

Vision

Inshore Fisheries and Conservation Authorities will lead, champion and manage a sustainable marine environment and inshore fisheries, by successfully securing the right balance between social, environmental and economic benefits to ensure healthy seas, sustainable fisheries and a viable industry.

Meeting Type: Finance & Personnel sub-committee

Item Number: 15

Date of Meeting. 25th June 2014

Title: Accommodation

Introduction: At the F&P meeting in January the committee resolved, re item F&P 14/08 Future Accommodation Options, "In the meantime alternative accommodation suitable for purchase would continue to be investigated".

Problem/Issue Statement: The currently available space is insufficient for the needs of the Authority, a situation that will be further exacerbated by the current recruitment activity. The issue of rental penalties on our existing lease, although reducing, are at this moment in excess of £102,000 (lease ends 10th December 2018).

Back ground: Eastern Sea Fisheries, for whatever reason, entered into a 25 year fixed term lease for the current offices. This lease currently costs in excess of £45,000 per annum, which equates to £30 per square foot.

At this moment an opportunity exists to rent a first floor office space in a building on the same site, within the same perimeter, as the recently occupied storage unit. Although this does not satisfy the purchase option it could yield tangible benefits for the authority. Indicative total cost of £20 per square foot yielding savings to offset the rent penalty and move costs. The attached paper summarises the options, providing indicative costs of the move.

Comparison of Rental Options:

Option 1 – Remain in current facilities until the end of the current lease

This represents the "do nothing" option, condemning the authority to a future of confined space within a facility that is not fit for purpose compared to a modern, spacious office environment.

Advantages:

- Known cost
- Known constraints
- No or, significantly reduced penalty
- No extra security or upkeep costs
- Time to explore purchase/alternative options

Disadvantages:

- Confined space
- High utility cost (storage heaters)
- Layout constraints
- High service charges

Option 2 – Move to new rented office

Advantages:

- “Fit for purpose”
- More space
- More efficient
- Modern facilities
- On one level
- Improved security
- Proximity to storage unit
- Revenue cost saving
- Significant to completing “transition”
- Investment in our staff
- Enhance IFCA image and reputation

Disadvantages:

- Cost of rent penalty (c.£100k)
- Residual costs of existing unit
- Reduced reserves

Secondary benefits

- Opportunity to upgrade IT facility. A totally wireless facility utilising latest technology will be more efficient, flexible, user friendly and cheaper to install and maintain. Savings in this area would reduce calculated payback.
- Enhance and support “one team” philosophy.
- Involve staff in the process to ensure “buy in”.
- Eliminate requirement for “duplicated” assets (eg photocopiers)
- Provides the catalyst to “de-clutter”

Recommendations

1. The committee instructs the CEO to pursue Option 2, at the most advantageous terms possible.
2. Any lease to include satisfactory exit arrangements and be of a total duration not exceeding 10 years.
3. Negotiate the best terms possible for exit from the current lease.

EIFCA - ACCOMMODATION PROJECT

		Existing Rent	Proposed Rent
Offices	sq ft	1500	1900
Lease end		(10/12/2018)	t.b.c.
Storage	sq ft	1150	1150
Lease end		(10/3/2019)	(10/3/2019)
Rent per annum	Offices	£25,625	£24,605
	Storage	£8,000	£8,000
Rates	Offices	12411.50	10845.00
	Storage	2731.80	2731.80
Service Charge	Offices	3200.00	600.00
	Storage	125.00	125.00
Electricity	Offices	3500.00	1500.00
	Storage	800.00	800.00
Insurance		400.00	150.00
Annual cost		£56,668.30	£49,231.80
Fixed cost compare		£52,493.30	£47,056.80
rent/sq ft	Office	£17.00	£12.95
rent/sq ft	Storage	£7.00	£7.00
s/c per sq ft	Office	£2.10	£0.32
	Storage	£0.32	£0.32

Figures in **red** are estimated.

Move cost		50,000.00
Rent penalty	worst case	102,000.00

Indicative payback

If extra space secured in existing building rent would increase by £6800 per annum. Move benefit therefore enhanced by this saving.

Total potential revenue savings £108,000 over 10 years.

Payback allowing for "lost" interest 17 years.