

Establishing School-based Nursery Provision

Annex A: Leasehold heads of terms template

October 2024

**HEADS OF TERMS: LEASEHOLD**

**[Property Address]**

**SUBJECT TO CONTRACT**

**{Template Heads of Terms to be used by schools entering into lease agreements of part or whole of a property to a third-party occupier}**

|  |  |
| --- | --- |
| 1. **Landlord**
 | [To be inserted] |
| 1. **Landlord’s Solicitor**
 | [To be inserted]  |
| 1. **Landlord’s Agent**
 | [None]OR[To be inserted] |
| 1. **Tenant**
 | [Enter registered name of company, company number and registered office address] |
| 1. **Tenant’s Solicitor**
 | [To be inserted]  |
| 1. **Tenant’s Agent**
 | [None]OR[To be inserted] |
| 1. **Superior Landlord**
 | [None]OR[Entity that holds the freehold interest or head lease in the land] |
| 1. **Superior Landlord’s Solicitor**
 | [None]OR[To be inserted] |
| 1. **Demised Premises**
 | [Description of the premises to be demised to the Tenant] |
| 1. **Property**
 | [Description of the Landlord’s interest including any known Title numbers, if registered]. |
| 1. **Site Plan**
 | [A Land Registry compliant showing the Demised Premises edged in red and the Property edged in blue] |
| 1. **Term**
 | The lease term shall be for a term of years from [ ] to [ ]  |
| 1. **Rent**
 | The agreed rent is [£ ] payable [monthly/quarterly/annually in advance] on [date].  |
| 1. **Rent Reviews**
 | [None]OR[There is to be an upwards only rent review every [ years] based on agreed rent review provisions e.g market rent, fixed increases, index linked (RPI or CPI)] |
| 1. **Rent Deposit and guarantees**
 | [None]OR[The lease will be subject to a rent deposit of [£ ] being paid by the Tenant and being held by the Landlord for the duration of the Term against the Tenant’s failure to pay rent or other material breach of covenant][The lease will be guaranteed by [company/ entity] to provide security for all lease obligations in the event of breach of covenant] |
| 1. **Landlord & Tenant Act 1954**
 | The lease is to be contracted [inside/outside] sections 24-28 of the Landlord & Tenant Act 1954. |
| 1. **Break option**
 | [None]ORThe Landlord will have an unconditional right to terminate the lease on [date/s] subject to providing [notice period] months’ notice.OR/ANDThe Tenant will have the right to terminate the lease on [date/s] subject to providing [notice period] months notice and subject to complying with the following conditions:* Providing vacant possession
* Leaving the premises in good repair and condition
* All rents and services charges being paid
* All lease covenants complied with
* Etc.
 |
| 1. **Alienation**
 | [The Tenant is not permitted to assign, sublet, charge or share all or any part of the Demised Premises]OR[The Tenant is permitted to assign or sublet the Demised Premises subject to Landlord’s consent, not to be unreasonably withheld or delayed and subject to the following requirements:] |
| 1. **Common Parts**
 | [None] OR[Include description for example hallways, corridors, stairways, lifts, bins/bicycle rack/loading area and if possible, identify on the plan and describe the Tenant’s rights of access or use of these areas] |
| 1. **Shared Facilities**
 | [None]OR[Include description of any facilities shared with other users of the building for example car park, play areas, kitchen, staff room, lavatories etc, how and when they can be used and consider responsibility for maintenance and repair or contribution towards such maintenance and repair by way of a service charge] |
| 1. **Rights and Reservations**
 | [Include specific rights and reservations, as may be required such as access, car parking etc] |
| 1. **Services and Service Charge**
 | [None]OR[List of services to be provided by the Landlord for the Tenant for the Demised Premises, Common Parts or Shared Facilities e.g. cleaning, maintenance, utilities, telecoms, landscaping, groundskeeping etc][The Tenant agrees to pay to the Landlord or their appointed agent, a service charge [monthly/quarterly] for the Landlord’s provision of the Services]{The service charge can be agreed as a recovery of actual cost calculated on actual consumption or based on floor area, or as a fixed amount subject to annual review or linked to inflation}.  |
| 1. **Permitted Use**
 | [The Tenant is permitted to use the Demised Premises as a day nursery/ for early years provision in line with class E of the Town and Country Planning (Use Classes) Order (as amended)] |
| 1. **Landlord’s Works**
 | [None]OR[The Landlord will undertake the following works to the Demised Premises prior to lease commencement or within a certain period following lease commencement:] [include description] |
| 1. **Tenant’s Works**
 | [None] OR[The Tenant shall be permitted to carry out the following works to the Demised Premises][include description]in accordance with the plans and specifications to be agreed with the Landlord and attached to the lease] |
| 1. **Alterations**
 | [None]OR[The Tenant is permitted to carry out internal non-structural alternations to the Demised Premises subject to the Landlord’s prior written consent not to be unreasonably withheld or delayed] |
| 1. **Repair**
 | [The Tenant is required to keep and return the Demised Premises in good repair and condition]OR[The Tenant’s repair obligation shall be qualified by reference to a schedule of condition which the [Tenant/Landlord] shall prepare [following completion of the Tenant’s works] OR [prior to lease completion] and agree with the [Landlord/Tenant]. |
| 1. **Expiry**
 | On expiry of the Term the Tenant is required to yield up the Demised Premises with vacant possession in the repair and condition required by the lease with all rents and charges paid and all lease covenants complied with.  |
| 1. **Insurance**
 | [The Tenant shall insure the Demised Premises from completion of the lease] OR[The Landlord is required to insure the Property and has the right to recover the cost of insurance of the Demised Premises from the Tenant by way of an insurance rent] |
| 1. **Planning**
 | [None]OR[The Landlord is to obtain planning consents/ change of use in line with the use permitted by the lease prior to commencement of the lease]OR [The Tenant is to obtain planning consent/ change of use in accordance with the use permitted by the lease prior to commencement of the lease] |
| 1. **Timescales**
 | Completion is to take place on or before [ ] subject to the Conditions Precedent for Completion being satisfied. |
| 1. **Conditions Precedent for Completion**
 | Subject to contractSubject to Landlord approvalSubject to Tenant approval][Subject to Superior Landlord consent][Subject to planning consent][Subject to completion of the Works] |



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