

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1209

**Title:** Approval to grant a lease to a doctor's surgery of a newly acquired building "the Click".

### Executive Summary:

- Orient Regeneration (O-Regen) was a subsidiary of Peabody Homes set up to manage social welfare through recreation. There have been a number of issues with O-Regen, and the company is now in liquidation leaving a number of properties to be dealt with.
- GLA Land and Property Ltd (GLAP) has recently taken from the Liquidator the freehold transfer of one of these buildings – The Click.
- The Liquidator had found a tenant, a doctor's surgery that would provide both an income stream and a beneficial and needed community use. GLAP now proposes to proceed with the grant of the proposed lease now GLAP has the freehold title to the building and approval is accordingly sought.

### Decision:

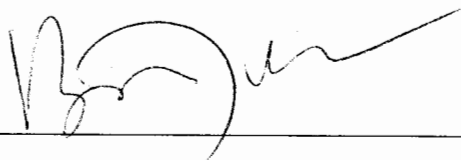
That the Mayor approves the grant of a 25 year lease to a doctors' surgery of a building 'The Click', the freehold to which is held by GLAP.

### Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

**Signature:**



**Date:**

24.5.2013

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The GLA, as statutory successor to HCA in Greater London, have inherited, in the name of GLAP, the benefit of various clawback covenants secured by charges over buildings in Waltham Forest purchased by Orient Regeneration (O-Regen) with grant funding from HCA's predecessor body, Waltham Forest Housing Action Trust. O-Regen is now in liquidation and GLAP has recently taken a transfer of the freehold (approved by DD1044).
- 1.2 There is a prospective tenant (a doctor's surgery) who has been carrying out preparatory works on the building permitted by the Liquidators with the intention of the tenant occupying on a 25 year lease at market value. They were acting in good faith upon payment of a deposit to the estate agents and confirmation from the estate agents that they were permitted to proceed with the works but at risk given that there was no formal lease in place.
- 1.3 It is in the interests of GLAP to secure this tenant as it provides a community resource, it is an income stream for GLAP and, having approved taking the freehold for this specific purpose, it will mitigate any costs associated with holding empty property.
- 1.4 The building is vulnerable without the lease in place and it is therefore in GLAP's interests to put the lease in place as soon as possible.

#### **2. Objectives and expected outcomes**

- 2.1 The objective is to put the building to beneficial use and to derive an income from it.

#### **3. Planned approach**

- 3.1 To grant the lease in accordance with agreed terms in the appendix as soon as possible.

#### **4. Other considerations**

- a. Links to strategies and Mayoral and corporate priorities:  
GLAP is a corporate body with an obligation to get best value for its assets. This is a letting at market value (independently verified) that has additional community benefits.
- b. Impact assessments and Consultation:  
The primary stakeholders, the liquidators and the prospective tenants are aware of the proposed course of action and are in favour of it.
- c. Risk:  
It is difficult to find a justification for not proceeding with the letting given it provides an income stream for GLAP, the doctors' surgery is clearly a requirement in the local area and, if GLAP were not to proceed with the letting, it would be liable for the void costs associated with the empty building. It was also envisaged at the time of GLAP taking the freehold of the building that this lease would be put in place

## **5. Financial comments**

- 5.1 A cost of £10k was incurred in recovering the freehold of the building, which can be contained within existing budgets.
- 5.2 The potential issue of SDLT being payable in respect of the freehold acquisition has been settled.
- 5.3 Following the rent-free period, a 25% rebate applies for the next 12 months on the full annual charge of £50k, which would be received thereafter until the first Review Date.
- 5.4 Further details of the commercial letting can be found in the Appendix.

## **6. Legal comments**

- 6.1 Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything which he considers will further one or more of the principal purposes of the GLA as set out in section 30(2) which are: (a) promoting economic development and wealth creation in Greater London; (b) promoting social development in Greater London; and (c) promoting the improvement of the environment in Greater London.
- 6.2 Section 34 of the GLA Act allows the Mayor to do anything that is calculated to facilitate or is conducive or incidental to the exercise of any of his functions.
- 6.3 Sections 1 and 2 of this report indicate that the Mayor has the power to agree the Decision set out above.
- 6.4 As noted within this report, the transfer of the freehold to the Click has been taken in the name of GLAP, as the party which has inherited the benefit of the clawback covenants and charge in respect of the property pursuant to the HCA transfer scheme made on 30 March 2012. The grant of the lease will therefore also be by GLAP.

### **Appendices and supporting papers:**

- 1. DD1044 for accepting the transfer.
- 2. Appendix – Heads of terms

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of this approval to be deferred? YES**

If YES, for what reason:

Until such time as the formal lease has been negotiated, agreed and is in place.

Until what date: 1 August 2013

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Caroline Cameron has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Assistant Director/Head of Service:**

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

**Sponsoring Director:**

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

**Mayoral Adviser:**

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

**Advice:**

The Finance and Legal teams have commented on this proposal.

✓

**EXECUTIVE DIRECTOR, RESOURCES:**

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

**Signature**

*M. J. Allen*

**Date**

22.5.13

**CHIEF OF STAFF:**

I am satisfied that this is an appropriate request to be submitted to the Mayor

**Signature**

*E. Jones*

**Date**

23/05/2013

## **Appendix A – Heads of Terms for Surgery Lease**

**Lessor:** GLAP

**Lessee:**

**Length of contractual term:** 25 year lease

**Permitted Use** means use as a doctor's surgery within Use Class D1 of the Town and Country Planning (Use Classes) Order 1987

**Property** means the land and building at The Click, 321 High Road Leytonstone, (E11 4JT) shown edged red on the attached plan and forming the whole of the land in title number EGL452620.

### **Annual Rent**

- (a) For the first nine months of the term one peppercorn
- (b) For the next year of the term £37,500.00
- (c) Until the first Review Date £50,000.00 per annum

### **Tenants break right**

The Tenant may terminate this Lease at the end of the 15<sup>th</sup> year of the Contractual Term by serving not less than six months' prior notice on the Landlord

