

## Issues for the occupier to look out for

Real estate costs are one of the major costs for any organisation, but, it can often be the case that no one really wants to take responsibility for being in charge of the office.



**William Scott**  
Senior associate  
T: 020 7551 7855  
w.scott@bwblp.com

William advises a wide range of clients from multinationals to small family-run businesses, retailers, charities of all sizes including a number of household names, unions and educational establishments. Will also advises private individuals on all aspects of property-related disputes, but with a particular specialism in landlord and tenant work.

### William Scott provides this handy summary of issues to be aware of

Understanding your rights and obligations as a tenant can save you time and money. Here is a short checklist of major points to watch out for when it comes to managing your office premises.

#### Type of lease

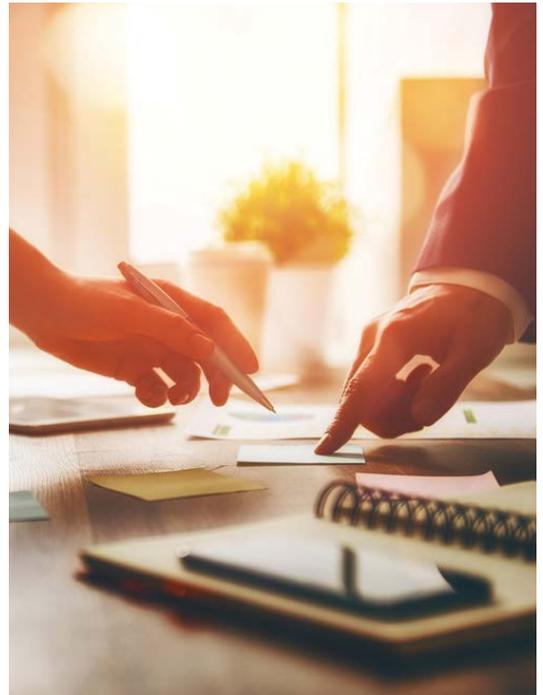
You need to know whether you have a protected or unprotected tenancy. A protected tenancy means you have a statutory right to remain in occupation of the property at the end of the term of the lease, until such time as the lease is terminated by one of the methods prescribed by the Landlord and Tenant Act 1954. A protected tenancy also comes with a statutory right to a new lease on the same terms subject to the level of rent and reasonable modernisation of those terms. There are certain statutory grounds upon which a landlord can object to the grant of a new lease. If the landlord is successfully able to object to a new lease on one of these grounds, there are certain circumstances in which they may be required to pay you compensation.

**‘You need to have a clear understanding of not only when the contractual term of your lease comes to an end, but also when any break dates are and whether that break is on a fixed date or a rolling break right’**

#### Deadlines

To maintain the maximum flexibility with what you can do with your lease and to deal with matters in the most cost-effective way, you need to have a clear understanding of not only when the contractual term of your lease comes to an end, but also when any break dates are and whether that break is on a fixed date or a rolling break right.

You should plan to carry out a review of your property needs at least 18 months in advance of any of these lease events, so that you can work out what you want, or have to do, with plenty of time to properly execute your plans in an organised and cost-effective way.



#### Major lease obligations

Bar the payment of rent and the service charge, the other major costs to watch out for are repair and decoration. These normally become an issue on vacating the property when the tenant has to put the property back into a state and condition required by the lease. These costs can be substantially reduced by implementing a planned preventative maintenance programme during the term of the lease. The alternative is to ensure you have sufficient time at the end of the term of the lease to carry out the repairs and reinstatement works yourself as this often works out cheaper than paying the landlord a sum in lieu.

#### Rates

Rates are another large cost and often savings can be made. Charities are entitled to a mandatory 80% relief but there are also reliefs available for other organisations depending on their size and where the office is based. You should carry out a review of your rates liability. Recent case law and legislation has resulted in the reversal of the so-called ‘staircase tax’, which could be another good reason to have your business rates reassessed.