

Finance and Resources Committee

10.00a.m, Thursday, 1 December 2016

The Venchie: Proposed New Lease for Subjects at 61 Niddrie Mains Terrace, Edinburgh

Item number	8.6
Report number	
Executive/routine	Routine
Wards	Ward 17 – Portobello/Craigmillar

Executive Summary

This report seeks Committee instructions to grant a new lease of subjects at 61 Niddrie Mains Terrace, Edinburgh (“the subjects”) to the Venchie Children and Young People’s Project Limited (“the Venchie”).

The Venchie’s previous ground lease from the Council expired on 5 May 2011. Since then the lease has been allowed to continue on a yearly, rolling basis. A replacement lease will provide the Venchie with the necessary security of tenure it requires to obtain new sources of funding.

The Venchie is a company limited by guarantee with charitable status and has been providing services for children in the Craigmillar area for more than 50 years.

Links

Coalition Pledges	P1 , P15
Council Priorities	CP1 , CP2 , CP3 , CP4
Single Outcome Agreement	SO3

The Venchie: Proposed New Lease for Subjects at 61 Niddrie Mains Terrace, Edinburgh

1. Recommendations

- 1.1 That Committee:
 - 1.1.1 Instructs the grant of a new lease to the Venchie on the terms and conditions outlined in this report and on such other terms and conditions that may be proposed by the Acting Executive Director of Resources; and
 - 1.1.2 Approves the transfer of the asset from the HRA to the General Fund subject to Scottish Government approval.

2. Background

- 2.1 The Venchie has been providing local services for children in the Craigmillar area for 55 years. Originally, Edinburgh University Settlement established the Niddrie Adventure Playground on Council land in 1961. In 1967, Save the Children Fund ("the fund") took over the management and funding of what was then a playground site.
- 2.2 In 1986, the Council granted a 25 year ground lease, at a peppercorn rent, to the fund of the playground site. The fund then assigned its interest to the Venchie. The land is shown outlined red on the plan at Appendix 1 of this report and is held on the Council's Housing Revenue Account (HRA).
- 2.3 The Venchie subsequently built a unit on the land which now has a postal address of 61 Niddrie Mains Terrace, Edinburgh. The Venchie continues to deliver services for local children from the unit.
- 2.4 Since the ground lease expired in 2011, it has continued on tacit relocation (silent renewal), i.e., it has continued on a yearly basis on the same terms and conditions. However, in order for the group to apply for external funding, it is necessary to put in place a new long-term lease. The proposed lease will now include the building which, notwithstanding it was built and paid for by the tenant, reverts back to Council ownership at the end of the current lease agreement, as well as additional outdoor space.
- 2.5 The Venchie continues to deliver a range of child-focused, local services and activities. For the purpose of this report they can be summarised as follows:

- A breakfast club;
- Easter and summer play schemes;
- An under 12 group;
- A gardening group;
- Joint projects with the Salvation Army and Community Service volunteers; and
- Sundry, one-off events such as talent evenings and visits from motorcycling clubs.

3. Main report

- 3.1 The Venchie have requested a long lease in order to obtain external funding to continue operating their services from the property.
- 3.2 Provisional terms have been agreed to grant them a new 25 year lease on the following terms:
- Name of group: The Venchie Children and Young People's Project;
 - Rent: £1pa (estimated market value £13,500pa);
 - Duration: To be agreed as duration will be subject to type and nature of funding secured by the tenant. However, mutual break options will be inserted for both the tenant and Council at years 10, 15 and 20;
 - Rent Reviews: Five yearly rent review provisions;
 - Repair/Maintenance: Full repairing and insuring; and
 - Costs: The Venchie will be responsible for all legal and property costs associated with this transaction.
- 3.3 Council officers have considered the proposal to grant a lease of the subjects to the Venchie and area satisfied that it offers best value in the circumstances. The reasons for reaching this conclusion are as follows:
- The Venchie has had a presence in Craigmillar for more than 50 years. It has grown and developed the services it provides for local children, to a point where it now offers a diverse range;
 - The Venchie's core funding used to be provided by the Council. In the current financial year its Council funding has been reduced by 5% but has been cancelled in its entirety from the commencement of financial year 2017/2018. In these circumstances, the Venchie is obliged to pursue new sources of grant/revenue and to do so require a long term lease of the subjects to meet the criteria of most funding providers; and

- The Venchie provides an important facility for local children. Additionally, the benefits deriving from the Venchie's services have a positive impact on the lives of the children's parents.
- 3.4 The services provided by the Venchie are considered an important asset to the Craigmillar community and surrounding area. There is no authority for concessionary rents to be renewed unless explicitly approved by Committee. Notwithstanding the legal position whereby the building reverts to Council ownership, the fact that the group actually built the property means that there is justification to support a continued concessionary rent in this instance.
- 3.5 The HRA cannot grant a concessionary let for uses not associated solely with services for Council tenants and therefore, in order to facilitate the transaction, it is proposed that the asset is transferred from the HRA to the General Fund. This will require a debt transfer equivalent to the market value of the property and will require Scottish Government approval.

4. Measures of success

- 4.1 Demonstrating that the Council is working with communities and residents to achieve its desired outcomes.
- 4.2 Securing the survival of an important local service.

5. Financial impact

- 5.1 The opportunity cost of this proposed lease is £13,500pa.
- 5.2 To facilitate the transaction the asset will be transferred between the HRA and General Fund with the requisite debt transfer of the market value. The estimated market value is £100,000 and will result in loan charges of £7,000pa over the 25-year period of the lease, which will be contained within the Loan Charges budget. Such transfer would only take place once the new lease commences.
- 5.3 All other building maintenance, utility, insurance and rates costs will be met by the Venchie, along with the Council's legal and property costs incurred during the preparation of the lease.

6. Risk, policy, compliance and governance impact

- 6.1 In due course, Scottish Government consent will be applied for as land is held on the HRA account.

7. Equalities impact

- 7.1 Granting a lease to the Venchie will continue to ensure that participation, range of activities, learning and childcare opportunities remain available and accessible for the community of Craigmillar and the surrounding area. This will enhance the rights to health, legal security, education and learning, standard of living, productive and valued activities, individual, family and social life, participation, influence and voice.
- 7.2 The child-centred local services provided by the Venchie will enhance the variety of activities and childcare provision within the Craigmillar area which will have a positive impact on equality within the protected characteristics of age, disability, religion and belief.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered and the outcomes are summarised below. Relevant Council sustainable development policies have been taken into account and are noted at Background Reading later in this report.
 - 8.1.1 The proposals in this report will not have any impact or change on current carbon emissions.
 - 8.1.2 The need to build resilience to climate change impacts is not relevant to the proposals in this report because the new lease will not significantly impact on the city's resilience.
 - 8.1.3 The proposals in this report will help achieve a sustainable Edinburgh because the provision of a facility for young people will encourage physical activity, educational assistance and health and mental wellbeing. It will also encourage social cohesion by allowing those who attend to socialise and become a member of the group. Encouraging people into the facility will also support the local economy as there will be a requirement for the group to purchase various items (paper, books, craft and sports kit) from local retailers as well as refreshment provisions.

9. Consultation and engagement

- 9.1 A full discussion has been undertaken with interested stakeholders.
- 9.2 All three ward councillors greatly appreciate the good work the Venchie does and fully support the proposed transaction.

10. Background reading/external references

10.1 ERIA report.

10.2 Sustainability Impact Worksheet.

Hugh Dunn

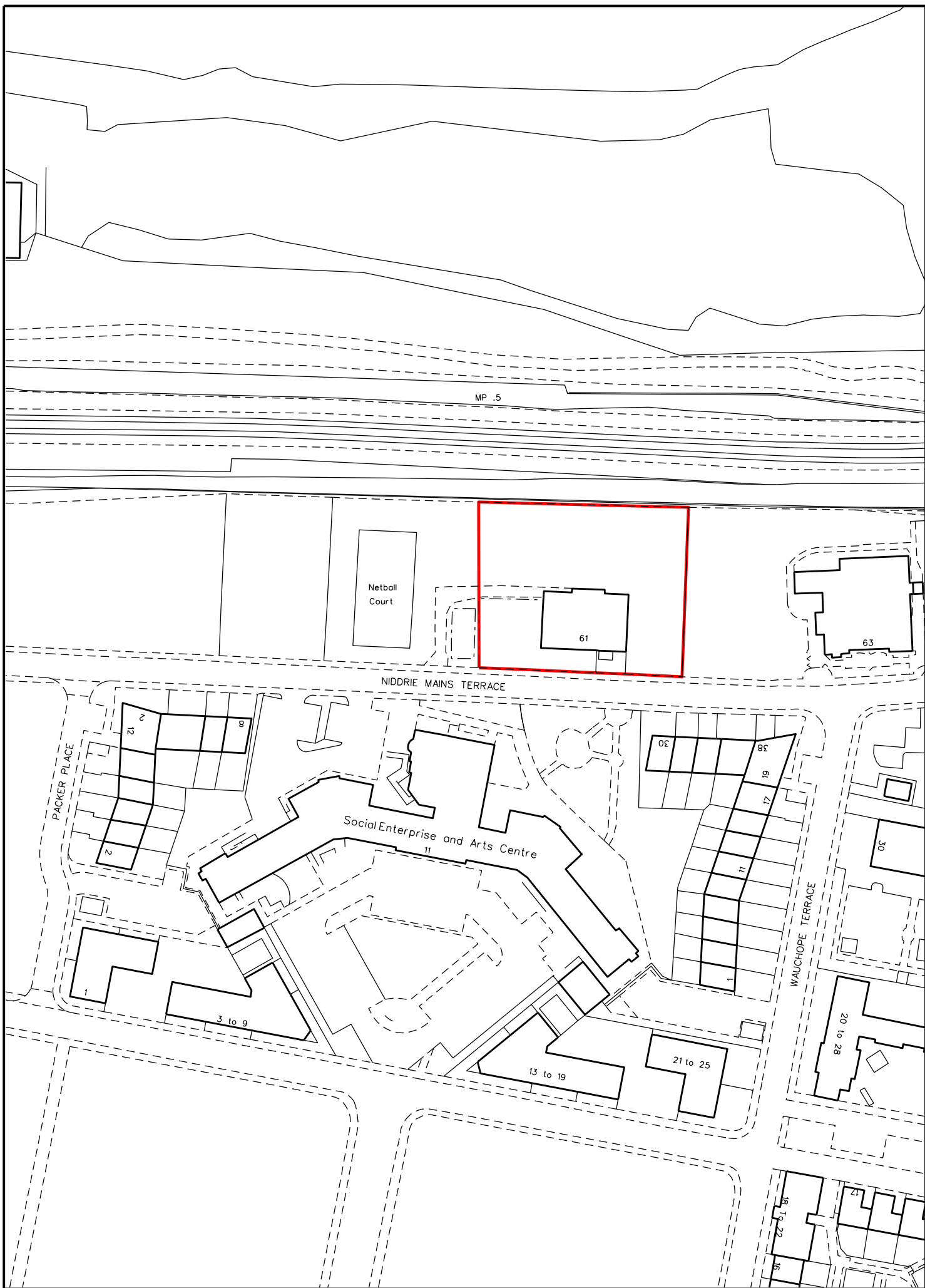
Acting Executive Director of Resources

Contact: Amanda Fraser, Estates Surveyor

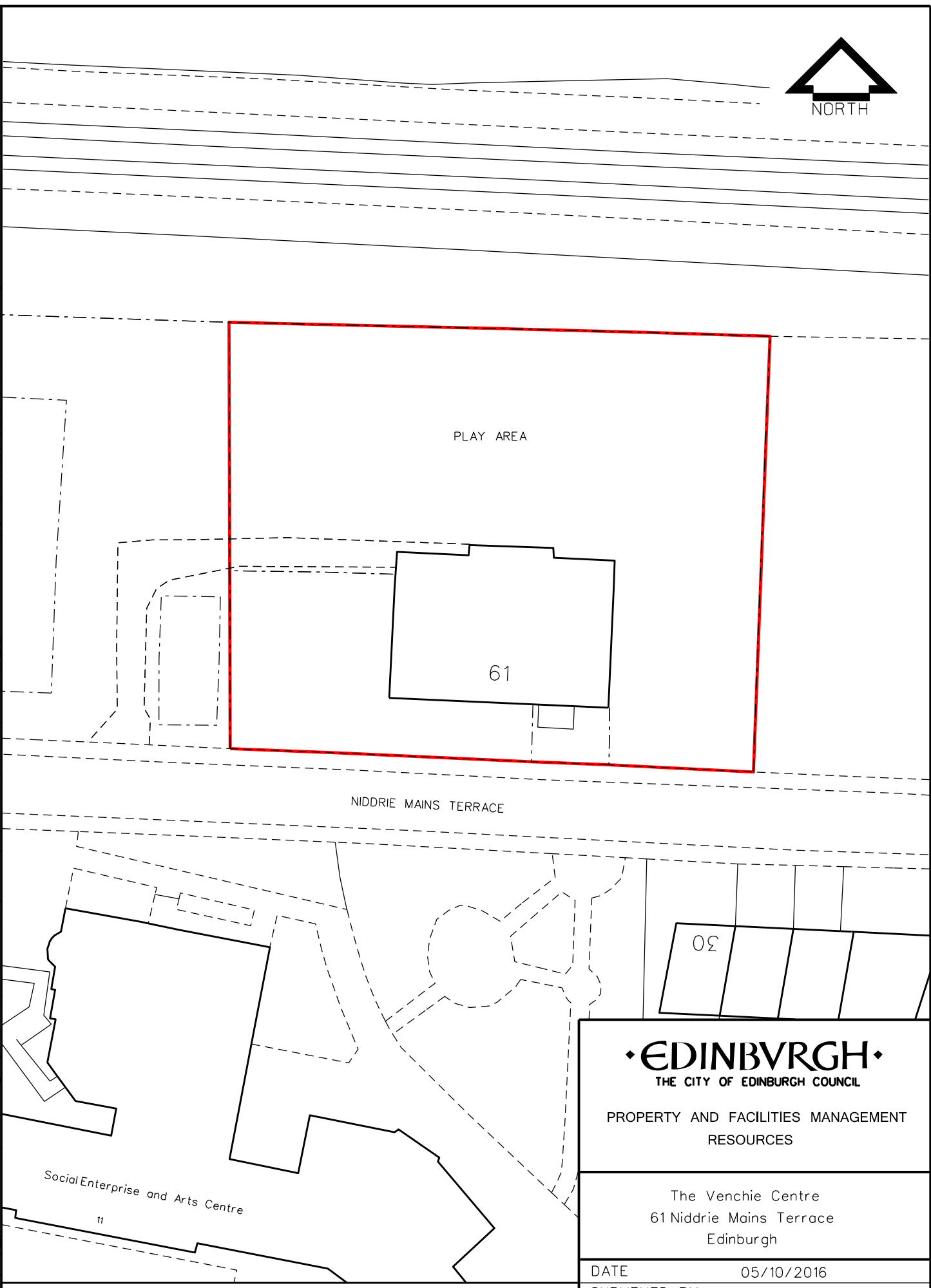
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11. Links

Coalition Pledges	P1 - Increase support for vulnerable children, including help for families so that fewer go into care. P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors.
Council Priorities	CP1 – Children and young people fulfil their potential. CP2 – Improved health and wellbeing: reduced inequalities. CP3 – Right care, right place, right time. CP4 – Safe and empowered communities.
Single Outcome Agreement	SO3 – Edinburgh’s children and young people enjoy their childhood and fulfil their potential.
Appendices	Appendix 1 – Location Plan



LOCATION PLAN SCALE 1:1250



SITE PLAN SCALE 1:500

•EDINBURGH• THE CITY OF EDINBURGH COUNCIL	
PROPERTY AND FACILITIES MANAGEMENT RESOURCES	
The Venchie Centre 61 Niddrie Mains Terrace Edinburgh	
DATE	05/10/2016
SURVEYED BY	Ref A0-22
DRAWN BY	F McDonald
FILE NO.	
NEG. NO.	NT 2971/A3/1699