

Norfolk County Council

Record of Individual Cabinet Member Decision

Responsible Cabinet Member: Councillor (Cabinet Member for) Cllr Greg Peck - Cabinet Member for Commercial Services and Asset Management	
Background and Purpose: The Cabinet Member for Commercial Services and Asset Management is asked to approve the entering of a lease for warehouse space it is currently using on the former Britvic site as a storage and distribution hub to support the county's Covid-19 response. It is necessary to secure this facility until the end of July 2022.	
Decision: To approve the acquisition of a lease from Britvic Soft Drinks Ltd for Warehouse 224-3 on the terms agreed.	
Is it a key decision?	No
Is it subject to call in? If Yes – Deadline for Call in	Yes Date: 4pm, Wednesday 30 June
Impact of the Decision: The Council is currently reliant upon the Britvic warehouse to distribute PPE as part of the County and the Council's response to Covid-19. The current arrangement is informal and has, to date, been provided by Britvic free of charge as a short-term emergency response, but with NCC having no security of tenure, which creates a business continuity risk for the distribution operation. The Council requires to retain the accommodation until 31 July 2022 to ensure it can continue to respond effectively as the pandemic is brought under control. Whilst Britvic has demonstrated exceptional goodwill in supporting NCC through the past year, it is now appropriate to seek a more stable legal arrangement and, now that the emergency phase of the pandemic seems to have passed, NCC has offered to pay Britvic a market rent, which Britvic has accepted. Whilst this will increase the Council's costs by £307,000 over the next 14 months, it will secure a vital facility to support the Council's Covid-19 response. Alternative locations would likely cost even more, and any relocation would incur financial cost and operational disruption.	
Evidence and reason for the decision: As set out in the attached report.	

Alternative options considered and rejected: As set out in the attached report.	
Financial, Resource or other implications considered: As set out in the attached report.	
Record of any conflict of interest:	
Background Documents: None	
Date of Decision:	11 June 2021
Publication date of decision:	23 June 2021
Signed by Cabinet member: I confirm that I have made the decision set out above, for the reasons also set out Signed: Cllr Greg Peck Print name: Cllr Greg Peck Date: 11 June 2021	
Accompanying Documents: <ul style="list-style-type: none"> • Report: Acquisition by lease: Britvic Warehouse 224-3 • 	

Once you have completed your internal department clearance process and obtained agreement of the Cabinet Member, send your completed decision notice together with the report and green form to committees@norfolk.gov.uk

Individual Cabinet Member Decision Report

Item No:

Decision making report title:	Acquisition by lease: Britvic Warehouse 224-3
Date of meeting:	Not applicable
Responsible Cabinet Member:	Cllr Greg Peck (Cabinet Member for Commercial Services and Asset Management)
Responsible Director:	Simon George, Executive Director of Finance and Commercial Services
Is this a key decision?	No
If this is a key decision, date added to the Forward Plan of Key Decisions.	Not applicable
<p>Introduction from Cabinet Member</p> <p>The Council is currently using warehouse space on the former Britvic site as a storage and distribution hub to support the county's Covid-19 response. It is necessary to secure this facility until the end of July 2022, and the acquisition of a formal lease is now proposed.</p> <p>Executive Summary</p> <p>It is proposed that the Council acquires a lease commencing as soon as possible and expiring on 31 July 2022, at a rent of £262,883 per annum (pa), inclusive of business rates. The Council will be responsible for utilities costs and for maintaining the property internally and externally over the lease term.</p> <p>Recommendations</p> <p>The Cabinet Member for Commercial Services and Asset Management is asked to approve the acquisition of a lease from Britvic Soft Drinks Ltd for Warehouse 224-3 on the terms agreed.</p>	

1. Background and Purpose

- 1.1. This report relates to existing property
4108/037: Britvic Warehouse (Part of)
Joint Britvic and Unilever Site, (Known as Carrow Road Site), Norwich, NR1 2DD

Norfolk County Council (NCC) currently operates a Personal Protective Equipment (PPE) storage and distribution hub at this property to support the county's response to Covid-19. The property is ideally positioned for this purpose, being close to County Hall, Norwich and the trunk road network.

The current arrangement is a tenancy at will, with no rent or business rates payable but also no secure lease term. The County Council requires to secure the facility until 31 July 2022 and the landlord has agreed to this subject to NCC paying a market rent for the space. NCC prefers a formal lease for the new arrangement to provide greater certainty and stability for its operations.

The County Council has not had to pay rent over the period of the tenancy at will but now the landlord is seeking a reasonable annual rent of £262,883 inclusive of business rates.

2. Proposals

- 2.1. It is proposed that the Council should acquire a new lease starting as soon as possible and expiring 31 July 2022. The landlord will be Britvic Soft Drinks Ltd (company number 00517211).

Due to the planned redevelopment of the site, the lease is to be excluded from the security of tenure provisions of the 1954 Landlord and Tenant Act and NCC will have no statutory right to renew the lease at expiry.

The proposed annual rent is £262,883 inclusive of business rates, for 4,652m² of accommodation. Norfolk County Council will be responsible for the costs of utilities and for keeping the property in good condition (subject to a schedule of condition).

3. Impact of the Proposal

- 3.1. The Council is currently reliant upon the Britvic warehouse to distribute PPE as part of the County and the Council's response to Covid-19. The current arrangement is informal and has, to date, been provided by Britvic free of charge as a short-term emergency response, but with NCC having no security of tenure, which creates a business continuity risk for the distribution operation.

The Council requires to retain the accommodation until 31 July 2022 to ensure it can continue to respond effectively as the pandemic is brought under control. Whilst Britvic has demonstrated exceptional goodwill in supporting NCC through the past year, it is now appropriate to seek a more stable legal arrangement and, now that the emergency phase of the pandemic seems to have passed, NCC has offered to pay Britvic a market rent, which Britvic has accepted.

Whilst this will increase the Council's costs by £307,000 over the next 14 months, it will secure a vital facility to support the Council's Covid-19 response. Alternative locations would likely cost even more, and any relocation would incur financial cost and operational disruption.

4. Evidence and Reasons for Decision

- 4.1. The proposed rent equates to £56.50/m² inclusive of business rates. This is considered good value compared to similar properties in Norwich on Fifers Lane and Hall Road letting for around £50/m² with a further £18/m² for business rates.

5. Alternative Options

- 5.1. Alternative premises would take time to source, would likely cost more money and would incur financial and operational costs. For this short-term requirement, it is more appropriate to remain at the present premises.

6. Financial Implications

- 6.1. An additional cost of £263,000 p.a. for NCC, or £307,000 over the proposed lease term. It has been agreed that this will be funded from the Council's Covid-19 budget. Further costs may be incurred in maintaining the premises over the lease term, but these are expected to be low given the short term and the fact that maintenance requirements will be limited by a schedule of condition.

7. Resource Implications

- 7.1. **Staff:**
None.
- 7.2. **Property:**
This proposal secures the existing distribution hub on a more stable legal basis.
- 7.3. **IT:**
None.

8. Other Implications

- 8.1. **Legal Implications**
The proposal has no unusual legal implications, but nplaw will be appointed to undertake the usual legal due diligence for lease acquisitions.
- 8.2. **Human Rights implications**
None.
- 8.3. **Equality Impact Assessment (EqIA) (this must be included)**
The proposal has no equality impact.
- 8.4. **Health and Safety implications (where appropriate)**
There are no material health, safety and wellbeing impacts as the proposal simply changes the legal basis of occupation for the existing space to allow the existing operation to continue. Health and safety responsibilities of both parties will be reviewed, documented and agreed as part of the lease negotiation process.
- 8.5. **Sustainability implications (where appropriate)** The proposal has no material sustainability impact
- 8.6. **Any other implications**
None.

9. Risk Implications/Assessment

- 9.1. The key risk arises from not proceeding with the proposal, as this could see NCC lose the right to use the premises, which could disrupt or jeopardise its PPE distribution activity.

The main risk from proceeding with the proposal is that the Council may incur additional unexpected expenditure on maintenance of the premises. This is no different to the current position, except that NCC will be committed to the property until 31 July 2022.

10. Select Committee comments

10.1. Not applicable.

11. Recommendations

11.1. The Cabinet Member for Commercial Services and Asset Management is asked to approve the acquisition of a lease from Britvic Soft Drinks Ltd for Warehouse 224-3 on the terms agreed.

12. Background Papers

12.1. None

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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