

**Office building, known as Eastgate, 727 London Road (Ward 9) – Prudential borrowing and authority to officers to negotiate approved.**

**13** There was submitted a report by the Executive Director of Neighbourhoods, Regeneration and Sustainability regarding authority to enter into negotiations to acquire the office building, known as Eastgate, 727 London Road (Ward 9), advising that

- (1) the Council leases from Zirconia Cathures Unit Trust, the office building known as Eastgate, 727 London Road which comprised of a ground floor and 3 upper floors, with 94 on-site car parking spaces, with 22 of the spaces having electric charging points;
- (2) the lease expires on 1st April 2032 and due to the impending expiry of the lease, Zirconia Cathures Unit Trust had approached the Council at the end of December 2024/beginning of 2025 to discuss its longer-term operational requirements for the office building, however at the time, the Council was unwilling to commit to extending the lease and the landlord subsequently marketed the property;
- (3) although the property had attracted interest, the owners had received no satisfactory proposals and subsequently contacted the Council with a proposal to extend the existing lease beyond 2032 to 2037, on more favourable terms;
- (4) officers had evaluated the proposal and other options and consideration was given to both the operational requirements and financial implications, as detailed in the report; and
- (5) the Council had the opportunity to acquire a building which had been identified as suitable for the medium to long-term operational purposes and the cost of prudential borrowing for the estimated acquisition value would be broadly similar to, or less than, the current lease costs, with the additional benefit being that the acquisition would secure an asset for the Council, thus avoiding the end of dilapidation costs.

After consideration, the committee

- (a) noted the report;
- (b) authorised officers to enter into formal negotiations with the current owners of the office building at Eastgate, 727 London Road regarding its acquisition; and
- (c) approved the prudential borrowing of capital matching the acquisition value using existing budgeted revenue and that authority to finalise the purchase would be sought at a future meeting of the Contracts and Property Committee.