
**SURE START ST MATTHEWS,
WILLOW STREET/VANCOUVER ROAD, ST MATTHEWS,
LEICESTER**

Report of the Director of Environment, Development and Commercial Services

1. Purpose of Report

This report sets out a proposal to secure a property in the St Matthews area to assist with the implementation of the Sure Start initiative.

2. Summary

2.1 Sure Start is a multi agency (social services, health, education) social regeneration initiative to support children and parents in deprived areas.

2.2 A site has been identified at Vancouver Road which is considered suitable for the development of a building to house the initiative.

2.3 NCH (Action for Children) a registered charity has agreed to be the accountable body with respect to funding from Central Government and to hold any lease granted in respect of the site.

2.4 NCH require a lease for a term of 99 years at a nominal rent with an option to break after the funding period (7 – 10 years) with one year's notice.

2.5 On the exercise of such a break clause the building would revert to the City Council. If there is no requirement for the building there could be financial implications for the Council.

3. Recommendations

I recommend that the City Council enter into a lease with NCH on the terms as outlined above.

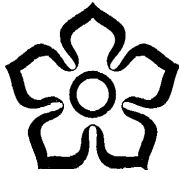
4. Financial Legal And Other Implications

When funding from the Sure Start programme ceases the Council may have to pick up future revenue costs for the running and upkeep of the building. There are also implications in respect of clawback details of which are awaited from the Sure Start Unit.

The Council are being required to enter into a Lease for a term of 99 years with NCH. The option to break after 7-10 years may result in the premises transferring back to the Council. Further comments concerning this may be made following clarification from the Sure Start Unit.

5. Report Author:

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Leicester
City Council

WYCLIFFE WARD

LEADERS BRIEFING

25 JUNE 2001

**SURE START ST MATTHEWS,
WILLOW STREET/VANCOUVER ROAD, ST MATTHEWS,
LEICESTER**

Report of the Director of Environment, Development and Commercial Services

SUPPORTING INFORMATION

1. Report

- 1.1 Property Services are currently assisting Sure Start, a major social regeneration initiative, to identify a suitable site on the St Matthews Estate to enable them to build premises. Sure Start is a Government initiative to support children (0 – 4 years) and parents in deprived areas. A site has been identified on Vancouver Road, adjacent to the What Cabin, which Sure Start consider will be suitable for the construction of new premises, which will house the multi agency team which constitutes Sure Start.
- 1.2 The site identified is presently held by Housing Committee and at the Committee meeting of 2nd May, 2000, approval was given in principle to the use of the strip of land on Vancouver Road for the development of the Sure Start initiative. The future intention however is that the land will be appropriated to Social Services prior to the proposed disposal, by way of a long leasehold, to Sure Start. This is because the services which are likely to be provided from the centre are more closely allied to social welfare than to housing objectives.
- 1.3 The accountable body with respect to the channelling of funds from Central Government to the initiative is NCH (Action for Children), a registered charity. They have agreed to hold any lease granted in respect of this site and are organising the design of the scheme, having already been involved in similar schemes elsewhere in the country.

- 1.4 Sure Start intends to spend a large capital sum, in the order of £635,000 (including fit out) on the construction of these premises. However, Sure Start only have a financial commitment from Government until April 2003, although the initiative should continue for 7 – 10 years, with funding tapering off towards the end of that period. It is intended that in year 5 mainstream services (social services, health, education etc) should take on funding and continue with provision of services. Whilst the future financial risk to the Council is a corporate issue there is an established principle of the sponsoring department (which in this case is Social Services) taking future financial liability for such an arrangement.
- 1.5 NCH (Action for Children) have indicated that a lease, for a term of 99 years at a nominal rent, of the site (which is valued at approximately £42,000) will be required to be entered into after the building has been successfully erected following a building lease to do so, but that it would be subject to an option to break after the period of funding (7 – 10 years), with one year's notice. The consequence of this is that when funding ceases the building could revert to the City Council if NCH terminated the lease. If Council funding is available, at that time, the building could be put to beneficial use and provide a valuable asset to the Council, but if, for whatever reason, there is no requirement for the building, there could be financial implications for the City Council. NCH have asked that the Lease is granted on a nominal rent basis. Normal policy is not to grant leases at less than best consideration, in accordance with audit commissions best practice guidelines. Where the Council wishes to support a group or project by paying for the cost of accommodation, the appropriate department does so by grant funding being given to cover the rental cost, thus ensuring transparency. I would recommend, however that Member make an exception in this case as NCH are only taking a lease to enable funding to be drawn down for the construction of new premises. The premises will then be used to deliver services to vulnerable children and their families, many of which will be City Council services. If the building is disposed of clawback may be incurred unless there is no change in the use of the building. However, any such transfer would have to be put to the Sure Start initiative before a decision was made to waive or defer clawback. This is a national problem around the Sure Start initiative and not one particular to this Authority.
- 1.6 There are now plans for similar schemes to be set up in other parts of the City and it is therefore, likely that similar proposals will be put before Cabinet in the future.
- 1.7 I recommend that a building lease and then a 99 year lease, after the building has been successfully erected, is entered into with NCH on the terms as outlined above.

FINANCIAL, LEGAL AND OTHER IMPLICATIONS

1. Financial Implications

Initial financial implications are minimal, as any expenditure incurred in constructing the premises will be met by Sure Start funding. However, when the Sure Start programme funding tapers off it is intended that main stream services (Social Services, health, education etc) should take on funding and the upkeep of the building to be constructed upon the site. The amount of grant funding anticipated reaches a peak in years 3, 4 and 5 at £450,000 per annum, tapering off in year 6. This figure also includes, however, revenue costs at existing facilities at St Matthews (e.g. neighbourhood centre), which are to be enhanced with Sure Start monies. When funding ceases the City Council may have to pick up future revenue costs for the running and upkeep of the building.

The Sure Start Unit have indicated that if the programme ends, the building reverts to the Council and is subsequently sold or otherwise disposed of, they would seek clawback but they are unable, at the present time, to outline the exact mechanism for this, from whom or how much clawback would be sought. As NCH is the accountable body in this particular instance, logically clawback would be sought from NCH, when the option to break the lease is exercised and the lease surrendered back to the Council. It is unlikely that the disposal value of this building will exceed the amount of grant (£635,000 approved in principle) and therefore if the total disposal price is clawed back from the Council, the value of the site (approximately £42,000) could be lost. The Sure Start Unit is however unable to give a definitive response in this matter.

The Unit has indicated that if ownership of the asset is transferred, without a change in its use, clawback may be waived but each case will have to be considered individually.

2. Legal Implications

Following the construction of the building the Council are being required to enter into a lease for a term of 99 years with NCH at a peppercorn rental, subject to a break clause after 7-10 years. This may result in the premises, for which we may have no use, being transferred back to the Council. The grant of a lease at a peppercorn rent is allowed under the General Consent, as NCH is a registered charity. Further comments may be made following clarification from the Sure Start Unit regarding clawback.

3. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within report	References
Equal Opportunities	Yes	1.1	
Policy	Yes	1.5	
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		

4. Background Papers – Local Government Act (Access to Information) 1985

Held on file No.4259

5. Consultations

Social Services
Legal Services
Environment & Development (Finance)

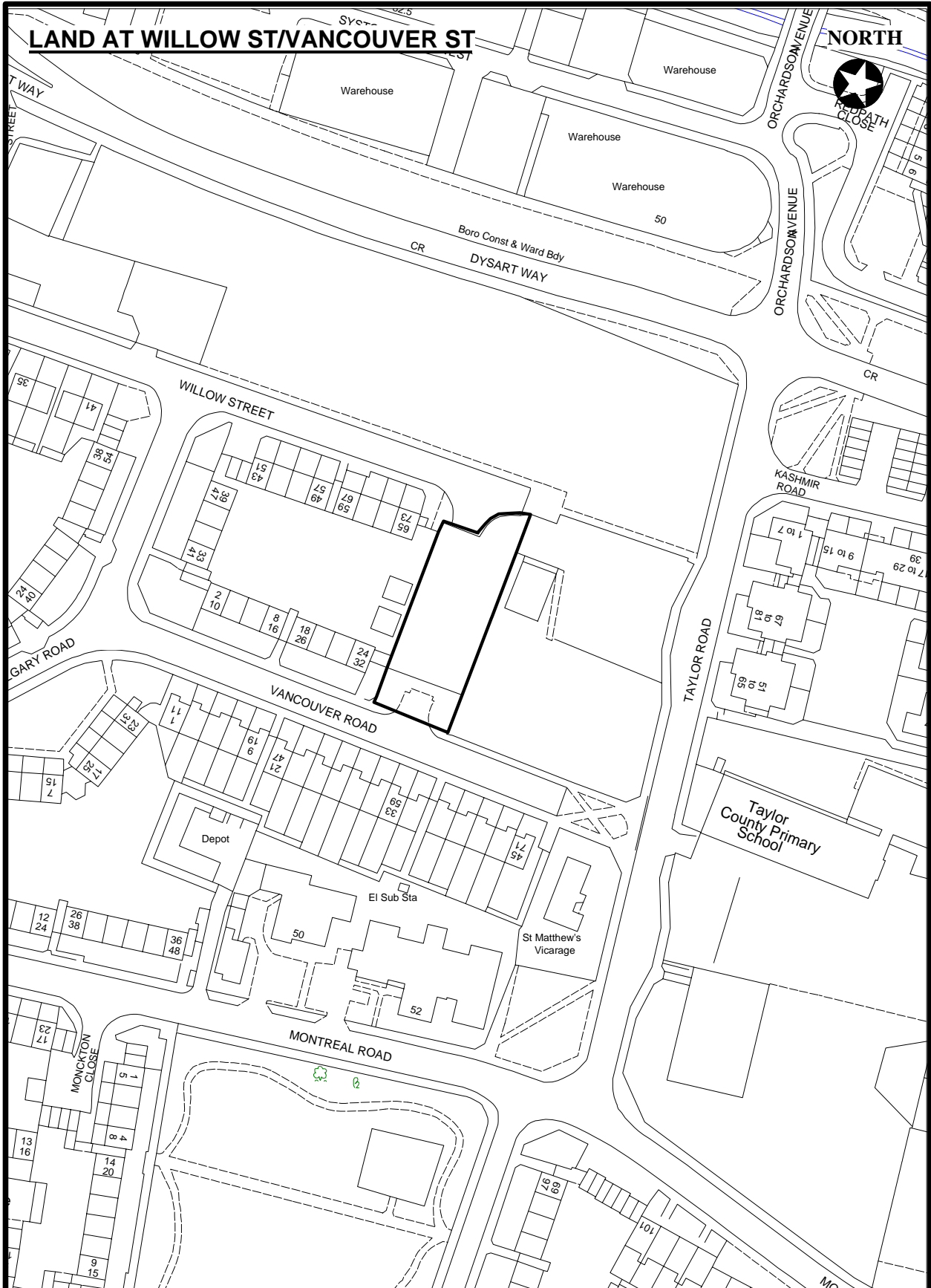
6. Report Author

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Director of Environment, Development and Commercial Services

LAND AT WILLOW ST/VANCOUVER ST

NORTH



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NOT TO SCALE

PETER CONNOLLY, DIRECTOR OF ENVIRONMENT, DEVELOPMENT AND COMMERCIAL SERVICES LEICESTER CITY COUNCIL