

Committee(s): Residents Consultation Committee	Date(s): 1 September 2014
Subject: Wood Street Wine Bar 53 Fore Street, London EC2Y 5EL and 185 Andrewes House Barbican Estate – Letting to XXXXXXXXXXXXXXXX	Redacted
Report of: Director of Community and Children’s Services	For Information
<p style="text-align: center;"><u>Summary</u></p> <ol style="list-style-type: none"> 1. This report, which is for decision, seeks approval to grant a new single lease of The Wood Street Bar & Restaurant (formerly Crowders Well Public House) and flat 185 Andrewes House to XXXX XXX XXX at an exclusive annual rental of £XXXXXX per annum for the bar and £XXXXXX per annum inclusive for the manager’s flat at 185 Andrewes House. The lease will be for 20 years and the rentals for the bar and flat will be subject to five yearly upward only rent reviews. The lease is to commence on 29 September 2014 with a rent deposit of £XXXXXX being held, this deposit may be returned after 29 September 2015 if the rent account and occupation of the premises have been conducted in a good and satisfactory manner. Normally a rent deposit would be XX of the annual rent however during negotiations the tenants were only prepared to offer XX as a deposit. Each party to bear their own legal fees. 2. XXXX XXX XXX was granted a Tenancy at Will in June 2013 and the grant of a 20 year lease to them formalises their occupation of the Bar and flat. <p>Recommendation</p> <p>Members are asked to;</p> <ul style="list-style-type: none"> • Approve the grant of a single lease to XXXX XXX XXX at an exclusive annual rental of £XXXXXX per annum for the bar and £XXXXXX per annum inclusive for the manager’s flat at 185 Andrewes House commencing on 29 September 2014 with the payment by the tenant of £XXXXXX rent deposit which may be refunded after 29 September 2015 if the tenant has conducted its occupation and rent account in a satisfactory manner. Each party is to bear its own costs. • Instruct the Comptroller and City Solicitor to prepare the necessary legal documentation. 	

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| <ul style="list-style-type: none">• Any major changes to the proposed terms of the new lease be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman of your Committee.• Any minor changes to the proposed terms of the new lease be delegated to the Director of Community and Children's Services (in consultation with the Chamberlain for those of a financial nature). |
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Main Report

Background

1. The bar and flat were originally let in 1970 for a term of forty two years, this headlease expired two years ago. An underlease was granted to XXXXX in 2006 of the whole of the premises until the end of the term of the headlease (with a nominal extension). XXXXX without the knowledge of the City sold the lease to the current tenants XXXX XXX XXX in 2012 who remain in occupation.
2. XXXX XXX XXX was granted a Tenancy at Will of the Bar and flat in June 2013. Under the Tenancy at Will, XXXX XXX XXX pay the City a rental of £XXXX per month which equates to £XXXXXXpa (exclusive of VAT, rates and any other taxes) for the Bar and flat. They have conducted the rent account in a good manner and are up to date with their rental payments.

Current Position

3. The bar remains open and trading and the tenant XXXX XXX XXX have:
 - Conducted a full year's trading under difficult local trading conditions with a large construction site nearby and closure of local offices
 - Improved facilities in the basement bar
 - Built relationships with local residents and resolved a complaint from a local resident
 - Reintroduced Sunday lunches which had previously been stopped
4. Matthews & Goodman, Property Advisors, were retained to advise on the terms of the new lease at a fixed fee of £XXX (see appendix 1). Further negotiations have taken place following this report in May 2014.

5. After negotiations an exclusive annual rent of £XXXXXX for the Bar and £XXXXXX per annum inclusive for the managers flat were agreed with XXXX XXX XXX. The tenant is responsible for all internal repairs to the Bar but not the flat. Matthews & Goodman recommended the acceptance of these terms as being favourable for the City.
6. The lease will not permit separate assignment of the flat.
7. The property has had rather a chequered past with periods when the property has been vacant and certainly over quite a few years it has not been possible to agree increases at rent review for the public house element of the property.
8. Prior to this lease the rent for the public house was £XXXXXXpa which was set in 1998 and £XXXXXXpa for the flat, which was set in 2005. It has been very difficult over the last several years to agree anything more than nominal increases for public houses so a £XXXXXpa uplift represents a decent improvement in the rent for the Wood Street bar.
9. We are satisfied that the deal represents a full market rental and retains an existing business. The premises have not been marketed on the open market but there has been no loss of income to the City as the property has been occupied under a Tenancy at Will. Furthermore this lease represents value for the City, as no rent free period has been offered which is normally the case for a new letting.

Corporate & Strategic Implications

10. The proposed lease and the negotiations have been reviewed and are in line with commercial lettings and the market on the terms offered.

Implications

11. If a lease is not granted, under the terms of the Tenancy at Will either party can terminate the arrangement with immediate effect which could if the tenant decides to leave, lead to loss of income and amenity for the City.

Consultees

12. The Chamberlain, Comptroller & City Solicitor and City Surveyor have been consulted in the preparation of this report and their comments have been incorporated.

Conclusion

13. The combined Bar and flat rental of £XXXXXX represents a good open market rent for the premises. The premises are a valuable amenity to the

residents on the estate and the current tenants have completed a full years trading under difficult circumstances.

14. The Wood Street Bar forms part of the original concept of the Barbican Estate which was a village in the City which included a church and pub.

Background Papers:

Wood Street Bar&Restaurant, formerly Crowders Well Public House

Report of: Director of Community & Children's Services (March 2009) (Not included for RCC)

Contact:

michael.bennett@cityoflondon.gov.uk

telephone number: 020 7029 3923