

5.13 EXTENSION OF LEASES TO CHILD & ADOLESCENT HEALTH SERVICE FOR CHILD HEALTH CLINICS

Attachments: Nil

RECOMMENDATION:

That Council:

- 1. APPROVES an extension to Child and Adolescent Health Service of the Leases for:**
 - 1.1 Loftus Child Health Clinic located at portion of No. 99 (Lot 501) Loftus Street, Leederville;**
 - 1.2 Mount Hawthorn Child Health Clinic located at portion of No. 197 (Lot 274) Scarborough Beach Road, Mount Hawthorn; and**
 - 1.3 Highgate Child Health Clinic located at 84 (lot 150) Harold St, Mount Lawley;****commencing on 1 July 2023 and expiring on 30 June 2028;**
- 2. SUBJECT to final satisfactory negotiations carried out by the Chief Executive Officer, AUTHORISES the Chief Executive Officer to carry out final negotiations and execution of the Deeds of Extension of Lease in accordance with the Execution of Documents Policy; and**
- 3. NOTES that the North Perth Child Health Clinic has ceased its operations at 20 (Lot 4) View Street, North Perth as of 1 May 2023 and a future report will be presented for Council to consider tenancy arrangements of the site.**

PURPOSE OF REPORT:

To consider granting an extension of the leases to the Child and Adolescent Health Service (an entity under the *Health Services Act 2016*) collectively referred to as Child Health Clinics (CHC) in respect of the following Premises on the same terms and conditions as currently apply except for the rent:

- Loftus Child Health Clinic located at the Loftus Centre, portion of No. 99 (Lot 501) Loftus Street, Leederville;
- Mount Hawthorn Child Health Clinic located at Mount Hawthorn Community Centre, portion of No. 197 (Lot 274) Scarborough Beach Road, Mount Hawthorn; and
- Highgate Child Health Clinic located at No. 84 (lot 150) Harold St, Mount Lawley;

BACKGROUND:

Council at its Meeting on 29 May 2018, approved the leases of the Child Health Clinics to the Child and Adolescent Health Service (CAHS). The leases executed between the City and CAHS on 21 June 2019 (Lease) granted an initial term of lease of 5 years commencing 1 July 2018 and expiring on 30 June 2023 with three five year terms, at the City's sole discretion.

CAHS in exercising its option under the Lease has given notice of its intention to be granted an extension of the first further term. The first further term of the lease will commence on 1 July 2023 and expire on 30 June 2028 (Further Term).

DETAILS:Further Term

Clause 16 (Mt Hawthorn CHC and Highgate CHC) or clause 17 (Loftus CHC) of the Leases provide that:

“In determining whether to grant the Further Term, the Lessor will consider any factors it deems relevant, including ...

- (a) Level of use and demand for the child health clinics;
- (b) Any defaults by the Lessee; and
- (c) Whether the Rent or other amounts payable are outstanding.”

CAHS confirms that clinics support and will continue to support the local children by the provision of free health checks and other health and support services at no cost. The CHC also offer group sessions to families and phone support as needed until a child starts kindergarten. Most families will utilise the CHC up to five times within the first two years of a child's life.

Over the last 12 months, CAHS conducted a total of 3,747 appointments at these sites and in 2022, the CHCs have received a further 558 new birth notifications, which demonstrates the growing demand for the child and adolescent health services.

CAHS is up to date with the rent payments for the CHCs and are not in default of the terms of the Leases.

Rent

Rent covers all utility, outgoings, cleaning and maintenance costs, rates and taxes in respect of the CHCs.

The Rent for the Further Term is determined in accordance with clause 3.4 (Mt Hawthorn and Highgate CHC) or clause 4.4 (Loftus CHC) of the Leases, based on the:

- (a) Lessee's level of use of the Premises; and
- (b) costs of utilities and other services required for the Premises (cleaning and maintenance services) at that time.

CAHS' level of use of the Premises is maintained:

- (a) with the same lease area for each of the CHCs; and
- (b) cleaning and maintenance services expenses have not increased since commencement of the Leases.

In respect of the costs of utilities, a 3.5% increase in the current rent for the Leases has been projected to accommodate the inflation increase in the costs of the utilities. The increase in rent has been agreed by CAHS.

North Perth Child Health Clinic

The Department of Health has notified the City of their intention to vacate their tenancy at No. 20 (Lot 4) View Street, North Perth as of 1 May 2023. The decision comes as a result of a review of the CHC service delivery model and staffing requirements. Administration will investigate suitable tenancy options for this site noting that the permitted use under the City's lease with the Multicultural Services of WA Inc and Ethnic Communities Council of WA Inc is for child health care centre or related purposes.

CONSULTATION/ADVERTISING:

The City has consulted with CAHS and CAHS has confirmed their acceptance of the terms of the extension of the leases.

LEGAL/POLICY:

Section 3.58 of the *Local Government Act 1995* (WA) (Act) provides that a local government can only dispose of property (which includes to sell or lease property) in accordance with section 3.58(3) unless the disposition falls within the scope of section 3.58(5), which includes:

“(d) Any other disposition that is excluded by regulations from the application of this section.”

Regulation 30(2)(c)(ii) of the *Local Government (Functions and General) Regulations 1996* provides that a disposition to a department or agency of the state is an exempt disposition for the purposes of section 3.58(5) of the Act.

Therefore, as the proposed dispositions are to an agency of the State, the City is not required to comply with section 3.58.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to grant an extension of the leases, as the City will enter into Deeds of Extension of Lease for the Premises.

FINANCIAL/BUDGET IMPLICATIONS:

The current rent for each clinic is \$6,253.04 incl GST. The rent is inclusive of all utility, outgoings, cleaning and maintenance costs and rates and taxes. Given that the cleaning and maintenance costs have not varied significantly since 2018, the 3.5 percent increase in the rent is adequate to cover the inflation increase in utility prices.

COMMENTS:

It is recommended that the extension of lease be granted as CAHS continues to provide invaluable services of support to the local children in the community. CAHS' statistics show a growing demand for these services which are an integral part in ensuring that children and adolescents achieve their best health and wellbeing.