

YIEWSLEY CORNERSTONE CHILDREN'S CENTRE & OAK FARM CHILDREN'S CENTRE LEASES

Cabinet Member(s)	Councillor Jonathan Bianco
Cabinet Portfolio(s)	Finance, Property and Business Services
Officer Contact(s)	M Paterson, Residents Services
Papers with report	Site plans

1. HEADLINE INFORMATION

Summary	This report seeks approval to the Council taking a lease at Yiewsley Cornerstone Children's Centre and Oak Farm Children's Centre to formalise a position which has existed since the centres were built in 2009. The centres were built with the agreement of the landowners but without a formal lease having been put in place. Negotiations have since taken place and the two landowners are now ready to complete leases for the respective centres. The Council will be entering into these leases as tenant and will be bound by the liabilities and obligations included under the terms of the leases.
Putting our Residents First	This report supports the following Council objectives of: <i>Our People; Our Built Environment.</i>
Financial Cost/Benefit	None
Relevant Policy Overview Committee	Children, Young People and Learning
Ward(s) affected	All

2. RECOMMENDATIONS

That Cabinet:

- 1. Approves the Council entering into a lease, as tenant, of Yiewsley Cornerstone Children's Centre on the main terms set out in this report.**
- 2. Approves the Council entering into a lease, as tenant, of Oak Farm Children's Centre on the main terms set out in this report.**

Reasons for recommendation

The Council's tenure of these children's centres is at risk and can only be secured by entering into a lease of each centre where agreement is reached with the individual landowners.

Alternative options considered / risk management

If leases are not completed this could present difficulties for the council should it wish to vary the current delivery model.

Policy Overview Committee comments

None at this stage.

3. INFORMATION

Supporting Information

1. These children's centres were built with grant funding from the Department for Education (DfE) and payment of grant was dependent on compliance with DfE requirements. The DfE did not issue a template lease for centres built on land which was not owned by councils and the guidance issued at the time only indicated that a lease for freehold land and buildings would normally be for a minimum of 25 years. There was no other guidance provided on lease terms from the DfE.
2. Whilst agreement was reached between the landowners and the Council's project managers responsible for the children's centre programme to build these centres on land which was not owned by the Council, no formal lease was put in place prior to completion of the centres. Attempts have been made to complete leases subsequently and the landowners at Yiewsley Cornerstone and Oak Farm Children's Centre are now ready to complete leases for the respective centres.
3. The initial template lease sent to the landowners proposed Heads of terms for a 60 year full repairing and insuring lease at a peppercorn rent with the use of the building restricted to use as a children's centre and other associated community use. Following responses received from the landowners, the Heads of terms were amended and a revised template lease has been agreed on the following main terms -
 - Term - A 25 year term from the date of the opening of the centre in 2009
 - Rent - A peppercorn rent with no rent review
 - Break option - A landlord break option which permits the landlord to terminate the lease should it cease to be used as a Children's Centre
 - Repairs - The tenant is to be responsible for repairs and decoration
 - Use - The use to be limited to a Children's Centre & other associated community use. It will also allow out of hours use by the landlord.
 - Alterations - The landlord's consent will be required for structural and external alterations
 - Insurance - The landlord to insure and recover the costs from the tenant

- Alienation - the whole centre only can be assigned and there is no subletting permitted, sharing within the limits of the users is however permitted
- The leases will be contracted out of the Landlord and Tenant Act 1954 security of tenure provisions. The Council will not, therefore, have a statutory right of renewal at the expiry of the lease.
- Fees - The Council will bear the landowners reasonable fees

Financial Implications

Following the amendments to the Heads of Terms as shown above there is a risk that additional costs could be recharged to the landlord (LB Hillingdon). These risks will be managed through the annual review of the SLA(s) with the providers(s).

The risk of clawback of the capital grant from the DfE remains should services cease, irrespective of the recommendations contained in this report.

4. EFFECT ON RESIDENTS, SERVICE USERS & COMMUNITIES

What will be the effect of the recommendation?

The recommendation will secure the tenure of the Children's Centres to the expiry of the 25 year lease term.

Consultation Carried Out or Required

Not applicable.

5. CORPORATE IMPLICATIONS

Corporate Finance

Corporate Finance has reviewed this report, noting that the recommended leases have limited financial implications as these formalise existing ad hoc arrangements for use of the Children's Centre buildings at Yiewsley Cornerstone and Oak Farm school. In the first instance, any building costs associated with these properties which fall to the Council will be managed within the Council's broader Children's Centre operating budgets.

Legal

The report shows that the proposed leases will be on reasonable terms and by entering into them will provide the Council with the security that its occupation will continue for a further 18 year period and ensure that the Council has complied with the DFE's funding requirements.

It should be noted that by approving the recommendation the Council will be entering into new leases which will set out the obligations and rights to be accepted by the Council as tenant and the obligations and rights to be accepted by the landlords. In the event of any disputes, regard will have to be had to the legal documentation to determine what rights exist in respect of either party and any future dealings with the landlords in question will be regulated by such leases.

The officers responsible for negotiating the terms of the new leases on behalf of the Council should ensure that such terms are reasonable and all necessary legal documentation should be considered by officers in Legal Services for legal consideration to be given to such terms. There are no legal impediments to the Council entering into the leases.

Corporate Property and Construction

Corporate Property and Construction has authored this report.

Relevant Service Groups

Children and Young People's Services have been consulted in preparing this report.

6. BACKGROUND PAPERS

None