

Executive Decision Report

Decision maker and date of Leadership Team meeting, Lead Member meeting or (in the case of individual Lead Member decisions) the earliest date the decision will be taken	Leadership Team – 26 February 2018 Forward Plan reference: 05185/18/K/AB Leadership Team Portfolio: Deputy Leader and Lead Member for Grenfell Recovery, Housing and Property	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
Report title	NORTHERN ANNEX BUILDING AT PARK WALK PRIMARY SCHOOL, PARK WALK, SW10 - GRANT OF NEW LEASE	
Reporting officer	Richard Egan, Director of Corporate Property	
Key decision	Yes	
Access to information classification	Public (Part A) with Confidential/Exempt (Part B) Appendix <i>[Information relating to the financial or business affairs of any particular person (including the authority holding that information)]</i>	

1 EXECUTIVE SUMMARY

- 1.1 This report seeks approval for the grant of a new lease contracted outside the security of tenure provisions of the Landlord and Tenant Act 1954
- 1.2 The proposed tenant is currently occupying the property on a licence, which will terminate simultaneously with the grant of the new lease.

2 RECOMMENDATIONS

- 2.1 Confidential/exempt information is contained in the Confidential Part B Appendix as it details information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 2.2 The Council is recommended to approve the grant of the new lease on the Heads of Terms set out in the Confidential Part B Appendix.

3 REASONS FOR DECISION

- 3.1 The new lease will increase income generated for Park Walk Primary School and also release the Council from future maintenance responsibility for the Northern Annex building.

- 3.2 This Asset is held in the General Fund. This proposal represents the best consideration reasonably obtainable.
- 3.3 The private nursery school is popular in this desirable residential location and the additional funds will enable much needed improvements and offset maintenance costs to Park Walk Primary School.

4 BACKGROUND

- 4.1 The proposed lessee currently occupies the Northern Annex building of Park Walk Primary School on a licence, which does not allow access outside term time. This is a 'standalone' building with separate access from Park Walk.
- 4.2 The Council operates a play centre in this Northern Annex building during school holidays. The play centre is now moving into the main Park Walk Primary School building. Granting a new lease therefore means that the Council no longer shares occupation and is released from any future maintenance responsibilities.
- 4.3 The proposed tenant requires the security of the lease to facilitate offering a full year of nursery placement as currently the licence to occupy granted can be terminated at any time.

5 PROPOSAL AND ISSUES

- 5.1 As the Council will no longer share occupation of the property with the proposed tenant, the lease will be granted on a Full Repairing and Insuring basis. The tenant will also have exclusive rights of access.
- 5.2 The lease will comprise a mutual rolling break operable at the end of each school year, giving eighteen months written notice.

6 OPTIONS AND ANALYSIS

- 6.1 The Council could approve the recommendation to grant the new lease, securing increased future rental income to offset costs at Park Walk Primary School and additionally facilitate passing the maintenance liability to the proposed tenant.
- 6.2 The Council could reject the recommendation and keep the building as a shared asset, in spite of moving the play centre into the main primary school building. The Council will however retain maintenance responsibility for the Northern Annex building.

7 CONSULTATION

- 7.1 The Deputy Leader and Lead Member for Grenfell Recovery, Housing and Property has been consulted and concurs with the recommendations in the report.
- 7.2 Children Services – Schools Division has been consulted and concurs with the recommendations in the report.

8 EQUALITY IMPLICATIONS

8.1 There are no Equality implications.

9 INFORMATION, COMMUNICATIONS AND TECHNOLOGY (ICT) IMPLICATIONS

9.1 There are no ICT implications.

10 PROCUREMENT PROCESS

10.1 There are no Procurement issues.

11 PLANNING IMPLICATIONS

11.1 There are no Planning implications.

12 LEGAL IMPLICATIONS

12.1 The advice of the Legal Officer regarding the legal implications arising from this report were sought on 23rd January 2018

12.2 Local authorities are given powers under the Local Government Act 1972, subject to applicable legal constraints, to dispose of land in any manner they wish, including granting leases.

12.3 Section 123 of the Local Government Act 1972 confirms that, unless the consent of the Secretary of State is first obtained, a disposal must be for the best consideration reasonably obtainable. It is confirmed at paragraph 3.2 of this report that the rent negotiated is the best consideration reasonably obtainable

12.4 Otherwise the legal implications are set out in the report and in the Confidential Part B Appendix.

13 FINANCIAL AND RESOURCES IMPLICATIONS

13.1 Corporate Finance has been consulted and has no further comments to add to the report.

13.2 The Group Finance Manager, Corporate Services, has been consulted and has confirmed that this proposal is in line with the authority of school's governors to decide upon and generate revenue from the use of their premises.

13.3 I have sought and received confirmation that valuation has been based on comparable space in the borough and that the lease will be on full insuring and maintenance and repair terms with plans to also clearly separate utilities. I am therefore satisfied that the terms of lease will be clearly defined and Value for Money is being achieved on behalf of the school.

13.4 I recommend that provision be made within the arrangement for an annual management fee charged by the Council as a deduction from the rental, on a cost recovery basis, for its role as letting agent for the School.

Richard Egan
Director of Corporate Property

Local Government Act 1972 (as amended) - Background papers used in the preparation of this report: None

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