

Committee(s)	Dated:
West Ham Park	18/07/2016
Subject: Leasing of Lodges - update	Public
Report of: Superintendent of Parks and Gardens	For Information
Report author: Lucy Murphy	

Summary

This report provides an update on the leasing of 240 and 242 Upton Lane and advises Members of the letting arrangements agreed by Director of Open Spaces, Comptroller & City Solicitor and the City Surveyor.

240 and 242 Upton Lane were identified as surplus to operational needs in July 2015. Following a tender exercise Strutt and Parker were appointed as the agents to lease the properties by the Operational Property Review Board in May 2016. The two lodges are being marketed on the open market for letting on an Assured Shorthold Tenancy basis. The leasing of these two lodges will generate income that will contribute towards achieving a sustainable future for West Ham Park. This is an interim arrangement to produce income and reduce risks of vacant properties whilst the future of the adjoining Nursery is determined.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. In July 2015 Members agreed with a proposed model for lodge residency at West Ham Park. This resulted in two lodges being identified as surplus to service need and therefore available to lease to the open market as residential accommodation on the best terms that could reasonably be attained. Staff were relocated out of the two properties and the properties redecorated in order to render them suitable for letting.

Current Position

2. The City Surveyors Department (CSD) and the City Procurement team went out to tender for national agents with local offices who could manage and let the properties identified at West Ham Park (and others deemed as surplus across the Open Spaces department when these become available). Tenders were received

from four companies in April 2016. Based upon the quality of proposals received and lowest price, the City Surveyors Department recommend appointing Strutt & Parker as the letting and management agent. This was approved by the Operational Property Review Board in May 2016.

3. Strutt and Parker have been appointed as the sole agent under a single contract initially for a term of two years, to provide letting and management services of the surplus lodges. Properties will be let using the standard Strutt and Parker Assured Shorthold Tenancy (AST) terms, summarised below:
 - a. AST lease for one year of each lodge.
 - b. All ASTs give the tenants the first six months security of tenure.
 - c. The tenants do not have right to renew and would not become 'secure tenants' therefore have no Right To Buy (RTB).
 - d. Rent: £1,700 per calendar month exclusive of bills / utilities, £1,750 for the house with a parking space
 - e. Use: residential only
 - f. Subletting / assigning: prohibited by the landlord
4. Strutt and Parker have been marketing the properties since June and there has been a high level of interest (see Appendix 1 for a copy of the property particulars for 240 Upton Lane). Prospective tenants have been found for 240 Upton Lane. Credit checks are currently taking place. Further viewings are being arranged for 242 Upton Lane.

Corporate & Strategic Implications

5. Identifying surplus property and seeking to find alternative uses is in line with the 'Lodges and Operations property review' programme identified in the Open Spaces Business Plan 2015/16-17/18. This programme is one of the strands that will help to deliver the departmental objective of embedding financial sustainability across our activities.
6. The proposed changes meet with City Surveyor's DSA1 Strategic Asset Management plan: To develop and add value to the strategic management of the City of London's corporate and investment property assets; and in accordance with the Corporate Property Asset Management Strategy SO5: Opportunities to maximise income generation will be explored and promoted where feasible

Implications

7. **Legal implications:** Comptroller and City Solicitor will approve the final wording of the Assured Shorthold Tenancy lease once occupants have been found. There is minimal risk of Right to Buy (RTB) as the City Cash property is operated by a charity. Where the landlord of a residential property is a charity, a tenant cannot become a 'secure tenant' in relation to RTB legislation.
8. **Property implications:** repairs and maintenance of the surplus lodges have been taken out of the MITIE contract. The day to day management has been transferred from CSD to the agent, within pre agreed budgets. This is an interim

arrangement to produce income and reduce risks of vacant properties whilst the future of the adjoining Nursery is being determined.

9. **Financial implications:** The agent will collect the rent and hold deposit monies in a secure client account. Net rent after commission and repairs will be paid electronically to the City of London on a quarterly basis.

Conclusion

10. Following a tender exercise Strutt and Parker have been appointed to lease 240 and 242 Upton lane by the Operational Property Review Board. The properties will be leased on AST terms as outlined in the report to avoid any Right To Buy issues. The opportunity to lease two lodges that were surplus to operational needs will bring sustainable income to West Ham Park.

Appendices

- **Appendix 1:** Property letting particulars for 240 Upton Lane

Background Papers

- West Ham Park Committee (July 2015) Review of Lodge Allocation at West Ham Park
- Operational Property Review Board (May 2015) Open Space Lodges - letting of vacant lodges on the open market – proposed future maintenance arrangements

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