

NORTH SOMERSET COUNCIL

DECISION OF: COUNCILLOR STEVE BRIDGER THE EXECUTIVE MEMBER
FOR ASSETS AND CAPITAL DELIVERY



WITH ADVICE FROM: DIRECTOR OF CHILDRENS SERVICES
AND DIRECTOR OF CORPORATE SERVICES (S151 OFFICER)

DECISION NO: 21/22 DP 136

SUBJECT: NEW LEASE OF ASHCROFT HOUSE, OLDMIXON CRESCENT,
WESTON-SUPER-MARE, BS24 9AX

This is a key decision that has not been listed in the forward plan. The public notice procedure has been followed.

KEY DECISION: YES

REASON:

The Decision will result in the Authority incurring expenditure in excess of £500,000.

BACKGROUND:

The Council currently occupies premises at Ashcroft House, Unit 1 Crown Works, Oldmixon Crescent for the delivery of part of the Council's support to vulnerable young people from across the district via its Voyage Learning Centre (VLC). The VLC provides alternative provision for students from Year 1 through to Year 11 who are unable to attend mainstream school for a variety of reasons. The centre helps children develop their resilience, confidence and academic potential and supports them to develop positive relationships with adults and each other. As such it is an essential part of the Council's education provision.

The Council occupies the property under the terms of a 10-year lease which commenced on the 1 October 2010, at a rent of £65,000 pa. Since expiry of the lease on 30 September 2020, the Council has been 'holding over' under the terms of the old lease pending notice from the landlord, Following receipt of the landlord's notice to terminate the Council's continued occupation with effect from on 16 July 2021, terms have been agreed for the grant of a new 10 year lease from 16 July 2021 at a new rental of £80,000 pa, subject to a 5 year rent review but with a new tenant's break clause exercisable on the fifth anniversary of the term, but otherwise on similar terms to that of the current lease.

DECISION:

To authorise Officers to enter a new 10-year lease of Ashcroft House on the terms as outlined above.

REASONS:

To be able to continue the future use and occupation of the premises by the VLC for the delivery of this essential service for up to 10 years at a revised market rent but with the added flexibility of the ability to terminate the lease after 5 years if required..

OPTIONS CONSIDERED:

Following receipt of the Landlord's notice to terminate the Council's occupation on 16 July 2021, there was no option of doing nothing. The options available to the council were:

- Option 1. To accept the notice of termination and vacate the premises.
- Option 2. To make application to the Court to determine the terms of a new lease
- Option 3. To negotiate and mutually agree with the landlord new terms for a new lease prior to the 16 July 2021 expiry date of the landlord's notice

The position against each option was:

- Option 1. As the Council wishes to continue to provide the essential VLC educational services and there is currently no alternative property available this option was rejected.
- Option 2. The use of the courts to determine new lease terms is always a fallback position in the absence of a negotiated agreement. The court would normally determine the new rent but otherwise keep the terms the same as the expired lease and, therefore, the Council would be unlikely to secure the new 5-year break clause giving the option of terminating its rental obligations at an earlier date, if required. This option was therefore also rejected.
- Option 3. This option, of agreeing acceptable terms by negotiation, was therefore chosen.

FINANCIAL IMPLICATIONS:

The rent payable over the full 10-year term of the new lease would amount to a minimum of £800,000, subject to an 'upwards only' rent review on the fifth anniversary of the term. However, if the break clause is exercised on the fifth anniversary of the new lease, the rent payable under the new lease would amount to a maximum of £400,000.

COSTS

In addition to the rent payable under the lease there will be legal costs associated with entering into the new lease. Each party will bear their own costs in respect of these.

FUNDING

The new rent will represent an additional £15,000 per annum compared to the previous rent. This will be met by continuing the existing funding arrangements, via the Dedicated Schools Grant.

LEGAL POWERS AND IMPLICATIONS

This matter is governed by the provisions of the Landlord and Tenant Act 1954. Following service of the Landlord's notice to terminate the Council's lease in accordance with those

provisions, the Council is now obliged to follow the prescribed requirements and deadlines invoked by the landlord's notice under the Act.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

No Climate Change or Environmental Impact Assessment has been carried out. It is considered that this Decision will not have a major impact on the Council mitigating climate change. However, this building is being considered as part of the Asset and Accommodation Strategy, which has zero carbon buildings at its heart.

CONSULTATION

Relevant Officers and the Director of Children's Services have been consulted and raise no objections to the Decision.

RISK MANAGEMENT

Failing to agree new terms for the continuation of a lease on this property would generate a significant risk to the Council in terms of being able to continue to provide the essential VLC service. The Decision to renew the lease on the terms reported is considered to create no new or additional risks for the Council

EQUALITY IMPLICATIONS

The Decision is considered to have no equality implications.

CORPORATE IMPLICATIONS

The Decision will support the Council's corporate priority of being a council which empowers and cares about people

APPENDICES

None

BACKGROUND PAPER

The current lease dated 31/01/2011

SIGNATORIES:

DECISION MAKER(S):

Signed  Executive Member for Assets and Capital Delivery

Date: 2 August 2021.

WITH ADVICE FROM:



Signed Director of Children's Services

Date: 13 July 2021.



Signed: Director of Corporate Services (s151 Officer)

Date: 29 July 2021.