

COMMISSIONERS' INDIVIDUAL DECISION MAKING

Wednesday, 6 May 2015


Commissioners' Decision Log No. 9

1. **COMPLETION OF 7 STATUTORY AND 9 NON-STATUTORY SHORT TO MEDIUM TERM TRANSACTIONAL PROPERTY MATTERS (Pages 1 - 10)**

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Agenda Item 1

Individual Commissioner Decision Proforma Decision Log No: <u>9</u>	 TOWER HAMLETS
Report of: Corporate Director, Development & Renewal	Classification: Unrestricted
Completion of 7 statutory and 9 non-statutory short to medium term transactional property matters	

Is this a Key Decision?	No
Decision Notice Publication Date:	N/A
General Exception or Urgency Notice published?	N/A
Restrictions:	None

EXECUTIVE SUMMARY

The Council is proposing to complete a number of property transactions which are listed below with a brief description of each case. None of the transactions listed within this report represent a permanent disposal, all are leases ranging from one to twenty years in length.

The transactions are categorised under 'Statutory' and 'Other.' Statutory transactions are transactions progressing under the governance of legislation.

With the exception of transactions 1 and 2 which are governed by particular statute or Court Order, the transactions noted within this report are open market transactions or reached by negotiation. In none of the 16 cases noted have any discounts, subsidies or grants been given or agreed.

It should be noted that all these transaction, subject to the Commissioners' consent, will be determined under officers' delegated authority.

Full details of the decision sought, including setting out the reasons for the recommendations and/or all the options put forward; other options considered; background information; the comments of the Chief Finance Officer; the concurrent report of the Head of Legal Services; implications for One Tower Hamlets; Risk Assessment; Background Documents; **and other relevant matters are set out in the attached report.**

DECISION

The Commissioners are recommended to:

1. Note the transactions set out below and authorise officers to instruct Legal Services to complete them accordingly.

APPROVALS

1. **(If applicable) Corporate Director proposing the decision or his/her deputy**

I approve the attached report and proposed decision above for submission to the Commissioners.

Name *ANN SUTCLIFFE* Signed *ASutcliffe*.....

Date *21/05/15*.....

2. **Commissioner**

I agree the decision proposed in paragraph above for the reasons set out in paragraph 1 in the attached report.


Name *MAX CAMMER* Signed *M*.....

Date *6/05/15*.....

Name Signed

Date

with the exception of proposals
→

Commissioner Decision Report 1 May 2015	 TOWER HAMLETS
Report of: Corporate Director, Development & Renewal	Classification: Unrestricted
Completion of 7 statutory and 9 non-statutory short to medium term transactional property matters	

Originating Officer(s)	Service Head, Corporate Property & Capital Delivery
Wards affected	All wards
Key Decision?	No
Community Plan Theme	One Tower Hamlets; Great Place to Live

Executive Summary

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With the exception of transactions 1 and 2 which are governed by particular statute or Court Order, the transactions noted within this report are open market transactions or reached by negotiation. In none of the 16 cases noted have any discounts, subsidies or grants been given or agreed.

It should be noted that all these transaction, subject to the Commissioners' consent, will be determined by the Service Head, Corporate Property & Capital Delivery, under delegated authority as per the Council's Scheme of Delegation.

Recommendations:

The Commissioners are recommended to:

1. Note the transactions set out below and authorise officers to instruct Legal Services to complete them accordingly.

1. REASONS FOR THE DECISIONS

- 1.1 The transactions listed below been progressing for some time and are now ready to complete.
- 1.2 Failure to complete the statutory transactions could result in a Court Order against the council.
- 1.3 The other transactions are advantageous to the council and/or represent good estate management practice.

2. ALTERNATIVE OPTIONS

- 2.1 Not to approve. If the statutory transactions are not approved tenants will have the right to apply to the Courts to make an Order that the Council as landlord completes the transactions. If the non-statutory transactions are not approved this will bring about a range of challenges including increasing the risk of squatting, a loss of income and the need to remarket a number of shop units.

3. DETAILS OF REPORT

- 3.1 The matters that require commissioner consent as per the directions are as follows:-

Statutory

Traveller pitches:

- 1 General approval is required to formalise a number of Traveller Pitch Agreements at the Old Villa Close Travellers site. Existing traveller pitches at the Eleanor Street traveller site are being move to Old Villa Close in order to facilitate Crossrail building a ventilation shaft. The tenancy agreements are standard social housing agreements specifically tailored to travellers and are regulated under the Statutory (Mobile Homes Act 1983). The travellers being relocated to Old Street have all been in occupation at Eleanor Street for at least 5 years. The rent is set at £76 per week per agreement.

Lease renewals:

- 2 11 Vallance Road, E1, retail unit –statutory 1954 Act lease renewal of a contractual tenancy. This shop forms part of a larger proposal to redevelop shops 3 – 11 Vallance Road and forms the subject of a Commissioner noting report that is currently being reviewed. The previous lease for 11 Vallance Road is dated 1936 at £20 per annum expired in 1986, tenant has been holding over since. Following the serving of a negative Section 25 Notice by the council on the tenant, a new five year lease has been granted by the Court at the same terms and rent as the previous lease with a landlord’s 6 month option to break from September 2016 if the Council can show a clear intention to redevelop. Approval to complete the transaction has been provided by Service Head Corporate Property and Capital Delivery.
- 3 53 Poplar High Street, E14, retail unit – statutory 1954 Act lease renewal. 10 year lease to grocers at £5,500 per annum. Previous lease was for 10 years, passing rent £4,500 pa. Rent agreed by negotiation between council and tenant. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.
- 4 74 Ben Jonson Road, E1, retail unit – statutory 1954 Act lease renewal. 10 year lease to events organiser at £6,600 per annum. Previous lease was for 20 years length at £6,000 per annum. Rent agreed by negotiation between council and tenant. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.

Telecoms leases:

- 5 Hutchison 3G lease renewal at Yates House, E2 – statutory 1954 Act telecoms lease renewal for a 20 year lease at £16,000 per annum – Strutt & Parker acting for the Council. The expired lease was for a 20 year term with a starting rent of £5,350 per annum. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.
- 6 Hutchison 3G lease renewal at Rhodeswell Road House, E14 – statutory 1954 Act telecoms lease renewal for a 10 year lease at £25,500 per annum – Strutt & Parker acting for the Council. The expired lease was for a 10 year term at £16,500 per annum. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.
- 7 Vodafone lease renewal at Stepney Green School, E1 – statutory 1954 Act telecoms lease renewal for a 10 year lease at £15,000 per annum. Strutt & Parker acting for the Council. The expired lease was for a 10 year term at £10,000 per annum. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.

Non-statutory:

Licences:

- 8 25-29 Watney Market, E1, retail unit – licence to alter, surrender and regrant of 15 year lease at £26,000 per annum – following a joint request from the tenant of 25-27 and 29 Watney Market a double retail unit is expanding to create a single 3-unit supermarket. Rent agreed by negotiation between council and tenant. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.
- 9 Albert Jacob House 62 Roman Road, E2 – grant of 2 year licence to Rethink Mental Illness at £6,800 per annum, based on 4 desk spaces at £1,700 per annum approved by the Council's Moves Panel.

Albert Jacob House is one of the council's administrative buildings. It currently houses the Housing Options service (including Homeless Services) and some elements of Adults' Social Care. The building is currently underutilised.

The Moves Panel is an internal officer body, chaired by the Service Head, Corporate Property & Capital Delivery, and with representation from Facilities Management, Asset Management, Human Resources and ICT, which assesses and determines requests for office moves.

Rethink Mental Illness is the provider of the council's mental health carers support service, having been awarded the contract by Cabinet on 5th February 2014.

Live in Guardians:

- 10 89 Bishops Way, E2 – a residential property used for a children's home. The children in care have been moved to an alternative children's centre at 12 Norman Grove as part of a residential care strategy by the Education Social Care and Wellbeing Directorate– as a result 89 Bishops Way is now vacant and the Council has granted a 6 month lease to live-in Guardians at nil rent in order to prevent squatters. Guardians pay the cost of all utilities consumed during their occupancy. The alternative is employing security guards at the cost of approximately £250 per day. it is anticipated that in six months a decision will have been made for the future use of 89 Bishops Way.

Community letting:

Not agreed
~~11~~ Frostic Walk Community Centre, E1 – grant of 1 year excluded community lease at £6,850 per annum following a two week marketing period in November 2013. The marketing process followed an agreed procedure for community building lettings. The tenant was selected by the the Third Sector Team following the Council's Gateway selection process. The proposed tenants are the Banglatown Association.

The applications were assessed against the council's adopted process for the allocation of council-owned properties to third sector organisations. This is a two stage process – an initial gateway eligibility assessment, following an assessment against strategic criteria. Four of the five applications failed the gateway eligibility assessment. The fifth application passed the second stage, scoring eight out of 10 against the strategic criteria.

In addition to entering into the lease, the council's Third Sector Team has also drafted a Service Level Agreement, in order to secure the outcomes that the Banglatown Association proposed in their application.

The four other applicants were: Monakka Monowar Welfare Foundation, Nugabest City, Rainbow Nation Pre-School, and Tower Hamlets United Social Enterprise.

Advertising hoardings:

12 Blackwall Goods Yard – renewal of 3 year licence for advertising hoarding at £55,637 per annum. On expiry of the licence new terms were agreed with the operator based on RPI increases. At the expiry of the licence the site was not remarketed but new terms negotiated directly with the licensee. The justification for not marketing the property is that the removal of the existing hoarding and the necessity for new planning consent will lead to a void period of at least 12 months and subsequent loss of income.

King George V Trust:

13 383A Mile End Road, E3, retail unit – grant of new 15 year lease on King George V playing fields trust land at £11,000 per annum following marketing period to doughnut seller. The property underwent a full and open letting process carried out by an external firm of surveyors acting on behalf of the Council, who recommended entering into a lease with the doughnut seller. This recommendation was accepted by the King George's Field Charity Board

on 29 January 2014. The Board consists of the council's Executive (Mayor and Cabinet). The Council are the Trustees and managers for the King George V Trust which holds an area of Mile End Park and a small number of shops.

New lettings:

- 14 30-32 Watney Market, E1, retail unit – grant of new 15 year lease at £25,000 per annum following marketing period in 2014. New occupier is car part sales. The shop underwent an open market letting and tenant selection process in line with Council procedures. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.
- 15 16 Watney Market, E1, retail unit – grant of new 15 year lease at £15,000 per annum following marketing period in 2014. New occupier is to be a Pound Shop. The shop underwent an open market letting and tenant selection process in line with Council procedures. Approval to complete the transaction provided by Service Head Corporate Property and Capital Delivery.
- 16 Pavilion Café, Victoria Park, E3 - renewal of a lease that expired in March 2015. New contracted out 7 year lease to be entered into at £50,000 per annum with the existing occupier taking over the maintenance of the adjacent public toilets, removing this task from the Council's cleansing team. Rent agreed is in excess of market rental valuation carried out in January 2015. The passing rent is currently £18,600 per annum. The café has not been remarketed but new terms been renegotiated directly with the existing tenant following an internal valuation carried out by the Asset Management team.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1. As these transactions will be determined under officer delegated authority, comments of the chief finance officer have not been sought.

5. LEGAL COMMENTS

- 5.1. As these transactions will be determined under officer delegated authority, legal comments have not been sought.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1. There are no immediate One Tower Hamlets considerations arising from the report.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The arrangements proposed in this report support the council's best value duty. The proposed transactions represent an efficient and effective use of the council's estate. Not entering into the leases set out in the report could lead to a loss of income, expensive court action, and have other impacts such as a loss of local retail facilities or squatting and anti-social behaviour, leading to further expenditure on the part of the council.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 There are no immediate 'sustainable action for a greener environment' implications arising from this report.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 Each transaction carries an element of risk should it not complete. The Council has a statutory duty to complete all of the statutory transactions listed within the executive summary at the start of this report and failure to do so could result in a Court Order enforcing the Council to complete each transaction.
- 9.2 Concerning the non-statutory transactions it is in each case either advantageous to the Council to complete or represents good estate management practice.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 There are no immediate 'crime and disorder reduction implications arising from this report. Properties which remain empty for long periods of time can attract squatters and anti-social behaviour.

11. SAFEGUARDING IMPLICATIONS

- 11.1 There are no immediate safeguarding implications arising from this report

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- NONE.

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- NONE.

Officer contact details for documents:

- Kevin Pulsford Principal Asset Manager ext 4609