

To: Estates Sub Group

From: Elly McKee: Estate Management Surveyor

Date: 4 July 2017

Orton Police Station

1.0 Purpose

- 1.1 To seek approval to complete the Deed of Variation amending the User and Subletting clauses within the existing lease to facilitate occupation of the unit by a third party.

2.0 Background

- 2.1 Orton Police station is subject to a long lease which terminates on 9th June 2080 (63 years remaining). The lease is at a peppercorn rent but subject to a service charge.
- 2.2 The Police Station was vacated and cleared of items in February 2014.
- 2.3 In May 2015 the building was marketed with a view to assigning the lease (transfer of all property rights under the lease to another party).
- 2.4 It was not possible to secure an assignee due to the lease restrictions on the user and subletting clauses. The use of the property may be changed, subject to obtaining landlord's consent which may be refused if it considers that the proposed use would upset the tenant mix within the Centre. There is an absolute bar on subletting. The majority of potential occupiers were looking for shorter term arrangements.
- 2.5 Without the variation to the lease and a planning consent for change of use (to various office/retail or health related uses) the unit is likely to remain vacant in the long term particularly as there are other voids within the centre which will appear more attractive to potential occupiers.
- 2.6 In June 2016 the Landlord confirming their intention to work flexibly with the Police to secure occupation of our unit. They also advised of their intention to re-open the Mall.

3.0 Latest Developments

- 3.1 In September 2016 the 3 options which Reef Estates offered the police were reported to ESG when it was agreed to proceed on the basis of the following option:

Option 2: *In exchange for landlords consent to change the restrictive clauses we, as tenant, must pay the full service charge which will be backdated to 1st September 2015. If it is assumed the mall will reopen on 1st January 2017 the additional cost of this option is £6,100. Whilst we will have a more marketable unit (assuming Planning*

Not Protectively Marked

consent for a change of use is forthcoming) there is a risk that the mall re-opening will be delayed whilst we pay 100% service charge.

- 3.2 The mall has recently been re-opened following roof glazing repairs.
- 3.3 Planning consent was granted on 24 April 2017 for the change of use from police station to a use within Classes A1, A2, A5 and D1.
- 3.4 Heads of terms have now been agreed for a Deed of Variation to amend the lease as detailed below:
- The user clause is varied to allow A1,A2,A5 and D1 uses
 - The alienation clause is amended to allow subletting of the whole.

This is subject to the following conditions:

- Subject to all service charge, rent and insurance arrears being paid in full from the date of Reef ownership to the date the Deed of Variation completes.
 - Cambs Police pay all reasonable legal fees associated with the drafting and executing of the Deed of Variation. This cost cannot exceed £1,200
 - When Cambs Police find a sub tenant the Landlord has the option of terminating the lease and entering into a new lease direct with the sub-tenant or approving the proposed terms of the sub-lease. If the Landlord exercises the option to enter into a direct lease with the sub-tenant they must reimburse Cambs Police the costs incurred in drafting the Deed of Variation and securing planning consent. These costs cannot exceed £3,535.
- 3.5. Now that the mall has re-opened and planning consent has been granted, the completion of the Deed of Variation will provide a marketable unit which should facilitate occupation by a third party through either a surrender or sub-lease.

4 Recommendation

- 4.1 It is recommended that approval is granted to the complete the Deed of Variation amending the User and Subletting clauses within the existing lease to facilitate occupation of the unit by a third party.

Bibliography

Source Document(s)	Contact Officer	Location
Estate Management – Property Files	Elly McKee (Estates Management Surveyor) or 01480 422423	Cambridgeshire Constabulary
	Colin Luscombe (Director of Estates)	