



Property Investment Board

Date: WEDNESDAY, 15 JUNE 2016
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members:

Deputy Alastair Moss (Chairman)	Deputy Roger Chadwick
Tom Sleigh (Deputy Chairman)	George Gillon
Chris Boden	Deputy Brian Harris
Mark Boleat	Ann Holmes
Keith Bottomley	Tony Joyce (Co-Opted Member)
David Brooks Wilson (Co-Opted Member)	Edward Lord
Deputy Michael Cassidy	Dhruv Patel
	Liz Peace (Co-Opted Member)

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Lunch will be served in Guildhall Club at 1PM
NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES FOR ABSENCE**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To approve the public minutes and summary of the Property Investment Board meeting held on 25 May 2016.
For Decision
(Pages 1 - 4)
4. **HOUSING AND PLANNING BILL**
Report of the Remembrancer.
For Information
(Pages 5 - 8)
5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
6. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
7. **EXCLUSION OF THE PUBLIC**
MOTION – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.
For Decision

Part 2 - Non-Public Agenda

8. **NON PUBLIC MINUTES**
To approve the non-public minutes of the Property Investment Board meeting held on 25 May 2016.
For Decision
(Pages 9 - 14)
9. **CITY FUND, CITY'S ESTATE, BRIDGE HOUSE ESTATES AND STRATEGIC PROPERTY ESTATE - ANNUAL VALUATION**
Report of the City Surveyor.
For Information
(Pages 15 - 20)
10. **CITY'S RENTAL FORECASTS MONITORING REPORT**
Report of the City Surveyor.
For Information
(Pages 21 - 28)

11. **ARREARS OF RENT AS AT MARCH 2016 QUARTER DAY MINUS 1**
Report of the City Surveyor.
For Information
(Pages 29 - 34)
12. **CITY SURVEYOR'S DEPARTMENTAL RISK REPORT**
Report of the City Surveyor.
For Information
(Pages 35 - 38)
13. **CITY SURVEYOR'S BUSINESS PLAN 2015-18 QUARTER 4 PROGRESS REPORT**
Report of the City Surveyor.
For Information
(Pages 39 - 50)
14. **GATEWAY 5 ISSUES REPORT: BARBICAN EXHIBITION HALL 1 - ENABLING WORKS**
Report of the City Surveyor.
For Decision
(Pages 51 - 56)

CITY FUND

15. **DISPOSAL OPTIONS - RABBITS BRIDGE ROAD PLOT**
Report of the City Surveyor.
For Decision
(Pages 57 - 66)
16. **LETTING REPORT - LEASE RENEWAL , WORSHIP STREET EC2**
Report of the City Surveyor.
For Decision
(Pages 67 - 70)

CITY'S ESTATE

17. **LAND AT VINE STREET, EC3 - PROTECTIVE ACTION**
Report of the City Surveyor.
For Decision
(Pages 71 - 82)

BRIDGE HOUSE ESTATES

18. **LETTING REPORT - GRANT OF A NEW LEASE, LONDON WALL BUILDINGS EC2 (TO FOLLOW)**
Report of the City Surveyor.
For Decision
(To follow)
19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

PROPERTY INVESTMENT BOARD

Wednesday, 25 May 2016

Minutes of the meeting of the Property Investment Board held at the Guildhall EC2 at 11.30 am

Present

Members:

Deputy Alastair Moss (Chairman)	Deputy Brian Harris
Tom Sleigh (Deputy Chairman)	Ann Holmes
Chris Boden	Tony Joyce (Co-Opted Member)
Keith Bottomley	Edward Lord
David Brooks Wilson (Co-Opted Member)	Dhruv Patel
Deputy Roger Chadwick	Liz Peace (Co-Opted Member)
George Gillon	

Officers:

David Arnold	- Town Clerk's Department
John James	- Chamberlain's Department
Alan Bennetts	- Comptroller & City Solicitor's Department
Peter Bennett	- City Surveyor
Nicholas Gill	- City Surveyor's Department
Andrew Cross	- City Surveyor's Department
Tom Leathart	- City Surveyor's Department
Neil Robbie	- City Surveyor's Department

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Mark Boleat and Deputy Michael Cassidy.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were none.

3. RESOLUTION OF THE INVESTMENT COMMITTEE

The Town Clerk confirmed the 2016/17 Membership of the Board as appointed at the Investment Committee.

4. MINUTES

RESOLVED – That the public minutes and non-public summary of the meeting held on 13 April 2016 be approved.

5. **TERMS OF REFERENCE, FREQUENCY OF MEETINGS AND 2016/17 WORK PROGRAMME**

The Board considered a report of the Town Clerk that outlined the Terms of Reference, frequency of meetings, and the proposed 2016/17 Board work programme. The Town Clerk advised that the correct date for the May 2017 Board meeting was Wednesday 24 May 2017.

The Board noted that there were currently no Committee meetings scheduled during March and April 2017 due to Purdah and the Common Council Elections but Members requested that a Board meeting be arranged for late April 2017 if possible.

RESOLVED – That:-

- a) the Board's Terms of Reference be noted;
- b) the frequency of the Board's meetings be approved; and
- c) the proposed work programme for 2016/17 be approved.

6. **MARCHÉ INTERNATIONAL DES PROFESSIONNELS D'IMMOBILIER (MIPIM PROPERTY CONFERENCE) 2016/17**

The Board considered a report of the City Surveyor that sought approval to the City Corporation's attendance at the MIPIM property conference in March 2017 for a total budget not exceeding £95,000.

In response to a Member's concerns regarding a negative perception of the City Corporation from Small and Medium Enterprises (SMEs), the City Surveyor advised that the relationship with SMEs had improved in recent years with 90% of the 16,000 business within the City of London being SMEs. He added that rents in the City of London were extremely competitive compared with the City of Westminster and King's Cross so the misconception that SMEs were being priced out of the City of London needed to be corrected.

Members then considered the need for additional Member costs in terms of attendance from Deputy Chairmen. Members requested that any additional costs be considered by and reported to the relevant Committees. The Board agreed that the primary Deputy Chairman of Policy and Resources should attend and suggested that the Deputy Chairman of this Board should also be considered within the attendance cost, in addition to the Chairman, as MIPIM was primarily a property investment conference.

Members also noted that the Board's current Co-Opted Members, who could act as ambassadors for the City Corporation's Property Investment Board, were also planning to attend in their professional capacities.

RESOLVED – That:-

- a) the report on MIPIM 2016 be noted;
- b) the additional costs of attending MIPIM 2016 be noted;
- c) the Policy & Resources and Planning & Transportation Committees, and the Property Investment Board (including its Deputy Chairman), decide that the City of London Corporation should attend MIPIM 2017 with a total budget not exceeding £95,000.

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were none.

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The Town Clerk advised Members of three vacancies on the Corporate Asset Sub-Committee to be appointed from among Members of the Board.

It was **RESOLVED** that Deputy Alastair Moss (Chairman), Tom Sleigh (Deputy Chairman) and Chris Boden be appointed to the Corporate Asset Sub-Committee as the only three Members indicating their willingness to stand.

The Chairman then took this opportunity to advise the Board of the appointment of the new City Surveyor, Paul Wilkinson, who was due to start on 3 October 2016. The Chairman thanked all Members involved with the appointment process. The Board then asked the City Surveyor for an introductory meeting with Mr Wilkinson nearer his start date if possible.

9. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

Item No.
10 – 21

Paragraph No.
3

10. **NON PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 13 April 2016 be approved.

11. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY SINCE THE LAST MEETING OF THE BOARD**

The Board received a report of the City Surveyor that advised Members of a decision taken under urgency procedures by the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Board, since the last meeting.

RESOLVED – That the decision taken under urgency procedures be noted.

12. **QUARTERLY DELEGATED AUTHORITIES UPDATE - 1 JANUARY 2016 TO 31 MARCH 2016**

The Board received a report of the City Surveyor that advised Members of all property transactions approved under the Surveyor's delegated authority between 1 January and 31 March 2016.

RESOLVED – That the report be noted.

13. **CROSSRAIL PROPERTY OUTTURN REPORT**

The Board considered a report of the City Surveyor that provided details of the funding for the Crossrail project.

RESOLVED – That the report be noted.

14. **GATEWAY 3/4 OPTIONS APPRAISAL - REFURBISHMENT OF 3RD FLOOR AND RECEPTION AREA, WHITEFRIARS STREET EC2**
The Board considered a report of the City Surveyor that sought approval to a Gateway 3/4 Options Appraisal for a refurbishment project on Whitefriars Street, EC2.
15. **GATEWAY 1-4 PROJECT PROPOSAL - URGENT REPAIRS TO STONEMWORK, FLEET STREET EC4**
The Board considered a report of the City Surveyor that sought approval to a Gateway 1-4 Project Proposal regarding some urgent repairs to stonework on Fleet Street, EC4.
16. **LETTING REPORT - RENT REVIEW, NEW BOND STREET W1**
The Board considered a report that sought approval to a rent review in the lease of a whole building on New Bond Street, W1.
17. **LETTING REPORT - RENT REVIEW, CONDUIT STREET W1**
The Board considered a report of the City Surveyor that sought approval to a rent review in the lease of a whole building on Conduit Street, W1.
18. **LETTING REPORT - RENT REVIEW, TOTTENHAM COURT ROAD W1**
The Board considered a report of the City Surveyor that sought approval to a rent review in the lease of a Ground and Basement Floor on Tottenham Court Road, W1.
19. **SALISBURY HOUSE, LONDON WALL EC2 - EXTENSION OF HEAD LEASE**
The Board considered a report of the City Surveyor that sought approval to the extension of a head lease at Salisbury House, London Wall, EC2.
20. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
There was one question from the Deputy Chairman.
21. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
The Board considered four items of other business.

The meeting closed at 12.25 pm

Chairman

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Committee:	Date:
Property Investment Board	15 June 2016
Subject: Housing and Planning Act	Public
Report of: Remembrancer	For Information
Report author: Sam Cook, Remembrancer's Office	

Summary

This report advises Members of the enactment of the Housing and Planning Act, the Bill for which was previously reported to the Board. The Act includes four measures principally intended to encourage land held in the public sector to be made available for housing development. These are a duty for Government departments (and potentially other public authorities) to engage with other public authorities when developing proposals to dispose of land, a duty for public authorities to prepare and publish annual reports about surplus land-holdings, a power to set broader criteria for the Secretary of State to direct the disposal of public sector land, and a duty for local authorities to prepare and publish annual assessments of the sustainability and efficiency of the property estate.

A ministerial statement was secured during the passage of the Bill, confirming that these measures would apply only to land held by the City Corporation in its local authority capacity (*i.e.* City Fund properties). Officials also clarified that the duty to engage would not for the time being apply to local authorities, and that land held for investment purposes would not be considered surplus for the purposes of the reporting requirement. It is likely that the efficiency and sustainability assessments will apply to investment properties held in the City Fund (not those within the City Estate or Bridge House Estates), although discussions on this point are continuing.

Recommendation

Members are invited to note the actions taken in furtherance of the City Corporation's interests, noted at paragraphs 2, 4, 6 and 9 below, and to receive this Report.

Main Report

1. The Housing and Planning Act contains important, and in many cases contentious, measures intended to set the direction of the Government's housing policy and enable it to meet its house-building targets. Clauses in the Bill for the Act concerning public sector land were the subject of a report to the Board at its meeting of 10th February. These have now passed into law.

They are mainly, although not exclusively, intended to encourage land to be released for house-building.

Application to the City Corporation

2. In the case of the first three measures described below, the relevant clauses were drafted widely and left it to regulations to identify the public authorities which would be affected. It was not therefore self-evident that the measures would be confined to property held by the City Corporation in its local authority capacity (that is to say, City Fund rather than City Estate or Bridge House Estates property). This point was taken up with officials and subsequently with Lord Carrington of Fulham and the Cabinet Office Minister, Lord Bridges of Headley. As a result, Lord Bridges placed the following assurance on the parliamentary record at Report Stage in the House of Lords—"I take this opportunity to reassure the Corporation that our intention is to apply regulations under this part of the Act to the Corporation in its capacity as a local authority only, and that the drafting of the Bill allows for this." The effect of this assurance is to confirm that all of the measures described in this report to be implemented through regulations will, to the extent that they apply to the City Corporation, apply only to City Fund property.

Duty of engagement

3. The Act imposes a new duty on public authorities to engage with other interested public authorities when developing proposals for the disposal of land. The duty is principally targeted at Government departments, but may also be applied to other public authorities (such as local authorities) through regulations.
4. As noted in paragraph 2 above, this requirement could only be applied to City Fund property. In respect of such property, it could nevertheless capture routine transactions such as commercial lease renewals where there would be no purpose in discussing the use of the land with other public authorities. In the resulting discussion with the Department, a clarification was offered that there was no present intention to extend the duty to local authorities. Therefore there will be no immediate burden placed on the City Corporation. If, however, this policy were to change in the future, the Act includes an exempting power which would enable certain types of disposal to be excluded. Officials have been made aware of the arguments in favour of excluding transactions such as commercial leases where no change in the use of the land is envisaged. This case will be pursued further if the need arises.

Surplus land reports

5. The Act requires public authorities to prepare and publish annual reports of their surplus land-holdings, *i.e.* buildings or other land which the authority has identified as being surplus to its requirements but in which it continues to own an interest. Reports will only cover land identified as surplus within the previous two years (or six months in the case of land already used for housing). They will have to include an explanation of why the authority has not disposed of its surplus holdings. Further details about the contents of the

reports will be set out in regulations, which may also exclude certain sorts of land from the reporting requirement.

6. The application of this measure to City Fund investment property was discussed with departmental officials and it was agreed that nothing in the Bill would require the Corporation to treat land as “surplus” if a decision had been made to retain it for investment purposes. Accordingly land will only have to be included in the register once it has formally been declared as surplus, which will occur after both the Corporate Asset Sub Committee has decided that it is no longer required for operational use and the Board has decided that it should not be retained for investment purposes.

Power to direct disposal of land

7. The Act provides a new route by which the Secretary of State can direct public authorities to dispose of land held by them. Such a power presently exists, but may only be used where the land is considered by the Secretary of State to be unused or insufficiently used for the purposes of the authority. The Act enables alternative criteria to be set out in regulations. This move has been prompted by the Government’s “right to contest” initiative, by which members of the public are encouraged to submit proposals to the Government for the better use of public land. It is not yet clear what alternative criteria the Government will propose. As a result of a concession made in the House of Lords, the criteria will have to be approved by a vote of both Houses of Parliament before they take effect. As noted in paragraph 2 above, if regulations are made they will apply only in relation to City Fund property.

Efficiency and sustainability assessments

8. The Act requires local authorities (including the City Corporation acting in that capacity) to prepare annual reports, in respect of each year beginning with 2017, containing a ‘buildings efficiency and sustainability assessment’. This is an assessment of the progress made by the authority towards improving the “efficiency and contribution to sustainability” of buildings owned by the authority. In particular, it must include an assessment of progress made in reducing the size of the authority’s estate, and in ensuring that buildings newly acquired by the authority fall within the top quartile of energy performance. Reports will have to be published no later than 1st June in the year after that to which they relate. The assessment is based on those which already have to be carried out by central government under climate change legislation. Regulations will be able to exclude certain sorts of land from the assessment, and statutory guidance will be issued about how the assessment is to be approached.
9. The duty to prepare the assessment currently seems likely to apply to investment property in the same way as to operational buildings. This wide scope of application may prove onerous in the case of the City Corporation, owing to the scale of its investment holdings (even if, as is the case, City Estate and Bridge House Estate are not included). Furthermore, the implication that every local authority should, in the interests of efficiency, seek to reduce the size of its estate would not seem appropriate in the case of investment property. These concerns have been expressed to departmental

officials and to the Local Government Association, which is currently liaising with the Government on the implementation of the measures. Officers will continue to put the case that the distinct position of investment property should be recognised, either in regulations or in guidance.

Next steps

10. The City Corporation will, in relation to City Fund investment property which is declared surplus, need to comply with the new reporting duties in relation to surplus land. It is likely that it will also need to produce sustainability and efficiency assessments of buildings held as City Fund investment property, although the case will continue to be made that this requirement should not apply in the same way to investment properties as to operational ones. The practical content of the new duties will depend to a large extent on regulations and guidance which have yet to be published. Officers will continue to monitor the situation and will report to Members on any developments of interest.

Background papers

- Report of the Remembrancer on the Housing and Planning Bill, 10th February 2016, Item 4

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of the Local Government Act 1972.

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