
**SURE START SAFFRON,
LINWOOD CENTRE, SOUTHFIELDS LIBRARY, KINGFISHER
YOUTH CENTRE, SAFFRON, LEICESTER**

Report of the Director of Environment, Development and Commercial Services

1. Purpose of Report

This report sets out a proposal to partly lease two properties and one site in the Saffron area to enable the implementation of the Sure Start III 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 Three properties or sites have been identified which are considered suitable for the purposes of housing the initiative. Two properties: the Linwood Centre and Southfields Library which will be partly let, and in addition one site adjacent to the Kingfisher Centre will be let for the construction of a new extension connected to the existing building. A small area of the existing Kingfisher Centre will also be let to allow access into the annex.

2.3 The registered charity Barnados have 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 Barnados require a lease which will expire on 31st March 2011 at a nominal rent with an option to break at any time after 1st April 2004, with 6 months notice in the tenants favour only.

2.5 On exercising such a break clause, the building would revert to the City Council. The council would then enjoy the benefit of the refurbishment and the new building works. If there is no requirement for the building there could be financial implications for the Council. Sure Start cannot verify the exact claw back procedure, but I have been informed that if the buildings remain in community use, then it is unlikely that any repayment will have to be made.

- 2.6 Under the Saffron Sure Start Delivery Plan January 2001, the City Council agreed to meet all the running costs of the premises. To go against this agreement would be a breach of good faith and could possibly lead to the loss of this valuable inward investment. Now following a meeting with Saffron Sure Start and conversations with Barnado's, as a gesture of goodwill, they have agreed to pay towards any repairs to the interior of their occupied areas, resulting from their occupation. The City Council will remain responsible for the main fabric of the building and day to day running costs with the exception of telephone charges whilst Barnado's are in occupation.

3. Recommendations

I recommend that the City Council enter into 3 separate leases with Barnados on the terms as outlined above.

4. Financial, Legal And Other Implications

When the lease is terminated the Council will have sole responsibility once again for the vacated space. However, the council will be responsible for running costs, and the majority of repairs and maintenance when Sure Start are in occupation. However, as the buildings are currently occupied by the council, the running costs are already met. Any increase, which should be minimal, can be met from existing budgets. There are also implications in respect of clawback details, if the council ever wish to sell the premises in the future. However, guidance received from Sure Start indicates that it is unlikely that claw back would be sought if the premises remain in community use predominantly for children under 4 and their families.

There are financial implications to the council, if for whatever reason Barnados terminate the lease prior to 2011. This is because the council would still be providing services without the Sure Start funding. However it is impossible to quantify financially these potential implications. This is a potential problem for all Sure Start projects and has been seen before as a risk worth taking.

5. Report Author:

Anthony Carter
Head of Property (Management)
Extn. 5001

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SUPPORTING INFORMATION

1. Report

- 1.1 Property Services are currently assisting Sure Start, a major social regeneration initiative, to identify 3 suitable sites and premises in the Saffron Area to enable them to build 1 new building and partly occupy 2 other premises. Sure Start is a Government initiative to support children (0 – 4 years) and parents in deprived areas. A site letting has been provisionally agreed adjacent to the Kingfisher Centre for a new building of approximately 260 sq. metres. Partial lettings of approximately 400 sq. metres on parts of the ground and first floors at the Linwood Centre and approximately 100 sq. metres of part of the ground floor at Southfields Library have also been provisionally agreed. All 3 buildings when let will house the multi agency team, which constitutes Sure Start.
- 1.2 The Kingfisher Centre and the vast majority of the Linwood Centre are held by the Education department, with a small area of the Linwood Centre courtyard included in the lease held by the Property department. Southfields Library is currently held by the Arts & Leisure department. All 3 proposals have the full support of the owning departments. Cabinet approval was given in September 2000 confirming Saffron as the third Sure Start area.
- 1.3 The accountable body in respect of the channelling of funds from Central Government to the initiative is Barnados, a registered charity. They have agreed to hold the 3 leases to be granted in respect of the aforementioned properties and 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 £725,000 on the construction and refurbishment of these 3 premises. However, Sure Start only have a financial commitment from Government until April 2004, 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 departments (which in this case are Education and Arts & Leisure) taking future financial liability for such an arrangement.
- 1.5 Provisional agreement has being reached with Barnados that all 3 leases will have similar heads of terms with only items specific to the individual properties differentiating the leases. The leases will expire on 31st March 2011 or at any time after 1st April 2004 providing 6 months written notice is given by Barnados. The reason Barnados want a break clause is that they only have 3 years guaranteed funding, although longer term funding is anticipated. The consequence of this is that when funding ceases the building could revert to the City Council if Barnados terminates the leases. 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.
- 1.6 Barnados have asked that the Lease is granted on a nominal rent. Normal policy is not to grant leases at less than market value, 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 Members make an exception in this case as Barnados are only taking the leases to enable funding to be drawn down for the construction of new premises and the refurbishment of existing buildings. 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, or ceases to be used for under 4 year old children and their families claw back may be incurred. 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.
- 1.7 As pointed out in 1.4 above, Sure Start will be spending in the order of £725,000 on the 3 premises. The opportunities offered by this partnership arrangement for the development of the buildings need to be recognised. These improvements, and the joint use of the space, will not only allow Sure Start to deliver its plans but will enable the Life Long Learning and Community Development Division of the Education Department to enhance the achievement of its objectives and targets in this area of high need.

- 1.8 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. However, this particular agreement with Saffron Sure Start should not set a precedent and in future, where any organisation part occupies a City Council property, they will in addition have to meet a percentage of any running costs.
- 1.9 I recommend that 3 leases are entered into as outlined above. Licences to undertake the necessary new build and refurbishment works must first be entered into and successfully undertaken before the leases are completed.

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 the funding. The amount of grant funding anticipated reaches a peak in years 3, 4 and 5, tapering off in year 6. When funding ceases the City Council may have to pick up future revenue costs for the running and upkeep of the building and the Sure Start project. However running costs for the buildings are currently being paid and will continue to do so under existing budgets

It is impossible to estimate the potential costs of running the sure start project in future years should either Barnados terminate their lease or central government funding cease. The real financial implications of signing up to Sure Start are not known, as there are various non quantifiable permutations of what may happen in the future. If the council is to commit itself to these projects it requires to some extent a leap of faith as occurred with the previous Sure Start projects in the city.

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 claw back. They are unable, at the present time, to outline the exact mechanism for this, as well as from whom, or how much clawback would be sought. As Barnados is the accountable body in this particular instance, it is logical that claw back would be sought from them, when the option to break the lease is exercised and the lease surrendered back to the Council. 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.

There are, however, substantial benefits to the City Council if approval is given to these proposals. It will enable joint working between the City Council and various external partner organisations in line with Central Government Policy. The Council will also benefit from the inward investment of £725,000 into assets within its ownership.

It is also hoped that by providing a proactive service to young children and their families in the Saffron area, the result will be a reduction in Social Service involvement as these children grow up. This should have a financial benefit to the council although it is impossible to quantify at present.

2. Legal Implications

Following the construction of the new annex and the part refurbishment of the other 2 buildings to a satisfactory standard, the Council is being required to enter into 3 separate leases all with a term of approximately 9.5 years with Barnados at a peppercorn rental. All leases will be subject to 6 month notice break clauses in Barnados favour after 1st April 2004. 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 Barnados is a registered charity.

3. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within report	References
Equal Opportunities	Yes	1.1	
Policy	Yes	1.6	
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	Yes	1.1	

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

Sure Start III - Cabinet report - 4/9/00.

5. Consultations

Arts & Leisure
Education
Legal Services
Environment & Development (Finance)

6. Report Author

Anthony Carter
Head of Property (Management)
Extn. 5001

Peter Connolly
Director of Environment, Development and Commercial Services

SURESTART III SAFFRON

NORTH



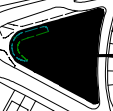
KINGFISHER CENTRE



LINWOOD CENTRE



SOUTHFIELDS LIBRARY



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PETER CONNOLLY, DIRECTOR OF
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AND COMMERCIAL SERVICES
LEICESTER CITY COUNCIL