delivery models, organisational restructuring processes, and the increasingly cross agency working approach in the public sector.
- Shared facilities, such as kitchen/breakout space, meeting rooms and reception services, can be shared with additional fit out costs for each tenant.
- Tenants would have the option to buy into a "back office only" model, or where appropriate an option that also offers use of the one-stop shop to support integrated service delivery.
- Costs in terms of partitioning and other physical alterations can be minimised for each tenancy. (However, partitioning of areas MAY be considered if a tenancy offer good value to HDC.)
- A range of tenancy/licence terms can be developed that offer a full range from large scale long-term agreements (like the occupation by the County Council) to potentially short-stay tenancies.

3.3. Office tenant selection policy

In considering potential tenants, the following criteria shall apply:

In order to support and sustain the delivery of high quality public services to the resident of Harborough District, preference shall be given for tenancy by public

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sector partners, and other organisations directly engaged in delivery of services that support the resident of Market Harborough.

Subsequently, preference will be given for organisations that are compatible with the ethos of the development, complementary to the offering of public services from the building.

Finally, tenancy by other bodies will be considered; organisations, groups or bodies not defined above will be subject to agreement by the Executive. Tenancies shall not be agreed where contradictory to the ambitions of other schemes in Harborough District, such as the HIC.

Lease/Licence fee costs will be agreed subject to market conditions, but will also reflect any physical alterations required to accommodate any third-party.

Tenants must be able to meet the monthly licence fee and other charges; and shall:(accepting that some may need to raise external funds at an early stage in order to continue to pay such charges);

- have a bank account in the name of the company;
- pay a deposit equal to the first month's licence fee prior to occupation;
- shall establish a standing order (direct debit) for the on-going payment of the monthly licence fee.

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4. Short-term Lettings and Room Hire

4.1. Available spaces and facilities

The redevelopment of the headquarters building will provide a number of high quality meeting and other communal spaces that have potential to be hired for community use. These include:

- the proposed civic facilities (Council chamber and associated “committee/conference rooms”),
- the marriage room, which will be used by the Registrars service on a part-time basis,
- the ground floor conference room.

4.2. Room Hire approach

It is not proposed to permit use of the meeting rooms directly associated with the office spaces for hire.

In all cases, lettings to the community or outside groups will only be considered where no user of the building has a prior call on the venue; for example the democratic and civic activities of Harborough District Council must be fully accommodated before any outside booking of the Council chamber will be considered.

Preference in terms of consideration of room hire will be given to activities consistent with the use of the building; in particular for group use associated with museum and library visits, or for large group activity by organisations using the building such as training courses.

Finally, community hire for groups will be considered.

4.3. Room Hire, lessee selection policy

In considering potential tenants, the following criteria shall apply:

As there is no business case dependency upon room hire income, the compatibility of room hire to lessees at the HQ site, and also considering covenants and requirements applying on other Council assets (such as community use of Settling Rooms), will be the primary restriction on use by possible lessees;

Tenants must be able to meet the necessary charges, either by means of an up-front payment, or by means of an established account with the Council, in which case the following criteria shall also apply; the lessee must:

- have a bank account in the name of the company;
- shall establish a standing order (direct debit) for any hire charges to be met.