

**OVERVIEW AND SCRUTINY COMMITTEE**  
**11 March 2025**

**PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: Acquisition of Unit 1 City Park, Letchworth Garden City for the Museum Storage Facility**

REPORT OF: Culture and Facilities Service Manager & Principal Estates Surveyor

EXECUTIVE MEMBER: Executive Member for Enterprise and the Arts

COUNCIL PRIORITY: THRIVING COMMUNITIES

**1. EXECUTIVE SUMMARY**

This report follows the Museum Storage Options Appraisal presented to Cabinet on 19<sup>th</sup> November. Cabinet approved the use of up to £20K of the allocated budget to pursue the possible acquisition of a suitable existing property, should one become available. Cabinet also approved the use of £30K of the allocated £4M capital budget to pursue the building of a new unit at Bury Mead Road, Hitchin. This report is in respect of a proposed acquisition.

Unit 1, City Park, Letchworth Garden City has become available to purchase on a long leasehold basis at a peppercorn (ie nil) rent. Negotiations have taken place, and terms agreed for the acquisition, subject to Cabinet approval, contract, building survey & due diligence. Approval is now sought for the acquisition based on the terms agreed and Budget Cost Plan for the adaption and upgrade of the property in Part 2.

**2. RECOMMENDATION**

That Overview and Scrutiny Committee recommend:

- 2.1 That Cabinet approve the acquisition of Unit 1 City Park, Letchworth Garden City on the terms set out in the Part 2 report and noting the detailed Budget Cost Plan for adapting, fitting out and upgrading the building for museum storage.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. A limited number of modern buildings of this age and size become available to purchase or lease in Letchworth Garden City and surrounding area, particularly one on a long lease at a peppercorn rent for the full term, with an expiry date in 2150. Unit 1 includes land fronting Works Road and to the side of the unit, plus a large part of the car park with the ability to erect a fence to separate the area from the rest of the car park used by adjoining units. In addition, the Council already owns the long leasehold interest in Unit 3 City Park, Letchworth Garden City, having acquired it in June 2016 with that building being used for general archive storage, IT servers, offsite disaster recovery, careline business continuity and legal department storage.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The alternative options were outlined in the report that was presented to Cabinet on 19<sup>th</sup> November 2024.

#### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. The Executive Member for Enterprise and Arts, and the Executive Member for Finance and IT have been kept fully briefed and are in support of this potential acquisition.
- 5.2. The Executive Member for Enterprise and Arts, Executive Member for Finance and IT, Executive Member for Housing and Environmental Health and Executive Member for Community / Partnership all viewed the property on 21st January 2025.

#### **6. FORWARD PLAN**

- 6.1. This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 15<sup>th</sup> July 2024.

#### **7. BACKGROUND**

- 7.1. This report updates Cabinet on action undertaken since the Museum Storage Options Appraisal was considered at Cabinet on 19<sup>th</sup> November 2024 and further to Minute number 64 where it was RESOLVED: That Cabinet: (1) Noted the current projected costs, advantages and disadvantages of each option. (2) Approved use of £30k of the allocated £4m budget in the current capital programme for this project to develop more detail on the costs of Option D and to acquire the necessary details for a planning application to be made. (3) Approved use of £20k of the allocated £4m budget in the current capital programme for this project to develop more detail on the costs of Option E, should a suitable property become available. (4) Considered and gave approval for officers to apply for grant funding towards the investigations mentioned in 2.2 and 2.3 and recognise the need to align investigations with grant funding timetables in this instance. (5) Resolved to discount options A, B and G and recommend that they are no longer developed or explored further. (6) Indicated that Options C, F and H outlined within the report should be pursued further.

#### **8. RELEVANT CONSIDERATIONS**

- 8.1. A copy of the agents details for Unit 1 City Park, Letchworth Garden City are attached at Appendix B. The long leasehold interest in the property is currently owned by Certs Assured Holdings Ltd, who are in administration. Prior to negotiating the acquisition of the unit, a pre-purchase report was obtained from Brown & Lee Property Consultants, and this is attached at Appendix C.
- 8.2. Terms have been agreed (subject to contract and approval) with the administrator's agent for the acquisition, by way of a premium for assignment of the lease dated 17<sup>th</sup> March 2000 for a term of 150 years expiring on 14<sup>th</sup> March 2150 at a peppercorn rent. The immediate landlord is City Electrical Factors Ltd who occupy Unit 4 City Park, Letchworth Garden City. The freehold of the estate is owned by Letchworth Garden City Heritage Foundation.

- 8.3. The property is currently occupied by Citysprint (UK) Ltd on a lease expiring on 8<sup>th</sup> January 2026 at a rent of £64,000 per annum. The tenant does not have security of tenure and vacant possession can be obtained at that point. Should the Council agree to acquire and reconfigure the building for the purposes of museum storage, the tenant will be given substantial notice to enable them to secure another property elsewhere.
- 8.4. The intention is for the long leasehold interest to be acquired by 31st March, which will give the council over 9 months to work up detailed plans for the upgrade and adaptation of the unit to suit the Museum Storage requirements. Work could then commence upon vacant possession.
- 8.5. During the period between the end of March 2025 and January 2026 the Council will receive the current rent of £64,000 per annum, with Citysprint remaining responsible for business rates. In addition, the tenant will be required to leave the building in good repair and condition subject to a Schedule of Condition.
- 8.6. Acquisition of Unit 1, City Park will enable the letting or sale of the current site at Bury Mead Road following relocation of the facility. The potential letting and sale values have been previously reported. This will be the subject of future reporting and decision.

## **9. LEGAL IMPLICATIONS**

- 9.1. The Public Libraries and Museums Act 1964 and the Local Government (Miscellaneous Provisions) Act 1976 confirm the Council's statutory power to operate and maintain a museum and by default a museum storage facility.
- 9.2. The Local Government Act 1972 (s111) confirms that a local authority has the power to do anything (including in relation to finance and property) which is calculated to facilitate or is conducive or incidental to, the discharge of its functions.
- 9.3. The Terms of Reference at section 5.7.15 of the Council's Constitution states that the Cabinet may by resolution 'oversee the provision of all the Council's services other than those functions reserved to the Council.' The provision of museum services (and therefore the provision of an associated storage facility) is not a function reserved to the Council.
- 9.4. Under Section 5.7.20 of the Constitution the Cabinet may approve the purchase or appropriation of land and buildings where the sale price, premium or initial annual rent (after the expiry of any rent-free period) exceeds £500,000 (or such higher figure as is determined in any adopted Asset Management Strategy) but does not exceed £2,500,000. The Cabinet is permitted therefore to consider the matter.
- 9.5. In addition to Cabinet approval, the purchase is subject to contract, building survey and due diligence. The acquisition will only be completed once we have a satisfactory report on the purchase of the long leasehold interest from the legal department and received the results of the building survey. In both instances, no issues are expected as a similar process was followed for the acquisition of the long leasehold interest in Unit 3 City Park, LGC. However, if any major unforeseen issues arise, officers will engage further with members.

## 10. FINANCIAL IMPLICATIONS

- 10.1. Approval is required for the acquisition of the property. At the November Cabinet meeting approval was given to spend up to £20K for pursuing a suitable property.
- 10.2. In addition, if the acquisition of the long leasehold interest can be completed by the end of March 2025, we will then have over 9 months to work up detailed proposals for the adaption and upgrade of the unit to suit the Museum Storage requirements before vacant possession can be achieved. As there is currently a tenant in occupation and a requirement to complete the purchase in a reasonable period, we are restricted on the time available to obtain costings for the adaptation and improvements to the property. We have obtained high level figures for the adaption; upgrading of the unit with a view to achieving as close as practicable to an A+ EPC rating; installation of a mezzanine floor; and fitting out works. The estimated capital cost of these works is set out in detail in Appendix A (Part 2 Report).
- 10.3. The Cabinet report of 19 November 2024 includes a financial appraisal of all the options under consideration. The original estimates for a purchase and conversion of an existing building were capital spend of around **£2.8m**. The estimated capital cost for the proposed purchase of Unit 1, including the estimates to upgrade and fit out is around **£2.5m**. Whilst we can estimate some of the likely revenue (ongoing) costs at this stage, including an additional annual cost of circa £17,000 for rates and higher servicing costs for the mechanical & electrical equipment installed, these costs cannot be calculated until further detailed work has been carried out. However, the costs for compliance checks and contents insurance are likely to broadly be the same as the existing site. Extensive and comprehensive refurbishment of the building will help to manage the future utilities and maintenance costs, but these will not be known until more detailed design work has taken place. Overall, the running costs are likely to be similar for whatever building (subject to being built with or converted to having high energy standards). These costs are likely to be higher than the existing costs, as was highlighted in the November report. The saving on capital costs (estimated to be **£1.5m** compared to the current allocated budget) and the corresponding saving on revenue costs of capital will help to manage down any increase.

## 11. RISK IMPLICATIONS

- 11.1. Good risk management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. There is an ongoing risk to the museum storage collection by allowing the artifacts to remain in the current facility at Bury Mead Road as reported to Cabinet on 19<sup>th</sup> November 2024. The recommendation in this report provides an opportunity for the Council to remove this risk in a relatively short period of time and earlier compared with some of the other options included in the previous report.
- 11.3. At this stage we are working on outline budget costings for the upgrade and adaption of Unit 1 City Park, Letchworth Garden City. However, we have sought to incorporate

sufficient contingencies into the figures. There is, however, a risk of additional expenditure being required arising from issues as yet unknown or unexpected. The Council did, however, acquire Unit 3 City Park, Letchworth Garden City in 2016 and there are no known issues or defects with that unit.

- 11.4. Once acquired, appropriate insurance arrangements will need to be in place to transfer the financial risks associated with any future loss of or damage to the property.
- 11.5. The total yearly costs for operating the new building will not be known until the building has been completed.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. A combined Environmental and Equalities Impact Assessment has previously been undertaken for all the options put forward, based upon and addressing all the criteria within the Councils usual corporate template and is included in the background papers for 18 November Cabinet report. The primary equalities disadvantage with the current museum storage facility is that it is not accessible, but it is intended to address this by incorporating a lift to access the mezzanine and existing first floor area and there is an existing accessible toilet in Unit 1 City Park, LGC. A further Equalities Analysis at (Appendix E) has been completed for this report and covers the same issues raised previously, as well as an additional community consideration regarding the location of the facility.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and “go local” requirements do not apply to the acquisition.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. A combined Environmental and Equalities Impact Assessment has previously been undertaken and completed based upon the criteria within the Councils usual corporate templates and is included in the background papers for 19th November Cabinet report. A phase 1 environmental assessment report is being prepared for the proposed acquisition of Unit 1 City Park, LGC. A further Environment Implications Assessment Analysis at (Appendix F) has been completed for this report and provides more detail on the new unit and it’s impacts.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1. No direct Human Resource implications have been identified for this report.

## **16. APPENDICES**

- 16.1 Appendix A – Detailed Budget Cost Plan by Hollis for upgrading the building to improve the energy efficiency in line with the Council's aim to achieve net zero by 2030 for the council's own operations and for the adaption and conversion of the building to suit the museum storage requirements (Part 2).
- 16.2 Appendix B - Copy of agent's details for Unit 1 City Park, Letchworth Garden City.
- 16.3 Appendix C - Pre-purchase report from Brown & Lee (Part 2).
- 16.4 Appendix D - Heads of Terms (Part 2).
- 16.5 Appendix E - Equality Analysis.
- 16.6 Appendix F - Environmental Impact Assessment.

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

- 18.1 Cabinet meeting held on 19<sup>th</sup> November 2024 and further to Minute number 64.
- 18.2 Equalities and Environmental Impact Assessment Table attached to Cabinet report on 19<sup>th</sup> November 2024.