

Decision Notice Ref: PCCDJ-000179-2023

Decision title

Freehold acquisition of Barclays House, Upper Market Street, Eastleigh, SO50 9FD

Executive Summary.

Hampshire & Isle of Wight Constabulary have identified the need for a publically accessible front counter within the Eastleigh operational district. The existing estate within the district does not allow for the reopening or creation of a front counter within the existing estate, therefore additional estate is required.

Barclays House, Upper Market Street in Eastleigh is a Freehold opportunity which can be agreed at £1,200,000.00. The freehold interest would include 2 leases with current tenants, a lease to GHG Limited for the 3rd and 4th floors with parking spaces until the 21st August 2026 and a second lease to Barclays Bank for the Ground and 1st floors with parking spaces. The agent has not provided a copy of the lease extension for the period into 2024. The landlord has expressed that they will not permit any direct discussion with the existing tenants until contracts have been exchanged.

Operational policing via C/Supt Tony Rowlinson and ACO Ben Pratt have expressed support for the acquisition on the basis of its location and following a site visit during Summer 2023.

The property will require a level of renovation in a 2 phased program which will be driven by the availability of the spaces dependant on negotiation with the existing tenants. Should negotiations not be successful, the property will generate a rental income of £102,000.00 PA with the tenants responsible for the business rates until date to be confirm in 2024 after which GHG will continue to pay £47,000.00 PA until the end of their lease 21st August 2026 with the commissioner assuming responsibility for the business rates for the ground and 1st floor space.

The property benefits from 14 (current) parking spaces, split equally between the two tenants. There is a right of access through the car park to the WI building to the rear which would need to be honoured. The commissioner would hold no rights over the access route and operational policing would have to make it available.

Negotiations with the Freeholders agent has been conducted by Daryn Brewer of Destin4, the consultants have not expressed any concerns or issues regarding the proposed acquisition and have recommended as such.

Recommendation

The Commissioner proceed with a formal offer at £1,200,000.00 as recommended by Destin4 and that legal proceedings commence.

Statement on publication

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The freehold acquisition will be a matter of public record, given the value of the transaction this decision notice should be considered for publication as a recorded decision of actions taken in the public interest for policing.

Approvals

I hereby: approve reject the recommendation above.

Comment(s) on the decision taken:

Signature:



Name: **Donna Jones - PCC**

Dated: **14TH August 2023**

Document version history

| Ver No. | Version date | Requester of change | Summary of change(s) |
|---------|--------------|---------------------|---|
| v1.0 | 10/08/23 | n/a – First issue | n/a – First issue |
| v1.1 | 11/08/23 | J Kenny - CEO | Updates to construction estimates and existing space liability. |

Decision Title

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Requester contact details

Requester:

Mike Ottaway

Role title:

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1 Summary

As part of the Hampshire & Isle of Wight Constabulary review of operations and public accessibility, they have identified that there is a lack of accessible operational policing estate within the Eastleigh district and have requested that the Police & Crime Commissioner consider expanding the existing estate to provide an additional location within the district which will support the provision of a front counter and additional operational policing space. The district is not served well operationally despite the Shared Headquarters being located within the district.

Following an instruction from the Commissioner to Destin4 to seek out potential freehold opportunities, Barclays House was submitted for consideration by the Commissioner and the Chief Constables staff. Following a site visit between the Commissioner, the OPCC and members of the Constabulary chief officer group the building was considered viable in terms of location, space and public accessibility.

Following the visit, Destin4 were instructed by the PCC to negotiate with the freeholders agent and it was reported that an offer of £1,200,000.00 would be acceptable (see attached listing details, advertised freehold value was £1,300,000.00). The freehold interest would be acquired with two existing tenants, Barclays Bank PLC and GHG Limited. Both leases would transfer as part of the acquisition. A formal request was made to the landlord for access to be permitted to the existing tenants for a discussion regarding their current plans and to ascertain whether any negotiation would be conducted regarding their existing leases however this was not forthcoming. As such, the freehold interest would be acquired on the basis of the leases being in force and any change to those leases being for the Commissioner's office to seek to negotiate after the acquisition had exchanged.

Details of the property listing are attached to this decision notice for reference, as are copies of the leases which the freeholder has provided.

Legal searches against the property have yet to be carried out, these would need to be completed as part of the legal activities in the Conveyance process and prior to exchange of contract. If a significant issue is highlighted through the search process, professional advice will be sought and the Commissioner advised as to whether to proceed.

The building will require refurbishment and internal modification before it can be used as a police premises as well as works to provide a secure environment between the ground and 1st floors as one envelope and the 2nd and 3rd floors as the second (should the tenant of this area not be prepared to vacate before the lease end in August 2026). The building will require the following activities initially to identify the full scope of works required to convert it into a police space:

- Structural Survey
- Asbestos Survey
- Mechanical & Electrical Condition Survey (Including Lift Equipment)
- Space Measurements
- Phase 1 Feasibility Study (Inc Front Counter Design assuming 2nd & 3rd floor tenant remains)
- Phase 2 Feasibility Study

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- Hantspol BT Network Survey
- Security Assessment & Report
- Other surveys or inspections as deemed necessary

A consultant design team would need to be appointed to work with the OPCC estates team and SPOC's from policing to create the feasibility study and produce a detailed design which could then be used to tender the works for delivery. The assumed age of the building would suggest that some degree of asbestos removal will be required to enable the internal refurbishment works. It is not possible to estimate a possible timeline for when the Constabulary will benefit from the use of the property due to the lease situations needing to be formalised and possible depth and breadth of the survey work to create the feasibility study and detailed design.

Initial estimates per the below suggest a conversion cost of approx. £2,200,000.00 based upon a m2 rate using recent cost model calculations for a similar project, converting a previous banking environment into a policing environment:

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| | | |
|---|-----------------------|------------------|
| Estimate based upon assumptions for Petersfield DPT Base. Similar deliverables in terms of requirements. Inc Front Counter access. Bitterne no front counter so not comparable. | | |
| Lease GIA Sqf | 8633 | |
| M2 Convert | 802 | |
| M2 heavy refit | £ 1,150.00 | |
| Inflation 8% | £ 1,242.00 | D11*1.08 |
| Enabling Works Allowance | £ 150,000.00 | |
| Build Risk @ 10% | £ 99,612.32 | (D12*D9)*0.1 |
| 24/25 Calculated Refit Total | £ 1,245,735.57 | (D12*D9)+D13+D14 |
| Elec & Mech m2 | £ 350.00 | |
| Total | £ 280,711.06 | D17*D9 |
| Estimated Works Cost | £ 1,526,446.63 | D15+D18 |
| Prelims @ 10% | £ 152,644.66 | D20*0.1 |
| OH&P & 10% | £ 152,644.66 | D20*0.1 |
| Design Risk 5% | £ 76,322.33 | D20*0.05 |
| Construct Contingency 7.5% | £ 114,483.50 | D20*0.075 |
| Contract Total | £ 2,022,541.79 | Sum(D20:D24) |
| Professional Fees (No HCC) 9% | £ 182,028.76 | D25*0.09 |
| Total Estimated Conversation Costs | £ 2,204,570.55 | sum(D25,D27) |
| Excluded: Furniture/Security/ICT | | |



Construction
 Estimate Barclays East

2 Recommendation

The Commissioner proceed with a formal offer at £1,200,000.00 as recommended by Destin4 and that legal proceedings commence.

3 Strategic context

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The Constabulary have identified that the Eastleigh operational district does not have a publically accessible front counter and with the Chief Constables Area Operating model coming into force, the district as a whole has a lack of police estate to operate from.

4 Options appraisal

Do not proceed and continue search – At this point in time, there are no other viable Freehold opportunities available in the area where the estate is required. This option has been rejected.

5 Timescales

The property is currently being actively marketed, we would seek that the landlord cease actively marketing the property as part of our offer. It is envisaged that it would take approx. 12 to 16 weeks to complete the freehold acquisition however this may be extended. Current tenants have security of tenure (notwithstanding negotiation) until 2024 and 2026.

6 Financial and resourcing implications

The Police & Crime Commissioner will need to authorise the release from reserves of sufficient capital to complete the transaction - £1,200,000.00

The OPCC would become the landlord of the property and benefit from the rental and service charges per the novated leases until those leases end or are terminated by mutual agreement £102,000.00 PA currently + service charge.

Estimated conversion costs circa £2,200,000.00 (Estimate only – subject to scope & design)

Unit 17 Hathaway Close lease expires on the 22nd July 2038, the annual budget for this location is £59,000.00 subject to contractual rent reviews etc. The Commissioner would likely remain liable for the costs of this lease for the period until 24th July 2028 as this is the first opportunity to break the lease, giving notice on the 23rd July 2027.

7 Communications and engagement implications

Communication of the acquisition would need to be carefully considered due to the unknown timescale situations regarding the existing tenants.

8 Legal implications

It will be necessary to instruct Hampshire County Council Legal Services to act on the Commissioners behalf to deal with the conveyancing demands of the freehold acquisition.

9 Risks and mitigation

The property appears to be in good order however a detailed survey may highlight issues which will require investment to resolve.

Legal searches against the property title may highlight possible issues regarding restrictive covenants which would need to be considered and mitigation sought.

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Planning permission will be required for the required works (scope TBA as part of the feasibility study) which the planning authority may reject. Early consultation with the planning authority will be required to ensure that any planned changes are in line with local policy or defensible.

No engagement with the WI who benefit from a right of access across the land has been conducted, the security requirements for police officers and vehicles will result in changes to how the WI access their property and this will require careful consideration and negotiation.

10 Strategic policing requirement

As outlined in the report, the Constabulary have confirmed that the property is in the right place to meet their strategic needs for the Eastleigh District and have confirmed that if required, they can operate within the property with a tenant in situ.

11 Equalities

Not applicable.

12 Data Protection implications

Not applicable.

13 Publication status

This decision notice should be considered for publication as it relates to a matter of public interest in policing demands for Hampshire & Isle of Wight.

14 Personnel consulted

The following personnel were consulted on the Decision Request.

| Role | Organisation | Confirmation of consultation |
|--|--------------|-------------------------------------|
| OPCC Chief Executive | OPCC | <input checked="" type="checkbox"/> |
| Police & Crime Commissioner | OPCC | <input checked="" type="checkbox"/> |
| Chief Finance Officer OPCC | HCC | <input type="checkbox"/> |
| OPCC Head of Estates & Facilities Management | OPCC | <input checked="" type="checkbox"/> |
| OPCC Head of Business | OPCC | <input type="checkbox"/> |
| OPCC Head of Criminal Justice | OPCC | <input type="checkbox"/> |
| Chief Finance Officer HIOWC | HIOWC | <input checked="" type="checkbox"/> |
| ACO Corporate Strategy | HIOWC | <input checked="" type="checkbox"/> |

15 Annexes

None.

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16 Background papers

Please find attached:

Copies of leases as provided

Confirmation of appropriate location from ACO Ben Pratt & C/Supt Tony Rowlinson

Marketing Details

Recommendation from Destin4 to proceed