

Report to Cabinet Member for Finance and Property

April 2022

Property Holdings: Endorsement Lease Agreements for former Southwater Children and Family Centre and former Gattons Children and Family Centre

Report by Assistant Director of Property and Assets

Electoral divisions: Southwater and Burgess Hill North

Summary

To accord with Standing Orders, this report seeks the approval of the Cabinet Member for Finance and Property to grant two separate, new fifteen-year commercial leases for the former Southwater Children and Family Centre and the former Gattons Children and Family Centre, to respective Nursery School providers.

Recommendations

That the Cabinet Member endorses:

- (1) a new fifteen-year lease of the former Southwater Children and Family Centre, Worthing Road, Southwater, Horsham, West Sussex RH13 9HA; and
 - (2) a new fifteen-year lease of the former Gattons Children and Family Centre, Royal George Road, Burgess Hill, Burgess Hill, West Sussex, RH15 9SL; and that
 - (3) Authority is delegated to the Assistant Director of Property and Assets in conjunction with the Director of Law and Assurance to negotiate and conclude the terms of the leases.
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Proposal

1 Background and context

- 1.1 In July 2021 the County Council took a decision to re-design the Early Help Service, [CAB02 21/22](#). This decision included the decision to declare Southwater Children and Family Centre and Gattons Children and Family Centre surplus to the Early Help Services operational requirements.

- 1.2 The Asset team carried out an appraisal of all the options for the Southwater and Gattons centres. In both cases Sure Start grant was used to build the centres, and this brings with it certain constraints. The County Council has to ensure that the property is only used for a use consistent with the purposes of the Sure Start grant, for a term of 25 years. The purpose of the grant was the development of premises for the provision of services for Early Years age children. (ie predominantly under five years old). If the County Council were to consider any alternative use outside these terms, the Council would be obliged to refund the grant to the Department of Education.
- 1.3 In the case of Southwater the grant conditions apply from 7th December 2007 until the 6th December 2032 and in the case of Gattons, the grant conditions apply from 7th December 2009 until 6th December 2034.
- 1.4 The County Council has a duty to ensure best value in the use of assets and is also obliged to ensure opportunities are marketed fairly and that one party is not treated with, to the exclusion of others. Based on all these facts it was decided the best option was to market the property to let, for a use compliant with the terms of the Sure Start Grant.
- 1.5 In accordance with usual practice, external marketing agents were appointed earlier this year and the properties were offered for lease on the open market with final offers received in February 2021.
- 1.6 Details of the bids received are set out in **Appendix A (available for members only)**.

2 Proposal details

- 2.1 The County Council's Agents have provisionally agreed terms for Southwater Children and Family Centre for a term of 15 years at an agreed market rent.
- 2.2 The County Council's Agents have provisionally agreed terms for Gattons Children and Family Centre for a term of 15 years at an agreed market rent.
- 2.2 It is proposed that the Cabinet Member for Finance and Property agrees to this transaction being concluded by delegated authority to the Assistant Director of Property and Assets in conjunction with the Director of Law and Assurance.

3 Other options considered (and reasons for not proposing)

- 3.1 Due to the restrictions on the use of the property as a result of the Sure Start grant conditions, options on future use were constrained. There were no other suitable County Council services identified and no proposals coming forward from the community that would be compliant with the terms of the grant.
- 3.2 Details of all offers received for each centre are in **Appendix A (available for Members only)**

4 Consultation, engagement and advice

- 4.1 The Local Members for Southwater and Burgess Hill North have been consulted.

5 Finance

- 5.1 Revenue consequences

- 5.2 The grant of a commercial lease will result in a rental income per annum. **(Details provided in Appendix A for Members only)**. The tenants will take on repairing obligations and be responsible for payment of all outgoings including business rates and utilities.
- 5.3 Capital consequences:
None
- 5.4 The effect of the proposal:
- (a) **How the cost represents good value**
The proposal will generate a rental income and avoid expenditure on repairs and outgoings, including rates and utilities at each property.
- (b) **Future savings/efficiencies being delivered**
There will be an ongoing saving on revenue costs to the County Council from these leases.
- (c) **Human Resources, IT and Assets Impact**
The proposal supports the Asset Strategy to make better use of resources and maximize income from the estate. There are no HR or IT implications.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Risk that the businesses could be unsuccessful, and the tenant becomes bankrupt and unable to sustain the lease.	The County Council will include break clauses and a forfeiture clause in the lease
Risk that the business could cause annoyance to adjoining schools.	The County Council will include a clause that ensures that no nuisance is caused and that the tenants comply with the planning permissions granted.

7 Policy alignment and compliance

- 7.1 In 2018 the County Council agreed to adopt an Asset Management Policy and Strategy. An objective of the strategy is to acquire, manage, maintain and dispose of property assets effectively, efficiently and sustainably, together with optimising financial return and commercial opportunities.
- 7.2 There are no direct implications arising from the proposal on equality duty and human rights, climate change, crime and disorder, public health or social value.

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Appendices

Appendix A (available for Members only)

Appendix B – Site Plan former Southwater Children and Family Centre

Appendix C – Site Plan former Gattons Children and Family Centre.

Background Papers

None