

CORPORATE ASSET SUB (FINANCE) COMMITTEE

WEDNESDAY, 24 NOVEMBER 2021

NOT FOR PUBLICATION

By virtue of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.

21. **NON-PUBLIC MINUTES**

RESOLVED: That the non-public minutes of the Corporate Asset Sub-committee meeting held on 30 September 2021 be approved as an accurate record of the meeting.

Matters Arising

Park View Bungalow – Members noted that Heads of Terms were agreed under delegated authority in August. There remained one or two utility related issues to resolve and these were progressing and with the final contract still to be exchanged.

Operational Property Review Incentive to Departments – A briefing note was being finalised for the Chairmen of Corporate Asset Sub-committee and Finance Committee to consider, following which a report would be brought back to this Sub-committee to consider.

Smithfield Commercial Offices – Agreement in principle has been reached with Seymour Distribution Limited in relation to a settlement of their areas and this was now being finalised but not in time to report to this meeting. A further extension was requested to the delegated authority previously granted.

RESOLVED: That Members approve an extension to the delegated authority previously granted to allow settlement of areas with Seymour Distribution Limited to be finalised.

22. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**

The Sub-committee received a report of the Town Clerk which provided information on outstanding non-public actions from previous meetings.

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23. **GUILDHALL COMPLEX - REFURBISHMENT OPTIONS FOR THE NORTH AND WEST WINGS**

The Sub-committee considered a report of the City Surveyor relating to a project to develop and/or extend the Guildhall North and West Wings and the CII Building to deliver a future Guildhall which meets the City of London Corporate Plan objectives, climate action targets and business requirements alongside creating a modern fit for purpose accommodation for Members, officers and the public.

The City Surveyor introduced the report and talked Members through key elements within it. It was explained how this opportunity for change comes at

a time when the City Corporation needs to urgently modernise or replace the North and West Wings to address life expiring assets such as the heating and cooling systems and also to meet challenging Climate Action targets. The project presented an opportunity to influence how Guildhall was perceived within the Square Mile and London more broadly, by designing a new open and transparent headquarters that would work for Members and staff as well as the public.

Members were fully supportive of the project, and all acknowledged the need for action in relation to development of the North and West Wings. During the discussion that followed the following observations were raised: -

- Commercial options for the North Wing were to be welcomed.
- Greater use should be made of the CII Building; there was potential to move Member facilities and committee rooms into this location and create additional office space in Guildhall, West Wing.
- The opportunity must not be lost in taking an aggressive approach with the development and the City Surveyor confirmed a consultant had been appointed to consider all options, which included an additional floor being added to the building.
- It was highlighted that a Certificate of Immunity Against Listing was life limited and would not be easily renewed, with an extension likely to prove difficult to obtain. It was suggested carrying out development to North Wing first rather than risking Immunity Against Listing running out. The City Surveyor acknowledged the point relating to Immunity Against Listing and agreed to look into this to understand the position fully.
- A Member, also Chairman of Finance Committee, remarked on an estimate of the costs in terms of capital funding; it was suggested that other parts of the equation needed including when reporting to other committees to show earmarked capital in the medium-term budget, provide an indication of credit from the Climate Action Strategy and also set out the cheaper running costs from putting in new M&E against huge capital costs of remediation works. The City Surveyor agreed to look at costs that would have been earmarked for M&E works, but it was suggested these costs would add up in terms of net value.

The City Surveyor thanked Members for their comments. The Chairman remarked on it being early days in the project and noted Members were supportive of option 2.

RESOLVED: That Members: -

- Approve a budget of £317,710 for the appointment of a professional team to produce a high-level feasibility study and funds are requested to be drawn down to cover the cost from the approved capital resources set aside in the 2021/22 BID;
- Note that a further £1,080,000 will be required to reach Gateway 3 and complete the outline options appraisal in full and Members approve that drawdown of these additional funds will be requested in a Progress

Report presented to Members for approval in 2022 to coincide with their release in the 2022/23 Annual BID (if approved);

- That Members approve a budget for the appointment of one or more additional City Surveyor's posts at an estimated initial cost of £30,806 to facilitate procurement of the professional team and act as internal liaison to the professional team;
- Note the total estimated cost of the project at between £142,770,000 and £183,350,000 (excluding risk), depending on which option is progressed;
- Note the total estimated cost of the project at between £155,960,000 and £197,670,000 (including risk), depending on which option is progressed;
- Note that temporary decant solutions will be explored during Gateway 2 and that the current estimated cost is c. £1.5m.
- That a Costed Risk Provision of £32,290 is approved (to be drawn down via delegation to Chief Officer).

24. HIGHWAY LAND DISPOSAL: 4 LINDSEY STREET, EC1A

The Sub-committee considered a report of the City Surveyor seeking approval of disposal of City Cash airspace situated on Lindsey Street, EC1A.

RESOLVED: That Members: -

- Approve the grant of a 150-year airspace lease over City Cash land in respect of a volume of airspace affecting an area of 158 sq.ft. situated on Lindsey Street, EC1A to Farrington East (Jersey) Limited (and the associated headlease holder if required) from a date to be agreed at a premium of £39,500 exclusive and subject to an annual peppercorn rent without review.
- Delegate authority to the City Surveyor and the Deputy Director of Transportation and Public Realm to determine the relevant ordnance datum levels to suitably restrict the vertical extent of the leasehold airspace demise.
- Note that Farrington East (Jersey) Limited will contribute £15,000 exclusive towards City Corporation costs.
- Delegate authority to the City Surveyor (in conjunction with the Chamberlain for matters of a financial nature) to agree any minor changes.
- Instruct the Comptroller & City Solicitor to undertake any necessary documentation.

25. HIGHWAY LAND DISPOSAL: 50 FENCHURCH STREET, EC3M 3JY

The Sub-committee considered a report of the City Surveyor seeking approval for the disposal of freehold land/subsoil and leasehold airspace situated around 50 Fenchurch Street, EC3M 3JY to The Clothworkers Company Limited (The Clothworkers).

Mr Ingham Clark declared an interest as a Member of Clothworkers.

RESOLVED: That Members: -

- Subject to the highway land being declared surplus, approve the freehold disposal of City Fund and City Cash land measuring a total area of 917

sq.ft. situated around 50 Fenchurch Street, EC3M 3JY to The Clothworkers at a premium of £2,499,541 exclusive of VAT.

- Subject to the highway airspace being declared surplus, approve the grant of a 150-year airspace lease over City Fund and City Cash land in respect of a volume of airspace affecting a total area of 1,700 sq.ft. situated around 50 Fenchurch Street, EC3M 3JY to The Clothworkers from a date to be agreed at a premium of £299,483 exclusive of VAT and subject to an annual peppercorn rent without review.
- Note that the disposal of the City Corporation's interest at the ground level of Star Lane (City Cash) is subject to the Planning and Transportation Committee first granting a stopping up order.
- Note the total sum receivable by the City Corporation for disposal of these interests will be £2,799,024 exclusive of VAT which has been approved by the City's Valuation Panel.
- Note that The Clothworkers will contribute £130,000 exclusive of VAT towards City Corporation legal and surveying costs.
- Delegate authority to the City Surveyor and the Deputy Director of Transportation and Public Realm to determine the relevant ordnance datum levels to suitably restrict the vertical extent of the leasehold airspace demise.
- Delegate authority to the City Surveyor (in conjunction with the Chamberlain for matters of a financial nature) to agree any minor changes.
- Instruct the Comptroller & City Solicitor to undertake any necessary documentation.

26. **ANNUAL REPORT ON OPERATIONAL PROPERTY PORFOLIO**

The Sub-committee received a report of the City Surveyor that provided Members with a broad understanding of the diverse nature and complexity of the City's operational property portfolio and highlighting key changes to it over the last 12 months.

The Chairman commented on what he considered to be a very good and well-presented report and noted a key point being the portfolio having seen a net gain over the past 12 months.

A Member referred to the proposed disposal of Islington Arts Factory and this site having been declared surplus some time ago. The Member questioned why this site was still showing as pending. The City Surveyor agreed to follow up on this point with the Director of Community and Children's Services and provide the Member with an update.

RESOLVED: That the report be received, and its content noted.

27. **WOODREDEN FARM AND EQUESTRIAN CENTRE**

The Sub-committee considered a report of the City Surveyor providing an update on the outcome of the marketing campaign and seeking Members' approval of the shortlist of six bidders to now progress to the second round of best and final bids.

The Chairman remarked on the sale being of interest to Epping Forest & Commons Committee. The Chairman stressed the importance of the City Corporation being a responsible seller, with the proposal presented achieving this.

A Member remarked on a key risk being someone buying the land, redeveloping it and selling it on at a great profit. The City Corporation has a responsibility to ensure it achieves full value from its public funds. The Chairman questioned how strong a protective covenant would be at protecting against this.

The Member added that any protective covenant would only go so far and that there would always be a risk of the new owner applying to vary this, which had to be kept in mind. It was noted that the City Corporation would retain an interest in the site as owner of Epping Forest adjacent to it. Secretary of State approval would also be required for sale of the land.

The City Surveyor stressed that efforts were being made to try and strike a balance, not wanting to preclude the occupier from being able to sell on at a later date, whilst also acting as conservatoire of Epping Forest. Any proposed bidder considered detrimental to Epping Forest could potentially be refused access to the site.

A Member questioned the weight given to the City Corporation's role as conservatoire in the evaluation criteria and suggested this be included as a percentage when a report comes back for further consideration.

The Chairman noted that Members were content to move forward as had been proposed. The Chairman suggested a visit to the site be organised in advance of any final decision and with any Member being welcome to attend the visit should they wish to.

RESOLVED: That Members: -

- Approve the shortlist of six bidders in paragraph 11 to progress to the second round of bids for the disposal of Woodredon Farm and Equestrian Centre.
- Approve the second round will explicitly seek bids based on both Options 2 and 3, providing their intentions for future development and possible impact on the forest, thus clarifying officer assumptions.
- Approve the second round will only be seeking offers on an unconditional basis, with safeguards for future overage, to achieve a receipt in 2022.
- Approve this will include the City of London Corporation's current tenant and provides an opportunity to improve their bid.

- Approve not to pursue the seven bids and two telecommunications only bids identified as set out in Appendix 1.
- Approve the proposed new refined bid evaluation criteria in Appendix 2 within this report, for the purpose of directing final bidders and identifying the final preferred bidder.
- Note that any future disposal will be subject to appropriate restrictive covenants and contractual provisions as a result of the adjoining Epping Forest. These will be specified when the final disposal heads of terms are reported for future approval.
- Note a further report will be presented to committee once the second round of bids have been received and evaluated for consideration and approval of the preferred bidder.

28. NON PUBLIC ACTION TAKEN BETWEEN MEETINGS

The Sub-committee received a report of the Town Clerk providing information relating to decisions taken under delegated or urgency procedures since the last meeting.

The Town Clerk highlighted a delegated decision that had recently been taken in relation to the City of London Operational Tenant at Wallbrook Wharf, but this not having been approved in time for inclusion within the report. A formal record of this approval would follow at the next meeting.

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29. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE

There were no questions.

30. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no additional items of business.

The meeting ended at 3.31pm

Chairman

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