

CABINET

12 FEBRUARY 2013

PROPOSALS FOR THE INSPIRATION CENTRE AT STROOD ACADEMY

Portfolio Holders: Councillor Alan Jarrett, Finance
Councillor Les Wicks, Children's Services

Report from: Perry Holmes, Assistant Director Legal and Corporate Services

Author: Nick Anthony, Head of Asset and Property Services

Summary

The report advises Cabinet of the current position regarding the proposals for the Inspiration Centre and to facilitate these seeks authority to dispose of the Council's interest to the Strood Academy.

1. Budget and Policy Framework

- 1.1 As the value of the Council's interest in the Centre exceeds £1M the recommendations in this report will also require the approval of Full Council.

2. Background

- 2.1 Cabinet approved a report in August last year, which recommended that officers progressed detailed negotiations with Medway Youth Trust and Strood Academy Trust to agree the terms for the leases of the centre whilst safeguarding young people and the reputations of the parties involved.
- 2.2 During these discussions Strood Academy has formulated a proposal, which officers believe will fulfil the needs of all parties and create an exciting and dynamic centre for the benefit of a wide range of users including those within the local community.
- 2.3 The Academy's proposal, subject to the formal approval of the Trust's board, is set out below.

3 Strood Academy's proposal

- 3.1 The Academy Board, through the Principal has made an approach to the Council with a view to purchasing the Centre from the Council, whilst honouring the principles of joint shared use for public and educational benefit.
- 3.2 The Centre will be renamed the Enterprise Centre and be used for the following purposes (please also refer to the attached floor plan):
 - 3.2.1 **Room 185:** Professional development and training. This room would be accessible by public sector groups for training and development. The Academy is already committed to delivering leadership training in partnership with New Horizons Teaching School/Rochester Grammar and is a leading partner in the Kent and Medway Training Group – currently training 70 new teachers each year.
 - 3.2.2 **Rooms 186 and 196:** Both to be allocated to Medway Youth Trust for their sole use for a 5-year period at nil cost.
 - 3.2.3 **Room 190 and 192:** Seminar rooms for adults and young people to develop Enterprise activities and projects and work related learning; some of these linked to raising of the participation age for young people. Facilities would also be bookable for other organisations.
 - 3.2.4 **Room 191:** Small conference room for Academy and Community use, including Masters Programmes in partnership with University of Greenwich.
 - 3.2.5 **Communal areas:** Discrete entrance & reception, restroom including disabled access, centre wide free Wi-Fi, kitchen and well furnished break-out spaces for joint use.
 - 3.2.6 The Academy will manage the centre and provide parking (where this is feasible), access, cleaning and security from its own resources.
- 3.3 The Academy's financial offer in respect of this proposal is set out in the Exempt Appendix.

4. Options Appraisal

- 4.1 Cabinet can either approve the report's recommendations or request officers to seek an alternative solution for the future of the Centre.

5. Advice & Analysis

- 5.1 It is considered the proposal the Council has received from Strood Academy has a number of advantages including:
 - 5.1.1 Providing a very high degree of certainty regarding the future of the Centre.

- 5.1.2 Enabling an early opening of the facility for the benefit of the Medway Youth Trust, the Academy, community groups and other users of the facility.
- 5.1.3 Simplifies management arrangements and obviates the need for complex lease arrangements and cross-charging the use of utilities and other services.
- 5.1.4 Provides Medway Youth Trust with the use of a first class facility at no cost and eliminates all financial risk for the Council.

6. Risk Management

6.1 The following risks have been identified in relation to the main options:

Risk	Description	Action to avoid or mitigate risk
1. Formal approval of the Strood Academy Trust is not obtained	The Trust's board fails to approve the proposal to acquire the Council's interest in the Centre. Rated as D1	Provide the Trust with certainty by seeking the prior approval of Cabinet and Council to their proposal.
2. Delayed opening of the Centre.	Centre is likely to remain largely vacant until the disposal agreement is signed with the Trust – with consequent risk to Medway Council's reputation. Rated as D3	Explore the possibility of partial occupancy as soon as possible after the Cabinet decision, depending on progress with the negotiations.

Description of Risk	
Likelihood	Impact
A: Very high	1: Catastrophic
B: High	2: Critical
C: Significant	3: Marginal
D: Low	4: Negligible
E: Very low	
F: Almost impossible	

7. Consultation

- 7.1 Consultation has taken place with Medway Youth Trust, the Director of Children and Adult Services, the relevant Cabinet Portfolio Holders and the Chairman of the Children and Young People Overview and Scrutiny Committee.

8. Financial and legal implications

- 8.1 The £2.0 million funding for the Inspiration Centre was allocated in 2009 from the Targeted Capital Grant (SEN and 14-19 Diplomas). Within this budget £1.5 million was allocated to the build cost with £0.5 million retained to cover the costs of additional furniture and equipment, including IT.
- 8.2 The Council has entered into a Development Agreement with Strood Academy Trust under which the Council retains the freehold and grants a 125-year lease to the Trust. This agreement follows the grant of government funding for the Academy Programme and is in a prescribed form. Pending the grant of the 125-year lease, the Trust is occupying the site under a licence from the Council.
- 8.3 Prior to receiving the current proposal from the Academy it would have been necessary for the Council to negotiate a 125-year sub-lease back from the Academy of the Inspiration Centre. Whilst the sub-lease would be at a peppercorn rent the Council would be responsible for all the other outgoings in respect of the Inspiration Centre. These would have included such items as business rates, utilities, all internal repairs and a contribution towards external repairs. Whilst it was envisaged these would have been passed onto the Council's tenant of the Centre the liability for such costs would ultimately be the Council's responsibility throughout the 125-year term of the lease. Under the Academy proposal this risk is removed in its entirety.
- 8.4 The balance of the budget set aside for fitting out the Inspiration Centre, together with the capital receipt from the transfer of the Council's interest in the asset to the academy, would be available to supplement the Council's proposed capital programme.
- 8.5 In legal terms the Academy proposal considerably simplifies the documentation required to complete the transaction.

9. Recommendations

It is recommended that Cabinet recommend Full Council to:

- 9.1 Approve Strood Academy's proposal as set out in this report.
- 9.2 Declares the Council's interest in the Inspiration Centre at Strood Academy surplus to requirements and delegates authority to the Assistant Director,

Legal and Corporate Services in consultation with Portfolio Holder for Finance to finalise the detailed negotiations and dispose of its interest in the Centre.

10. Suggested Reasons for Decision

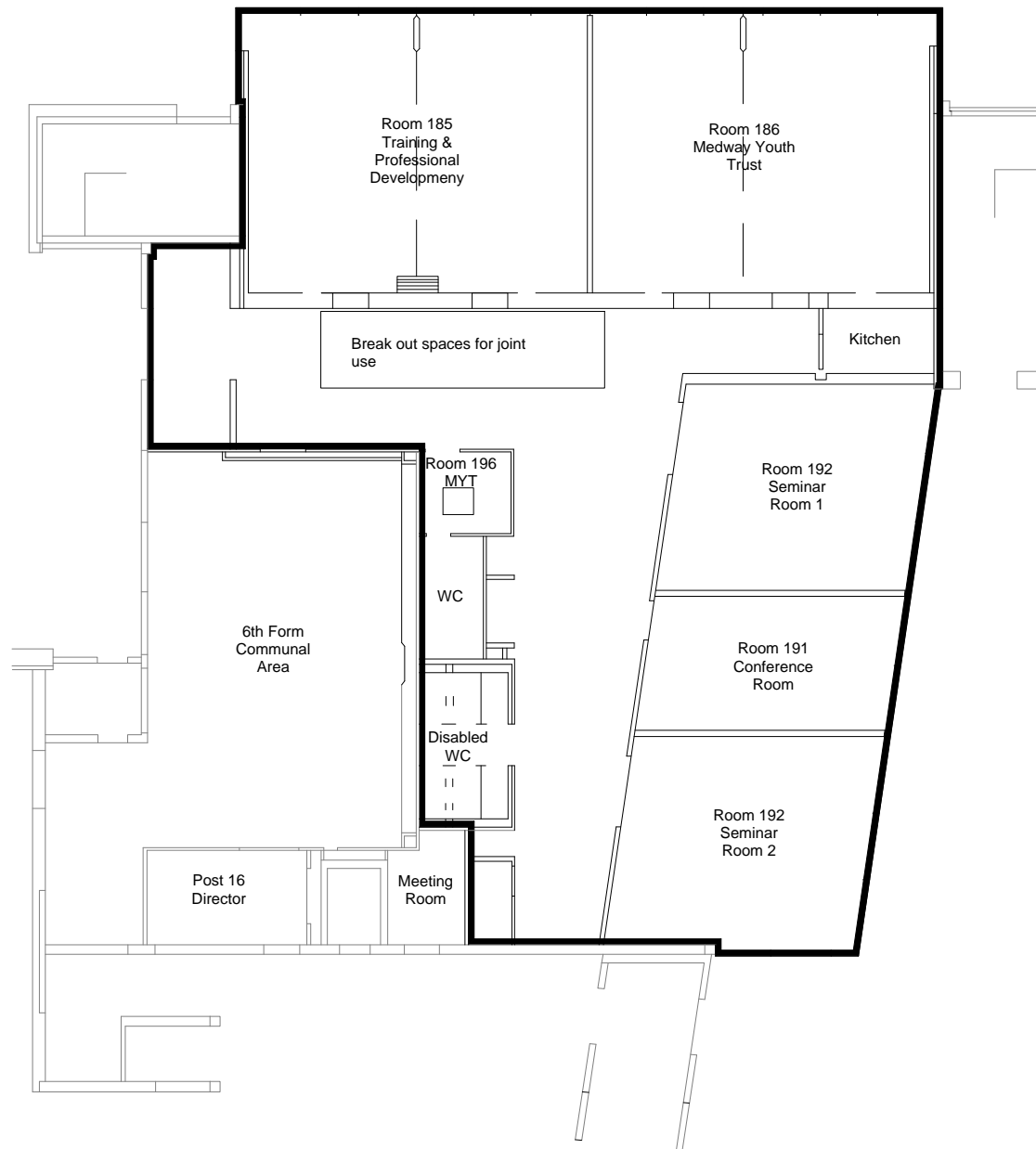
- 10.1 To facilitate the proposals received from Strood Academy and to enable the Centre to open and provide for the first class facilities identified in this report.

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Background papers

None



 - Inspiration Centre, Strood Academy