

Property Sub-Committee – 5 April 2023

Recommendations by Cllr Mark Deaville - Cabinet Member for Commercial Matters

Item Title

Little Bridge Primary Centre, School Road, Rugeley, Cannock, Staffordshire, WS15 2PD ("Property").

PID 7442

Electoral Division

Etching Hill and Heath, Cannock Chase District.

Local Member Interest

Mike Sutherland

Recommendations

To enter into an underlease of the Property at peppercorn rent period to be coterminous with the head lease which expires in September 2029.

To delegate approval to the Assistant Director for Commercial and Assets to any subsequent head leases with Perry Hall MAT (and successors) and underleases at peppercorn rent to the Bridge Short Stay school (and successors)

The final details of the transactions to be delegated to the Assistant Director for Commercial and Assets.

Transaction Summary



1. Current Arrangements

The Property is owned by the Perry Hall Multi- Academy Trust of Colman Avenue, Wolverhampton WV11 3RT and forms part of the Western Springs Primary (now Forest Hills Primary).

On the 1st November 2020 the Staffordshire County Council entered into a lease (“Lease”) with Perry Hall Multi-Academy Trust (“Academy”) of the Property for a term commencing on the 2 September 2019, and ending on and including 1 September 2029, with a break option at five years at a rent of £8,000 per annum together with service charge.

The Property is used by Bridge Short Stay School, Wissage Road, Lichfield WS13 6SW (“School”) to deliver its services being a short stay school for 5 to 11 year olds.



2. Proposals

The Bridge Short Stay School, are converting to an Academy on the 1 May 2023, and are joining the Arthur Terry Learning Partnership.

There is therefore a need to regularise the occupation of the School as an independent legal entity post academisation to ensure it is in line with the head lease.

The Lease allows for underletting with the consent of the Academy, however, Staffordshire County Council are not allowed to grant an underlease at an undervalue, it is therefore proposed to approach the Academy and ask for consent to enter:

- (a) into a licence to underlet and deed of variation of the Lease to permit the underletting;
- (b) the rent will be a peppercorn if demanded;
- (c) the underlease containing an absolute prohibition on assignment, charging or further sub-letting;
- (d) the underlease containing a covenant that the Arthur Terry Learning Partnership will comply with the terms and covenants contained in the Lease and refer to the Lease as the superior lease;
- (e) the underlease will be opted out of the Landlord and Tenant Act 1954;
- (f) the agreement that Staffordshire County Council's will pay costs in preparing, negotiating and completing the licence to underlet and deed of variation.

There is no statutory obligation to enter into the underlease but it is the Department of Education's expectation that an underlease of the Property will be granted to allow the School to continue to use the Property to deliver their services on conversion.

3. Undervalue Transaction

The underlease transaction is not for value but it is an expectation of the Secretary of State for the underlease to be granted.

Supporting Details

4. Background Information

As stated above, it is a requirement/expectation of the Secretary of State that Staffordshire County Council grant an underlease to The Arthur Terry Learning Partnership. The consent of the Secretary of State has to be obtained before any underlease is completed.

5. Alternative Options

None

6. Implications of transaction for County Council (Risks)

(a) Strategic: To include contribution transaction makes to outcomes listed in the Strategic Plan *

None

(b) Financial:

Capital costs/income

Revenue costs/income

Change in Property running costs

The current revenue costs of £8,000 per annum will continue to be paid by Staffordshire County Council. Service charge of 14.2% of the overall property costs based on area occupied, estimated to be in the region of £5,000 per annum to be paid by the Arthur Terry Learning Partnership.

(c) Operational:

Options are limited and the School will suffer if suitable accommodation is not provided to enable the School to deliver its services being a short stay school for 5 to 11 year olds.

(d) Legal:

None as the whole of the Property is occupied by the Academy and the School and no part thereof is used by any third parties or any other part of the community.

7. Community Impact *

The Academy and School will continue as normal so the community will not be impacted.

8. Comment by Local Member

Local members informed of academisation and the proposed underlease any specific comments will be reported to the committee.

9. Support/Approval of the Proposal

Proposal supported by approved by Assistant Director for Commercial and Assets

Signed: 

Name: Ian Turner

Date: 27/3/23

10. Officer advising on this transaction

Signed:

Name: Stuart Lane

Date:

11. Background Documents

No previous reports are relevant to this transaction/proposal

*3 priority Outcomes for the people of Staffordshire are:

- To be able to access more good jobs and feel the benefits of economic growth
- To be healthier and more independent
- To feel safer, happier and more supported in their community.