

Committee(s):	Date(s):
Epping Forest and Commons Committee - for Decision	09/05/2016
Corporate Asset Sub (Finance) - for Decision	25/05/2016
Subject: Operational Property Review Farthing Downs Office – The Commons	Public
Report of: Director of Open Spaces Department	For Decision
<p style="text-align: center;">Summary</p> <p>The Operational Property Review is a cross-cutting Service Based Review which is taking a more strategic view of the operational assets of the City of London Corporation. Its aim is to identify opportunities to rationalise the Corporation's operational property portfolio and reduce the high and rising cost of property. In addition, Standing Orders require Committees to declare surplus any facilities not required for operational use.</p> <p>This report addresses Farthing Downs Office which has been highlighted as underutilised or surplus to requirement and sets out options and recommendations for its long-term use or disposal.</p> <p style="text-align: center;">Recommendations</p> <p>It is recommended that the Epping Forest and Commons Committee approves the recommendations as set out below:</p> <ol style="list-style-type: none"> 1. The Farthing Downs Office be declared surplus to the Open Spaces Department's requirements and be presented to Corporate Asset Sub Committee. <p>Further, it is recommended that, subject to Epping Forest and Commons Committee declaring it surplus, the Corporate Asset Sub Committee declare Farthing Downs Office as surplus to the City of London Corporation's requirements.</p>	

Main Report

Background

1. The Operational Property Review is a cross-cutting Service Based Review which is taking a more strategic view of the operational assets of the City of London Corporation, with the aim of identifying opportunities to rationalise the Corporation's operational property portfolio and reduce the high and rising cost of property. The general fabric and condition of many of our operational properties is starting to deteriorate which impacts negatively on the experience of the users of those properties and the Corporation's reputation as a consequence.

2. In November 2015 a report was brought before your Committee for information, advising of the Operational Property Review across the City of London property portfolio which highlighted the £40m 'bow wave' of maintenance costs we are currently pushing out year on year across all City of London Corporation assets.
3. As part of this process each department was asked to look at operational property and to challenge whether the property was fit for purpose, whether it was being used effectively and ultimately whether it was necessary to the operation of the service. In this case, The Commons team have suggested areas for consideration.
4. This report concerns the Farthing Downs Office which is located in The Commons Division.
5. Other buildings within the Commons Division are also currently under review and their reports will be submitted to this committee as necessary.
6. Standing Order 55 requires Committees to consider the effective and efficient use of all operational property assets.

Current Position - The Farthing Downs Office.

7. This building was converted to office space from a barn approximately 15 years ago and provides approximately 200sqm (gross internal area) and one allocated car parking space. In recent years the space was used to house the City Commons Project team. The City Commons project team was disbanded when that Division was merged with Burnham Beeches. The space has been vacant since 2014. **Appendix 1** for site photographs and location map.

Options

8. The option with regard to the Farthing Downs Office is to dispose or retain and the risks and benefits for each are set out below.
9. This simple brick building is of a 1960's design. It has LPG gas and electricity and is relatively well insulated and heated. The building is generally in a state of good repair but serves no purpose to the Division and has a bow wave estimated maintenance cost of £180,700 over 20 years.
10. Public toilets and visitor information are in a separate building on the site and not subject of this report.
11. Although the office building has stood vacant for two years it requires only a modest amount of works to bring it to a lettable condition, the cost of which will be met from the Operational Property Implementation Reserve. The property should appeal to the non-residential market for a variety of uses such as office with a ground floor store, fitness / yoga studio to a physiotherapy or dental practice subject to planning.
12. As the property is intrinsically connected to the lodges which are occupied by staff, the freehold disposal is not recommended by the City Surveyor but disposal by way of letting the vacant property on normal commercial effective

full repairing and insuring lease terms. This would remove the maintenance and financial cost of repairs from the City Surveyors and place this upon the commercial tenant.

13. The marketability and rental terms would be established by way of an open market letting campaign. However it should be noted now that the provision of car parking for a commercial use is low, but minimum requirement will not be known until a potential tenant is found. Additional car parking for a commercial tenant could be provided by relocating the LPG tank and lodge car parking away from the front of the estate office to side of the existing tarmaced car park.

Proposals

14. Where a site is declared surplus to operational requirements, to achieve alternative use, the Corporate Asset Sub Committee would first be asked to consider other uses by the City Corporation. Failing this the intention would be:
 - i. **Farthing Downs.** Offer the property to the open market on normal commercial terms for an effective full repairing lease on terms that would be subject to the approval of the Property Investment Board.

Corporate & Strategic Implications

15. The efficient and effective management of Open Spaces City of London Corporation's strategic aim "to provide valued services to London and the nation" and the key policy priority of "maintaining the quality of our public services whilst reducing our expenditure and improving our efficiency".

Implications

16. The aim of the Operational Property Review is to encourage the more effective use of operational property and where reasonably practical to identify sites as surplus to operational requirements so that alternate uses can be found for them which reduce the cost of the City's portfolio.

Conclusion

17. The Commons Division has highlighted one building that is surplus to requirements. Other buildings are under consideration and separate reports will be submitted to this Committee at a later date.

Appendices

- Appendix 1 – Farthing Downs Office. Photographs and Location Map

Background Papers:

Operational Property Report of the City Surveyor – 24th November 2015

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