

Committee(s): Residents Consultation Committee	Date(s): 24 November 2014	Item no.
Subject: Physiotherapist: 1 The Postern Barbican Estate lease surrender and new letting to XXXXXXXXXXXXXXXXXXXX	Redacted	
Report of: Director of Community and Children's Services	For Information	
<p><u>Summary</u></p> <ol style="list-style-type: none"> 1. This report, which is for decision, seeks approval to accept a surrender of the lease of XXXXXXXXX for 1 The Postern subject to the simultaneous grant of a new lease for the premises to XXXXXXXXXXXXXXXXXXXX. The new lease being at an annual exclusive rental of £XXXXXX which equates to £XXXXX per sq. ft. with a rent deposit of £XXXXXX being held. The lease will be for ten years, will be subject to five yearly upward only rent reviews and the tenant will have a break option at the end of the fifth year of the term on six months prior written notice. The new lease is to commence on 15 January 2015 to coincide with the current tenant XXXXXXXX surrendering their lease to the City. The new lease is to be excluded from sections 24 to 28 of the Landlord and Tenant Act 1954. Each party is to bear their own legal fees. 2. The premises are currently let to XXXXXXXX on a five year lease from September 2013 at an annual exclusive rental of £XXXXXX. The lease which was granted outside of sections 24 to 28 of the Landlord and Tenant Act 1954 and therefore has no security of tenure expires on 27 November 2018 with a break option in November 2015. XXXXXXXX has been the tenant for 28 years and wishes surrender the lease so that they can sell the physiotherapist business and retire. 3. The rental for the proposed new tenant XXXXXXXXXXXXXXXXXXXX represents a good return for the City with an increased rental and a larger deposit being held. <p style="text-align: center;">Recommendations</p> <p>Members are asked to;</p> <p>Approve the grant of a new lease to XXXXXXXXXXXXXXXXXXXX at an exclusive annual rental of £XXXXXX per annum, the lease to commence on 15 January 2015 with the payment by the tenant of £XXXXXX rent deposit and the simultaneous surrender of the existing lease of 1 The Postern Barbican at nil consideration. The new lease is to be excluded from</p>		

sections 24 to 28 of the Landlord and Tenant Act 1954, all parties to bear their own legal costs.

- Instruct the Comptroller and City Solicitor to prepare the necessary legal documentation.
- Approve that 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.
- Approve that 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).

Main Report

Background

1. The above premises were originally let on 17 February 1986 at an annual rental of £XXXXXX exclusive. A rent deposit of £XXXXX was taken. The premises were originally used as a physiotherapist and for residential purposes. Planning permission was granted to XXXXXXXXX in June 2003 for use of the whole premises as a physiotherapy clinic. The proposed new tenant has applied for planning permission as the 2003 planning permission is personal to XXXXXXXX. This letting is not subject to planning permission being granted.

Current Position

2. The premises are still open and all rent has been paid up to date.
3. Matthews & Goodman, Property Advisors, were retained to assess the current market rental income of the premises at a fixed fee of £XXXXX (see appendix 1).
4. Matthews & Goodman carried out a rent review and assessed the rental at £XXXXXX exclusive per annum which equates to a rental of £XXXXX per sq. ft. and compares favourably with other lettings. The only other medical facility on the estate being the dental surgery at 1 Wallside with an annual rental of £XXXXXX exclusive.
5. Prior to this new lease the rent for the premises was £XXXXXX which was set in September 2013 and so a £XXXXX uplift represents a decent improvement in the rent for the premises.

6. XXXXXXXXXXXXXXXXXXXX has been financially appraised by the Chamberlains Department.
7. The proposed new tenant XXXXXXXXXXXXXXXXXXXX has been operating as an established business, XXXXXXXXXX which was founded in 2003 and is situated in XXXXXXXXXXXXX. Staffing consists of two part time secretaries, five part time physiotherapists, a Pilates instructor, a massage therapist and a chiropodist. The premises at XXXXXXXXXX consist of a reception, four treatment rooms and a rehabilitation area. XXXXXXXXXXXX has to move from its current premises because the building is to be sold.
8. XXXXXXXXXXXXXXXXXXXX have the following plans for operating a clinic at the 1 Postern:
 - To retain as much of XXXXXXXXXXXXX business as possible.
 - To retain the existing Barbican physiotherapist business and undertake refurbishment of the premises.
 - Carry out research to find out the services that people want. In addition to engaging with Barbican residents, they will engage with the local GP Neaman practice to see if they have any healthcare needs not met currently within the Barbican. They are proposing to assess the demand for a Private GP service, or a more inexpensive nurse practitioner service.
 - To improve links with the local community and to offer a special rate to all Barbican residents, and become engaged through the various media accessible by the residents.
 - Update the premises to make it more welcoming and have improved facilities and to have a more open door policy. To assess the demand for a weekend service.
 - Hold a launch party, inviting those who live in the area, doctors and existing patients which will be a good way to both advertise the clinic and find out what else people want.
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 commencement of the new lease will coincide with the current tenant surrendering their lease. 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.

Consultees

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

Conclusion

12. The rental of £XXXXXX represents a good open market rent for the premises and an increase in rental amount of £XXXX per annum with a larger deposit being held by the City. The premises are a valuable amenity to the residents on the estate.

Background Papers:

Physiotherapist: 1 The Postern

Report of: Director of Community & Children's Services (September 2013)

Appendices

Matthews & Goodmans report (Not included for RCC)

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