



**INTERNATIONAL  
OIL POLLUTION  
COMPENSATION  
FUNDS**

ASSEMBLY  
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Agenda item 20

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## PREMISES OF THE IOPC FUNDS' SECRETARIAT

### Note by the Director

<b>Summary:</b>	As a consequence of the landlords' decision to postpone the refurbishment of Portland House there is no requirement for the IOPC Funds to vacate the current office premises. The landlords have offered the IOPC Funds the opportunity to extend the current lease which expires in June 2010 to March 2015. The various issues involved are analysed.
<b>Action to be taken:</b>	Authorise the Director to secure an extension of the lease of the current office space in Portland House.

### **1**     **The issue**

- 1.1     At the time of signing the lease on the Funds' office premises in Portland House in 1999 the Funds were made aware that the landlords intended to carry out external refurbishment of the building at some point during the coming ten years. The Director was led to believe that the refurbishment would be carried out while the tenants remained in the building. In February 2006 the Director was informed, however, that the necessary work could not be carried out whilst the tenants were in the building and that, as a result, the landlords would negotiate with the tenants to obtain their agreement to terminate their leases so as to enable the refurbishment, which was expected to take two or three years, to be carried out.
- 1.2     At its May 2006 session the 1992 Fund Administrative Council, acting on behalf of the Assembly, noted that the landlords of the office premises had sought to secure the Funds' agreement to terminate the lease before the expiry date in June 2010 in order to enable them to carry out external refurbishment of the building.
- 1.3     At its May 2006 session the 1992 Fund Administrative Council confirmed the Director's authority to sign on behalf of the 1992 Fund any agreement, lease or any other document relating to the lease of premises outside the present offices at Portland House. The Administrative Council also authorised the Director, in consultation with the Director-Elect and the Chairman of the 1992 Fund Assembly, to take the necessary decisions in respect of the relocation of the IOPC Funds' offices from Portland House, provided that the United Kingdom Government agreed to the rent

and other financial arrangements and to the duration of the lease (document 92FUND/AC.2/A/ES.11/8, paragraph 5.7).

- 1.4 Since the May 2006 meeting the landlords have informed the Director that the proposed refurbishment of Portland House will be only undertaken after March 2015. They have therefore offered the IOPC Funds the possibility to remain at Portland House up to March 2015. The landlords have indicated that approximately one third of the current tenants' leases will expire in March 2015 and that all new leases of offices in Portland House would expire at that date.

## **2 Portland House Offices**

- 2.1 The office premises occupied by the IOPC Funds on the 23rd floor of Portland House in Victoria are subject to a lease entered into in 1999 and covering the period June 2000 - June 2010.
- 2.2 The premises consist of 11 000 square feet of office space at £39.50 per square foot and 710 square feet of auxiliary space at £15.00 per square foot, used to house the printing machinery and the main IT hardware. A storage space of 600 square feet, at £10.00 per square foot, has been obtained in the basement of Portland House.
- 2.3 The rent has so far totalled £445 000 per annum for the 23rd floor and £6 000 per annum for the basement. The United Kingdom Government refunds 80% of the rent, and consequently only 20%, or £89 000, of the rent has been payable by the 1992 Fund for the 23rd floor and £1 200 for the storage space.
- 2.4 Under the lease agreement, a rent review was to be undertaken in June 2005. This review has not yet been completed. Any increase will be effective from 24 June 2005.
- 2.5 Service charges are also payable for the premises in Portland House. The service charges cover building insurance, gas, water and sewerage, building maintenance and renovations, security services and management fees.
- 2.6 Local taxes ('rates') are also payable for the premises. Like diplomatic missions and other intergovernmental organisations, the IOPC Funds pay only a minor portion of the rates.

## **3 Director's consideration**

- 3.1 The IOPC Funds enjoy the benefits of excellent office accommodation. In the Director and the Director-Elect's view, the Funds should consider the landlords' offer to extend the lease term to 2015. Such an extension could either be in the form of a revision of the current lease or by entering into a new lease. The advantage of the latter is that it would be possible to include in the main lease the storage space which currently has its own lease that is renewed yearly.
- 3.2 It should be noted that any arrangements and conditions must also be acceptable to the United Kingdom Government.
- 3.3 The Director has sought assurances from the landlords that Portland House will continue to be run efficiently and that the services currently provided will be maintained at the present standard to March 2015. Assurance has also been sought that the service charges payable for the premises will not increase disproportionately and that no additional capital expenditure will be put through the service charges beyond what is currently being charged.
- 3.4 The United Kingdom Government is assisting the IOPC Funds in securing an extension of the lease to 2015 and has indicated that it will continue to refund 80% of the rent relating to the offices of the IOPC Funds.

**4 Contractual arrangements**

- 4.1 Any revision to the current lease or a new lease should be entered into on behalf of the 1992 Fund only, since the 1992 Fund Secretariat administers not only the 1992 Fund but also the 1971 Fund and the Supplementary Fund. As was the case in respect of the present lease, the United Kingdom Government may be requested by the landlords to act as a guarantor for the 1992 Fund.
- 4.2 Under Articles 28.2 and 2.2 of the 1992 Fund Convention the Director shall be the legal representative of the 1992 Fund and shall be recognised as such by each Contracting State. The Director takes the view that there can therefore be no doubt as to his authority to sign the necessary documents pertaining to a lease on behalf of the 1992 Fund.
- 4.3 The 1992 Fund Assembly may wish to authorise the Director to take the necessary decisions in respect of an extension of the lease of the Funds' office premises.
- 4.4 The decision taken by the 1992 Fund Administrative Council at its May 2006 session confirmed the Director's authority to sign on behalf of the 1992 Fund any agreement, lease or any other document relating to the lease of premises outside the present offices at Portland House. However, in order to avoid any problems arising, the Director proposes that the 1992 Fund Assembly should confirm his authority to sign any new lease or any other document relating to the extension of the lease in relation the present offices at Portland House.

**5 Action to be taken by the governing bodies**

- 5.1 The 1992 Fund Assembly is invited:
- (a) to take note of the information contained in this document;
  - (b) to consider whether to authorise the Director to take the necessary decisions in respect of an extension of the lease of the IOPC Funds' premises in Portland House, provided the United Kingdom Government agrees in respect of the rent and other financial arrangements and the duration of the lease; and
  - (c) if so, to confirm the Director's authority to sign on behalf of the 1992 Fund any agreement, lease or any other document relating to the present offices at Portland House and the extension of the lease in respect of these offices.
- 5.2 The Supplementary Fund Assembly and the 1971 Administrative Council are invited to take note of the information contained in the present document.
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