



## CHILDCARE CENTRES IMPROVEMENT - ADJUSTMENT TO SALE TIMEFRAME

**EXECUTIVE MEMBER:** CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE

**PREPARED BY:** ANTHONY SAVENKOV, HEAD OF REAL ESTATE PORTFOLIO (DEVELOPMENT & TRANSACTIONS)

TONY KEENAN, GENERAL MANAGER

JOANNE MCNEILL, EXECUTIVE MANAGER PROPERTY AND ASSETS

### 1. PURPOSE

- 1.1 To propose extending the timeframe to the potential sale of 17 Eildon Road, St Kilda, a Council owned property currently leased and operated as a childcare centre.

### 2. EXECUTIVE SUMMARY

- 2.1 Council has proposed to sell three properties currently leased as childcare centres, reinvesting the proceeds in its childcare portfolio.
- 2.2 Council is currently seeking community feedback on this proposal.
- 2.3 The sales are intended to occur sequentially, over a period of several years.
- 2.4 Council has sought advice from the Chief Executive Officer on the benefits and risks of extending the timeframe to the sale process.
- 2.5 The property proposed to be sold first is 17 Eildon Road, St Kilda.
- 2.6 Officers propose that the indicative settlement date for this property, should Council resolve to sell it, be moved from the end of 2022 to the end of 2023.
- 2.7 This does not guarantee that the facility can continue operating up until that time, as due to structural integrity, it may need to be closed earlier. Officers are currently clarifying the extent and degree of its structural deterioration.

### 3. RECOMMENDATION

That Council:

- 3.1 Notes that, in accordance with its resolution of 1 December 2021, it has commenced the statutory procedures under the *Local Government Act 2020* (the "Act") to sell its land at 17 Eildon Road, St Kilda, 46 Tennyson Street, Elwood, and 39 The Avenue, Balaclava, by competitive market process, and in stages over the next few years.



- 3.2 Notes that in relation to each proposed sale a community engagement process in accordance with Section 114(2)(b) of the Act, has commenced, including ongoing dialogue and information sharing with the Committees of Management of the relevant Childcare Centres to identify any alternative viable options to sale.
- 3.3 Notes that dialogue is occurring between Council and State and Federal Governments to fund works required for the three Childcare Centres to become compliant with current building standards, disability access requirements and other regulatory standards.
- 3.4 Notes that in relation to point 3.3 above, that as part of this dialogue the Minister for Education Early Childhood has subsequently provided further clarification that the three centres may be eligible for funding, and that Officers are continue discussions with the State Government to determine the quantum of funding available and the cost and efficacy of renewing the three buildings to become compliant with current building standards, disability access requirements and other regulatory standards and support the provision of child care in the long term.
- 3.5 Notes Council's previous resolution that if, because of heritage or other requirements the properties cannot be made suitable, then Council advocate for State and Federal Government funding to acquire land and develop purpose built childcare facilities.
- 3.6 Notes that if, following consultation, Council determines to sell the properties, the indicative timeline proposes that 17 Eildon Rd, St Kilda be offered for sale first, as the first asset to be sold in the second quarter of 2022.
- 3.7 In relation to the potential sale of 17 Eildon Road, St Kilda, moves the indicative timing of its settlement from early 2023 to the end of 2023.

#### 4. KEY POINTS/ISSUES

- 4.1 At its Ordinary Meeting of 1 December 2021, Council resolved, among other things, to carry out a community engagement process regarding its intention to sell:
  - 17 Eildon Road, St Kilda,
  - 46 Tennyson Street, Elwood, and
  - 39 The Avenue, Balaclava,being Council owned properties currently leased as child care centres.
- 4.2 The Officer report presented at that meeting included an indicative schedule for the potential sales, whereby a sale of:
  - 17 Eildon Road, St Kilda would settle in early 2023;
  - 46 Tennyson Street, Elwood would settle at the end of 2023; and
  - 39 The Avenue, Balaclava would settle at the end of 2026.
- 4.3 The schedule is intended to provide transparency and clarity about the timing of potential sales to relevant stakeholders.



- 4.4 Council is undertaking consultation with the community on the proposal to sell the three centres. This includes targeted consultation with the respective centres to identify alternative viable options to sale.
- 4.5 Council also continues to advocate for State and Federal government funding to develop its childcare facilities.
- 4.6 The outcomes of this consultation and advocacy will be reported to and considered by Council before Council decides whether to sell the properties.
- 4.7 A Council resolution of 16 February 2022 requested:
  - the CEO to bring a report to the March 2<sup>nd</sup> Council meeting with advice on:*
  - 3.4.1. The need to extend the proposed timeframe for the proposed sale process to allow for extended consultation and exploration of alternative viable options to sale, including advice on the benefits and risks of extending the timeframe of the proposed sale process.*
  - 3.4.2. Discussions held to date with the State Government and Federal Government and the likely timeframe for conclusion of these discussions and the forward timeframe for Council consideration of future options.*
- 4.8 As mentioned above, the property proposed to be sold first is 17 Eildon Road, St Kilda.
- 4.9 Like the other properties – and in addition to its functional challenges – it is aged and does not meet contemporary standards of safety and accessibility.
- 4.10 This compromises public safety and undermines the ability of community members to fully participate in society.
- 4.11 As landlord, this exposes Council to risks, and extending the timeframe of the proposed sale extends these risks.
- 4.12 That noted, the centre provides an important community service.
- 4.13 Further, Officers may require additional time to thoroughly explore funding and alternative options with the State and Federal Government, and Council wishes to consider extending the timeframe for the proposed sale.
- 4.14 It is therefore proposed that the timeframe to a settlement of the property be extended to the end of 2023, providing the potential for the centre to operate until the end of that enrolment year.
- 4.15 Officers highlight that there are some aspects of structural concern in the building, and these are currently being investigated to confirm the building’s level of structural integrity.
- 4.16 Officers anticipate completing these investigations within the next few weeks.
- 4.17 There is some risk that the findings of these investigations may require the centre to be closed.



**5. CONSULTATION AND STAKEHOLDERS**

- 5.1 Council has formally advised the community of its intention to sell the three properties and sought community feedback on that intention.
- 5.2 The submission period is scheduled to close on 28 February 2022.
- 5.3 Officers will report the submissions received to an upcoming meeting of Council. This is anticipated to occur in mid to late April 2022.
- 5.4 At that meeting there will be an opportunity for people to speak to their submissions, should they wish to do so.
- 5.5 Council will consider the submissions and at a subsequent meeting determine whether to proceed with the sales.

**6. LEGAL AND RISK IMPLICATIONS**

- 6.1 Prior to selling a property Council undertakes community consultation on that proposal. This is in accordance with Section 114 of the *Local Government Act 2020*.
- 6.2 As landlord, Council has duties of care to users of the property, and obligations to comply with the law relating to the property.

**7. FINANCIAL IMPACT**

- 7.1 In the event that the properties are sold, it is Council's intention that the proceeds be re-invested in its children's services property portfolio.
- 7.2 The structural investigations Officers propose to undertake are anticipated to cost approximately \$20,000, plus Officer time.

**8. ENVIRONMENTAL IMPACT**

- 8.1 The recommendations of this report are not considered to have a material environmental impact.

**9. COMMUNITY IMPACT**

- 9.1 The availability of childcare services is critical to the ongoing social development and economy of our community.
- 9.2 The safety and wellbeing of the community is a core consideration for Council.

**10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY**

- 10.1 The recommendation aligns with Council Plan strategic direction "Well Governed Port Phillip".
- 10.2 Council's Children's Service Policy requires that "Council-owned facilities are fit for purpose and meet legislative and building compliance requirements".

**11. IMPLEMENTATION STRATEGY**

- 11.1 TIMELINE

## ORDINARY MEETING OF COUNCIL – 02 MARCH 2022



11.1.1 The recommendation, if adopted, will extend the indicative timing for the potential settlement of 17 Eildon Rd, St Kilda, to the end of 2023.

11.1.2 In the meantime, Officers will carry out further structural assessments of the building to confirm that it has structural integrity to be safely used until that time.

### 11.2 COMMUNICATION

11.2.1 The CEO will communicate this decision to the three Committees of Management and relevant State and Federal Government Members of Parliament.

## 12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

**ATTACHMENTS** Nil