

ITEM NO: 15

DECISION-MAKER:	CABINET MEMBER FOR RESOURCES AND WORKFORCE PLANNING		
SUBJECT:	LEASE SURRENDER AND RENEWAL:SCOUT HUTS AT CANFORD CLOSE AND TICKLEFORD DRIVE, SOUTHAMPTON		
DATE OF DECISION:	6 SEPTEMBER 2010		
REPORT OF:	HEAD OF PROPERTY AND PROCUREMENT		
AUTHOR:	Name:	Tina Wright	Tel: 023 8083 3403
	E-mail:	Tina.wright@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

None.

SUMMARY

Scout Groups currently occupy premises in Canford Close and Tickleford Drive under Leases from the Council. These buildings have been identified as being in a suitable location to provide an Early Years setting in response to the Councils statutory duty under the Childcare Act 2006. The buildings will need to undergo some refurbishments in order to comply with registration by Ofsted. Cabinet have approved expenditure from the Early Years and Children's Centres Capital Improvement Programme towards this project, to enable a provider to offer early years education and childcare for children of 3 and 4 years of age. The alterations will enable the Council to fulfil its statutory duty to ensure that there are sufficient early years and childcare places in the City. The proposed alterations will also improve the buildings for future uses.

It is therefore proposed that the existing leases are surrendered and a new Lease is offered to each Scout Group for a term of 25 years at a rental of £1 per annum in respect of Canford Close and a new lease offered for a term of 15 years at £1 pa in respect of Tickleford Drive. These leases will require the Scouts to under-let to a nursery provider.

The properties are categorised as social property and managed by the Housing and Local Services Portfolio.

RECOMMENDATIONS:

- (i) To authorise the surrender and re-grant of new leases at £1pa to the Scout Groups occupying premises at Canford Close and Tickleford Drive requiring the Scouts to underlet to a nursery provider.
- (ii) To delegate authority to the Head of Property and Procurement to authorise any similar future proposals for lease renewals to Scout or Guide groups or other community or charitable organisations which include any underlet for any purpose authorised by s.2 Local

Government Act 2000 at rents less than best consideration where it is proposed to underlet to a nursery provider or similar community use.

REASONS FOR REPORT RECOMMENDATIONS

1. There are currently insufficient Early Years places for children of 3 and 4 years of age within many areas of Southampton. The Childcare Act 2006 creates a duty for the Local Authority to ensure there are sufficient early years places in response to demand. The proposal will enhance the existing asset, improve the facilities for the Scouts and assist the Council in carrying out its statutory duty. The proposals in the report represent value for money as if other facilities were needed to be found to house the nursery an open market rental would need to be paid.
2. There are no delegated powers to grant a lease at less than best consideration.

CONSULTATION

3. The report has been produced following internal consultation with Children's Services and Learning.
4. The Scouts have confirmed they are happy with the proposals following initial discussions. No other external consultation has been undertaken.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. To not grant new leases but continue with existing lease terms. This will not allow the Scouts to underlet to a nursery provider which would create a shortfall in nursery places in the Millbrook and Weston area of the City.

DETAIL

6. The Canford Close property comprises a single storey building of brick construction on a site of 0.1 hectares adjoining Mansel Infant School. The building is currently occupied by the Scout Association under the terms of a Lease for a term of 21 years from 23 May 1995 on a full repairing and insuring basis at a rental of £1 per annum. This Lease is due to expire on 22 May 2016. The Lease is protected by the Landlord and Tenant Act giving the tenant security of tenure and a right to a new lease at the end of the term in normal circumstances.
7. The Tickleford Road Scout site is held under a 21 year lease at £1 pa which expires in 2012. This lease is also protected by the Landlord and Tenant Act.
8. The DfE capital funding invested within these premises as part of the refurbishment works requires the Council to have a 25 year (*Canford Close*) and 15 year (*Tickleford Close*) agreement in place to safeguard the delivery of nursery provision, subject to local demand. The Early Years Capital Programme was approved by Cabinet on 27/10/2008. The approval included delegated authority for the Executive Director for Children's Services and Learning to finalise the programme in consultation with the lead member which was approved at the Children's Services and Learning Capital Board 25/01/2010. The refurbishment works to ensure the venue is registered by Ofsted include the provision of a secure outdoor play space, canopy, new secure entrance lobby, external storage and minor associated refurbishment

works to comply with registration by Ofsted.

9. To facilitate the above it is proposed to surrender the existing leases and simultaneously grant to the Scouts new leases at a rental of £1 per annum on a full repairing and insuring basis. A photographic Schedule will be attached to the Leases recording the improvements to the building and placing the onus on the Scouts to maintain in a similar condition and ensure no deterioration to the building. Under the terms of the Leases it is proposed that the Scouts will be required to underlet to the nursery provider, following completion of the works. There will be an express clause in the leases to the Scouts requiring them, on a specified number of days notice, to enter into and complete an under-lease to a nursery provider in a format pre-agreed and appended to the Leases. The Leases will stipulate that any rental payable by the nursery provider to the Scouts should be only on the basis of covering the costs of services such as electricity, water, cleaning etc.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

10. The expenditure to undertake the works are being funded from the Early Years and Children's Centres Capital Improvement Programme approved by Cabinet 27/10/2008.

Revenue

11. If new leases are agreed at £1pa then the opportunity to obtain full market rental for the accommodation is lost. However, the open market opportunities for the buildings in their current state of repair are limited. In addition other potential uses are restricted in planning terms in view of the current community use.
12. The Council is reviewing the way it grant aids voluntary and community groups including Scouts. On 27 July 2009, Cabinet approved a report called Review of Grants to Voluntary Organisations. The report included some "in principle" recommendations which are subject to 12 weeks consultation. These included removing the "hidden subsidy" of a £1 rent and replacing this with a grant equating to an amount approximating to the 'market rent'. The outcome of this review may not be determined for some time. In view of the urgent need to provide nursery places it is not possible to wait until these reviews are completed before granting the leases. It is therefore intended to insert rent review clauses into the leases after every 5th year which will give the council the ability to review the rental to open market if so required.

Property

13. The assets will be enhanced with the proposed works. The Councils interests are protected by the inclusion of the rent review clause.

Other

14. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

15. The Local Government Act 1972 – General Disposal Consent (England) 2003

provides power to let premises at less than best consideration. Section 2 of the Local Government Act 2000 provides powers to do anything which is likely to promote or improve the economic or social or environment well-being of the area.

Other Legal Implications:

- 16. Before deciding to Dispose at an Undervalue the Council must comply with a number of statutory and other obligations. It must :
 - Keep firmly in mind its` accountability and fiduciary duty to local people – Assisting with this proposal will assist in ensuring there are enough nursery places within the city.
 - Believe that it will help to secure promotion or improvement of the economic, social or environmental well-being of its area – This proposal will improve the Scouts facilities and assist with nursery provision in the city.
 - Ensure the Undervalue does not exceed £2M- the under value does not exceed this figure.
- 17. A State Aid issue on any price received under best consideration or by way of subsidy must be considered. However, in these circumstances, the issue is remote due to the market conditions and value.

POLICY FRAMEWORK IMPLICATIONS

- 18. The proposal is not contrary to the Policy Framework.

SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members’ Rooms and can be accessed on-line

Appendices

1.	Plan detailing the location of the Scout Hut at Canford Close.
2.	Plan detailing the location of the Scout Hut at Tickleford Drive.

Documents In Members’ Rooms

1.	None
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Background Documents

Title of Background Paper(s) Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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Background documents available for inspection at: N/A

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	Redbridge and Woolston
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