
Executive Decision

**CAT lease renewal for Mayfield Centre
(Former Children Young People & Family Centre)
Mayfield Road
Leicester
LE2 1LR**

Decision to be taken by: City Mayor

Decision to be taken on:
2 December 2024

Lead Director: Matthew Wallace

- Ward(s) affected: Stoneygate
- Report authors:
Hiren Vaitha MRICS, Senior Estates Valuation Surveyor
Dhiren Acharya, Assistant Asset Manager
Lee Warner, Lee Warner, Head of Neighbourhood Services
- Author contact details:
hiren.vaitha@leicester.gov.uk
dhiren.acharya@leicester.gov.uk
lee.warner@leicester.gov.uk
- Report version number: FINAL

1 Summary

To seek approval for a lease renewal for a Community Asset Transfer (CAT) Lease of Mayfield Centre (Former Children Young People & Family Centre), Mayfield Road, Leicester, LE2 1LR to the An Nasihah Educational Trust for 25 years outside of the Landlord and Tenant Act 1954.

2 Recommended actions/decision

It is recommended An Nasihah Educational Trust shall be granted a renewal of their CAT lease for a new longer term of 25 years, contracted outside of the Landlord & Tenant Act 1954 at an annual rent of £28,000 with 5-yearly rent reviews (previously, An Nasihah had a 5 year lease term).

Given that the new lease term is over a period of 7 years it is classed as a disposal. Therefore, an Executive Decision Paper is required to obtain City Mayor decision.

3 Scrutiny/stakeholder engagement

- 3.1 Leicester City Council as the Landlord have been in contact with An Nasihah Educational Trust (Tenant) to review their existing CAT lease agreement which commenced on 8 November 2018 and expired on 7 November 2023. The tenant is currently holding over. Estates and Building Services have undertaken a compliance check of the building and have assessed the building condition. Overall, the building is in a compliant state.
- 3.2 Neighbourhood & Environmental Services (NES) have met with the tenant to review the existing business plan as part of the current CAT lease along with the new business plan for the new CAT lease. Neighbourhood & Environmental Services are satisfied with the current and the future business plan to be incorporated within the new CAT lease.
- 3.3 The premises current use is for community purposes in keeping with the Tenant's stated aims in their business plan.

- 3.4 Review visits to inspect the building's condition, compliance with regulation and delivery of the business plan is to be undertaken by the City Council's representatives annually.
- 3.5 It is proposed that, following the expiry of the existing lease, a renewal of CAT lease should be granted unless there is a good reason for the Council as landlord not to do so. Reasons for not renewing the lease may include:
- Failure of the lessee to comply with the terms of the original lease including delivery against the agreed business plan;
 - Failure of the lessee to adequately maintain the building;
 - Land/property required by the Council for alternative purposes.
- 3.6 The Lessee shall be entitled to determine this Lease every 5 years of the term by serving not less than 6 months' notice in writing on the Lessor. The Lessor shall be entitled to determine the Lease every 10 years of the term by serving no less than 6 months' notice in writing on the Lessee.

4 Background and options with supporting evidence

An Nasihah Educational Trust have been occupying the Mayfield Centre (Former Children Young People & Family Centre) on a 5-year CAT lease since 8 November 2018 at an annual rent of £25,000. They have met the existing lease conditions of maintaining the building on a full repairing basis and keeping the building in a compliant state. They have also delivered the requirements of the existing business plan from 2018 and therefore, they have requested a new lease for a term of 25 years to enable them to secure external funding to invest in the building.

- 4.1 Due to prior funding arrangements, the Council has stipulated that the group guarantee an under 5s provision (see below for detail), as per their business plan. This provision must remain in place due to the capital clawback provisions for at least a further 10 years. To summarise the original agreement contained the following clauses:

The building is to be used for early years provision for at least 60% of the time the building is open, in some cases this will be more and for all of the time the building is open.

The type of services to be accepted as early years are:

- Improving parenting skills for parents of children aged under 5;
- Direct delivery of providing support to access childcare provision;
- Providing health services for young children aged 5 and under;
- Supporting young children aged 5 and under to be ready for school;
- Supporting vulnerable young children aged 5 and under.

- 4.2 An Nasihah have submitted a new business plan to support their application for a lease under the Council's Community Asset Transfer policy. As part of their business

plan, An Nasihah are committed to delivering a pre-school and under 5s activities for at least 60% of the time the building is open. The provision has been assessed by the Early Years team and is compliant with the requirements stipulated in their business plan. In addition, the Mayfield Centre will continue to offer community room hire on weekday evenings and at weekends, outside of pre-school hours. The organisation is also committed to working with a range of charitable partners to provide community benefits to local people.

- 4.3 An Nasihah Educational Trust is a registered charity. The organisation has five trustees. The pre-school, Happy Little Hearts, is registered with Companies House and has a most recent OFSTED rating of “Good” (October 2019).
- 4.4 The most recent accounts filed by An Nasihah up to September 2022 indicate the organisation is financially secure with turnover growing year-on-year, with an annual profit being returned.
- 4.5 Based on the performance of the past six years, the sound property and financial management of the organisation and the compliance of the under 5s provision for this facility, together with the community benefits delivered, a 25-year CAT lease is recommended, contracted out of the Landlord & Tenant Act 1954 at a market rent equivalency of £28,000 with 5 yearly rent reviews. Please note that the delivery of local services is attributable as a benefit to the Authority, therefore a slight reduction of £2k per annum has been deducted. There is a tenant and landlord break clause after 5 years in favour of the tenant only by serving not less than 6 months’ notice in writing on the landlord. The landlord shall be entitled to break the lease on every 10 years of the term by serving no less than 6 months’ notice in writing on the tenant.

5 Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications (Stuart McAvoy)

This report recommends the renewal of an existing CAT lease at an annual rent of £28k, which more than covers the costs incurred by the Council. The extent to which the rent is below market rent (i.e. £2k) represents an opportunity cost to the Council, if it were in a position to lease to another organisation. The rental income will continue to support wider Council services.

Signed: Stuart McAvoy – Head of Finance

Dated: 6 November 2024

5.2 Legal implications (Zoe Iliffe)

The Council has a legal obligation to dispose of land at the best consideration reasonably obtainable in accordance with s.123 of the Local Government Act 1972 (as amended). Open marketing is acknowledged to achieve best consideration. A disposal includes either a freehold sale or lease for a term of more than 7 years.

The Council has the power to dispose of land and property at less than best consideration in accordance with the 2003 General Disposal Consent for the disposal of land and property. In order to utilise the Consent, the Council must be satisfied that the proposed disposal will contribute to the social, economic or environmental well-being of the area in which the property is situated. The limit of the undervalue in respect of each individual site must not exceed £2m, which does not appear to be the case with the proposal. On the basis of the information contained in this report, the proposed disposal would comply with the requirements of the Consent.

Following the implementation of the Localism Act 2011, the Council adopted the Community Asset Transfer Policy to enable community groups the opportunity to have a greater control in their community governance. Any decision to dispose may only be made if the procedure within the Policy has been followed.

Given that any disposal under the CAT Policy at less than best consideration will have a financial implication for the Council, the Council will also need to ensure that the Council's general fiduciary duty is complied with in disposing of assets in accordance with the GDC or the Disposals Framework. Any documentation will need to contain provisions which will secure the achievement of the benefits set out in this report or the terms subsequently agreed.

Signed: Zoe Iliffe, Principal Lawyer (Property Highways & Planning)

Dated: 6 November 2024

5.3 Equalities implications

The Council's Public Sector Equality Duty (PSED) as set out in the Equality Act 2010 require decision makers to be aware of and take account of the impact of its proposals on those likely to be affected.

Under the Equality Act 2010, public authorities have a PSED which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The reports seeks seek approval for a new Community Asset Transfer (CAT) Lease of Mayfield Centre (Former Children Young People & Family Centres). The Council's Community Asset Transfer policy seeks to deliver benefits to the local community, benefits to the Council and other public sector service providers, and benefits for the organisation taking ownership. From an equalities perspective, the most relevant consideration is that of benefits to the local community. Community-led ownership offers additional opportunities to empower local citizens and communities. There are no direct equalities implications arising from the report.

Signed: Surinder Singh

Dated: 29 October 2024

5.4 Climate Emergency implications

There are limited climate emergency implications associated with this report, as the building would maintain its current status under the recommended outcome. More widely, energy use within buildings is a significant source of carbon emissions within the city, and a key area to tackle following the council's declaration of a climate emergency and ambition to reach net zero carbon emissions. This is particularly important where the council has a higher level of control.

As such, consideration should be given to opportunities to encourage and enable the occupant to improve the energy efficiency of the building as relevant, through measures such as low energy lighting, improved insulation and low carbon heating. Alongside reducing carbon emissions, these measures could also reduce energy bills and increase comfort levels in the buildings.

Signed: Aidan Davis, Sustainability Officer, Ext 37 2284

Dated: 30 October 2024

5.5 Other implications

None

6 Background information and other papers:
N/A

7 Summary of appendices:

Appendix 1 – Site Plan

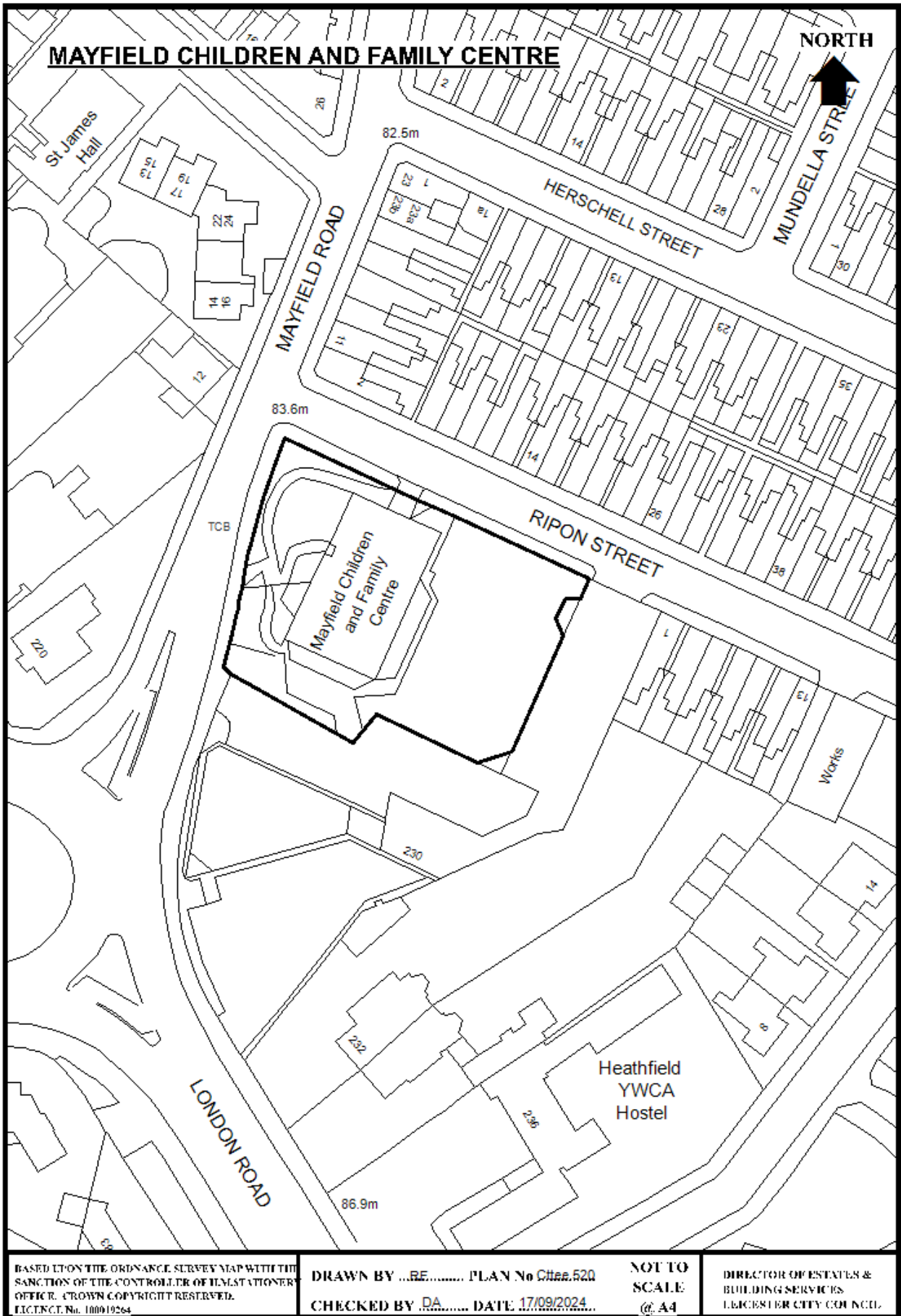
8 Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9 Is this a “key decision”? If so, why?

No

Appendix 1 – Site Plan



BASED UPON THE ORDINANCE SURVEY MAP WITH THE SANCTION OF THE CONTROLLER OF HER MAJESTY'S OFFICE. CROWN COPYRIGHT RESERVED. LICENCE No. 100019264

DRAWN BY ...RE..... PLAN No *Citee 520*
 CHECKED BY DA..... DATE 17/09/2024

NOT TO SCALE
 @ A4

DIRECTOR OF ESTATES & BUILDING SERVICES
 LEICESTER CITY COUNCIL