



Notice of NON KEY Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendix A is not available for public inspection as it contains or relates to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	Relocation of Covid Distribution Hub
Cabinet Member:	Councillor Roger Ramsey
SLT Lead:	Neil Stubbings
Report Author and contact details:	Mark Butler 01708 432947 mark.butler@onesource.gov.uk
Policy context:	The requirement for new hub premises supports the Council's ongoing response to the Covid pandemic, protecting the safety and welfare of residents and staff.
Financial summary:	The proposed lease acquisition is likely to incur revenue costs in the sum of £88.5k over the next 12 months, to be recovered from the PPE Administration, Storage and Distribution Grant (or the Covid Outbreak Management Fund).

The subject matter of this report deals with the following Council Objectives

Non Key Executive Decision – Part Exempt Report

Communities making Havering	<input checked="" type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

To agree to terms for the leasing of premises as shown in the Exempt Appendix B for a minimum period of 12 months to support the Council's ongoing Covid response

AUTHORITY UNDER WHICH DECISION IS MADE

Constitution, part 3 Responsibility for Functions,
Section 3.9 Functions Relating to the oneSource Group of Services:
Asset Management Functions:

(ix) To be the Council's designated corporate property officer, responsible for the strategic management of the Council's property portfolio, including corporate strategy and asset management, procurement of property and property services, planned and preventative maintenance programmes, property allocation and use, reviews, acquisitions and disposals, and commercial estate management.

STATEMENT OF THE REASONS FOR THE DECISION

Context:

The Council has been operating a Covid 'hub' since late March 2020 as a base for incoming delivery and outbound distribution of PPE, test kits, food and other essential household goods to residents, schools, front line services, Covid test centres and care providers.

Notwithstanding the successful vaccination rollout to date, the ongoing response to the pandemic and likely ongoing requirement for testing and PPE indicates that a hub facility is likely to be required for at least a further 12 month period.

The Distribution Hub was originally based within Hornchurch Sports Centre but relocated to the former Quarles College site in December 2020 to enable demolition works to the former. The Quarles site is itself the subject of a development proposal by Mercury Land Holdings in conjunction with Bellway Homes and demolition of existing buildings is programmed to commence in the latter half of 2021, prompting the need to find a new location for the hub for what is anticipated to be at least a further 12 months. The existing hub is also too small to cope with periods of peak capacity

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Requirements and options:

Experience of operating the Hub over the previous 12 months has confirmed the following criteria in selecting a future location:

- Capacity - is the facility large enough to provide adequate storage for anticipated needs which may change e.g. if surge testing becomes a requirement. The existing facility measures 250 sqm and 325 sqm is ideally required.
- Configuration – is the space configured in a suitable manner to set up picking lines i.e. large, unobstructed open plan areas are most efficient
- Physical access –
 - ease of access by lorries/van for inbound/outbound deliveries
 - level access for loading and unloading (most inbound deliveries are now palletised)
- Availability – can access be gained easily at weekends, evenings at short notice
- Central location – is the site located at a suitable point to easily serve all areas of the borough
- Disruption – proximity to neighbouring residences may cause disruption/complaint particularly if evening and weekend access is used
- Security – costs and considerations
- Welfare facilities – are there toilet and welfare facilities available to staff working at the Hub
- Preparation costs/lead in time – estimated cost and period for any works necessary in advance to make the site suitable for Hub use
- Duration – is the site available from May 2021 to Summer 2022?

A variety of options have been considered for relocation of the Hub, including vacant Council premises and private sector options. Unfortunately, the Council's commercial portfolio contains little business space and any vacant Council retail units are both too small, and lack suitable loading and unloading facilities. Vacant office space could theoretically be made available, but is generally located on upper floors (as in the case of Mercury House, River Chambers) or does not offer suitably configured space.

The ability to accept palletised deliveries is critical, both from a safety perspective but also in terms of efficiency as it minimises the level of resources needed to operate the hub.

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Details of the sites considered and comparative appraisal of each is set out in Appendix 1, indicating a preferred leasehold candidate that is available at short notice and for the required duration. Costs associated with leasing the premises should be recoverable from DHSC (as Newham Council have done) or could be met from the Outbreak Management Fund.

The preferred option will generate leasing and occupation costs of £88,549 p.a. However, it should be borne in mind that the original Hub at Hornchurch Sports Centre required additional security and refrigeration measures, together costing in excess of £5,000 per month, neither of which are necessary at the proposed premises.

OTHER OPTIONS CONSIDERED AND REJECTED

Do Nothing – it is not feasible to remaining the existing hub as it is due to be demolished within proposals to redevelop the Quarles site

Share a Hub with another borough – adjoining boroughs do not have sufficient additional capacity, and from a logistical perspective, it is more practical to service Havering's needs from a facility within the borough.

Consider an alternative location within Havering – the immediate alternatives have been considered within the table in Appendix A and have been discounted in favour of the recommended option.

PRE-DECISION CONSULTATION

None

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Jonathan Brown

Designation: Head of Property Services

Signature:



Date: 14th May 2021

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The lease for the preferred unit is offered for a three-year term but with the option for the Council to break the lease at 12 months, with a rolling break provision at any time after subject to serving 3 months' notice.

The lease is offered on internal repairing terms (i.e. the Council is not responsible for external repairs) and the rent is inclusive of service charge.

The Council has power to take on the lease pursuant to section 120 of the Local Government Act 1972. The section authorises the Council to acquire land by agreement for the purposes of (a) any of the council's functions or (b) the benefit, improvement or development of the area.

The use of the property by the Council complies with the Council's statutory duty as set out in the Health and Social Care Act 2012 at clause 12 which sets out an amendment to the National Health Service Act 2006 with the addition of a new section 2B in Part 1.

Section 2B at paragraph (3) enables the Council as a Local Authority to take such steps as it considers appropriate for improving the health of the people in its area with paragraph (3) (c) enabling the Council to provide services or facilities for the prevention, diagnosis or treatment of illness and paragraph (3) (g) enables the Council to make available the services of any person or any facilities in order to improve the health of the people in its area.

FINANCIAL IMPLICATIONS AND RISKS

The preferred unit is recently constructed and accordingly requires no initial works.

Annual occupation costs are as follows:

Rent:	£60,759
NNDR	£28,000
Service Charge:	0 (included within rent)

Total **£88,759 p.a.**

The DHSC has recently confirmed that they will be considering reasonable costs for COVID-19 PPE storage, administration and distribution going forward from June 2021 until March 2022.

It should be noted that the existing staff and vehicle costs associated with running the hub are already funded from a combination of the above funding sources and the expectation is that they will continue to do so. Running costs of the hub are not expected to change significantly following its relocation with the exception of those items outlined above.

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are no immediate HR implications arising from the proposed relocation. The existing hub is managed by personnel from the Transport service within Asset Management and these will operate from the new premises without any anticipated need for additional resource.

The relocation of stock from the existing hub to the new facility will similarly be managed and undertaken by the Transport service.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a proposed or planned activity is likely to affect staff, service users, or other residents.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

There are not considered to be any equalities implications arising from the proposed relocation of the Distribution hub.

BACKGROUND PAPERS

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed



Name: Mark Butler

SLT Member title: Director of Asset Management

Date: 14th May 2021

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____

Appendix A – EXEMPT – Option Appraisal of potential hub sites

Option	Location	Capacity	Configuration	Parking	Availability	Loading	Proximity	Security	We
Mercury House - Floor 12	Romford	Likely to be too small	Can be cleared	Rear access only	Intruder alarmed after 7pm. Need to consider weekend access	Loading bay at rear but unable to take palletised loads in lift	Yes	Yes	Y
River Chambers	Romford	Likely to be too small	Can be cleared	Restricted parking at front	Yes	No lift - no loading bay	Yes	Yes	Y
Bridge Close 13a	Romford		Poor condition	Restricted, no facility for lorry deliveries	Yes	No loading bay	Yes	None	M kn
Mothercare	Romford	930sq.m - more than adequate but too big until sub-divided	Large open plan retail unit	Yes	Yes	Loading facilities	Yes	TBC	Y

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Option	Location	Capacity	Configuration	Parking	Availability	Loading	Proximity	Security	Welfare	Preparation	Duration	Comments
												there will be building works ongoing to convert the site
Argos	Hornchurch	792 sq.m	Large open plan retail unit	Yes	Yes	Loading facilities	Yes	TBC	Yes	Minor works to be undertaken	Landlord requires 5 year lease	Being marketed for a 5 year lease. This site is no longer viable
Enterprise Business Centre Unit 9, 10 & 11, Segro Park,	Rainham	347 sq.m including mezzanine	Industrial Park	Yes	From 1/5/21	Loading facilities	Off-centre	24 hour	Yes	None	Flexible lease with rolling lease after month 12	Viewed units 5, 8 & 11. Unit 11 is the preferred site. £60,759 pa, plus NNDR .

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Appendix B – EXEMPT – Heads of Terms

PROPERTY ADDRESS:	Unit 11 Enterprise Business Centre Consul Avenue, Rainham, RM13 8JE
PREMISES AND SIZE:	The property extends to a gross external area of 347 sqm (3,735 sq. ft.) . A detailed schedule describing the premises and the fixtures and fittings in it will be incorporated into the lease.
LANDLORD:	Reg. Name: SEGRO (Rainham, Enterprise 2) Limited Reg. Address: 1 New Burlington Place London W1S 2HR Registered No: 10451687 Telephone: 07393463398 Attention: Dovile Paskauskaite Email: Dovile.Paskauskaite@SEGRO.com
TENANT:	Reg. Name: Havering Council Reg. Address: Registered No: Telephone: Fax: Attention: Email:

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RENT:	<p>An annual rent of £60,759 will be payable. This is inclusive of service charge and buildings insurance. This is exclusive of VAT, rates and all other outgoings</p> <p>The rent will be payable by the direct debit system in 12 equal monthly payments in advance on the first day of each calendar month. Interest will be payable at 4% above the current base rate on arrears.</p>
LANDLORD'S WORKS:	No
TENANT'S INITIAL WORKS:	No
RENT DEPOSIT:	A sum of £18,228 inclusive of VAT is required to be held by us as security. This will be repaid once the lease comes to an end.
LEASE LENGTH:	A lease for a term of 3 years will be granted.
BREAK CLAUSES:	<p>An option to determine the lease will be granted for your benefit at any time after the end of the first year provided you have:</p> <ul style="list-style-type: none">• served three months' notice of your intention to determine the lease; and• at the date of determination paid the annual rent under the lease, given up occupation of the property and all underleases have been determined.

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1954 ACT PROTECTION:	The lease will be contracted out of the security of tenure provisions set out in Part II of the Landlord and Tenant Act 1954 (as amended).
ASSIGNMENT AND SUBLETTING:	You must not transfer, assign, charge, sublet or share occupation of the whole or any part of the premises.
REPAIRING OBLIGATIONS:	The tenant will be obliged to carry out internal repairs only, including windows and doors, roller shutters plus decoration. The landlord will be obliged to repair the structure, roof etc and all landlord services.
ALTERATIONS:	All alterations are prohibited [save for internal non-structural alterations (without the landlord's consent) if they don't affect services or systems in the building and the tenant provides spec/drawings to the landlord and takes into account the landlord's recommendations before work commences.]
PERMITTED USE:	The property will be used for <i>(B8) Storage and Distribution Use.</i>
INSURANCE:	The landlord will insure the property structure and fabric, the cost of which is included within the annual rent. Insurance of the building's contents is the responsibility of the tenant.
COSTS:	Each party to bear its own costs.

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