

CABINET

12 JULY 2016

PROPOSALS FOR THE INSPIRATION CENTRE AT STROOD ACADEMY

Portfolio Holder: Councillor Adrian Gulvin, Resources

Report from: Perry Holmes, Chief Legal Officer

Author: Phil Vipond, Senior Valuation Surveyor

Summary

This report requests that delegated authority is granted to the Chief Legal Officer in consultation with the Leader and the Portfolio Holder for Resources to dispose of the council's interest in the above property, including completing all leases or other agreements as necessary to achieve the best terms reasonably obtainable.

1. Budget and Policy Framework

1.1 This is a matter for Cabinet, as the disposal value of the council's interest is likely to exceed £100,000.

2. Background

2.1 The original purpose of the Inspiration Centre (the Centre) was to deliver diploma learning in vocational skills. It was designed to sit within the envelope of the new Academy building but to be separately accessible.

2.2 Following a change of Government, funding for the original purpose was withdrawn. Several abortive attempts were made to find a compatible alternative use.

2.3 The Academy subsequently indicated an interest in acquiring a 125 year lease of the Centre for a premium equivalent to the original build cost. Full Council, on 21 February 2013, agreed to declare the Centre surplus and delegated authority to the Assistant Director of Legal and Corporate Services in consultation with the Portfolio Holder for Finance to finalise the detailed negotiations and dispose of its interest in the Centre.

- 2.4 Additionally, Cabinet agreed on 11 March 2014 to delegate authority to the Assistant Director of Legal and Corporate Services, in consultation with the Portfolio Holder for Finance, to take all necessary steps to enable the purchase of the Inspiration Centre (by Strood Academy) to proceed including, but not limited to, writing a suitable letter to the Charity Commission regarding the Deed of Gift and declaration of Trust and entering into a Deed of variation of the Deed of Gift and Declaration of Trust if required.
- 2.5 The Academy is unable to obtain consent from the Department for Education to acquire the Centre for a price exceeding its current open market value. This exact figure is still to be agreed, but is likely to be around 25% of the original build cost.
- 2.6 The purpose of this report is to request that Cabinet delegates authority to the Chief Legal Officer, in consultation with the Leader and the Portfolio Holder for Resources to finalise negotiations and conclude any necessary agreements with the Academy to achieve the best consideration reasonably obtainable for the council's interest in the Inspiration Centre.

3. Options

- 3.1 The Council could refuse to dispose of its interest in the Centre and incur ongoing holding costs until such time as a suitable occupier can be found.
- 3.2 The Council could agree to dispose of its interest in the Centre for a premium.
- 3.3 Option 3.2 is recommended on the basis that this will represent the best outcome for the Council.

4. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
The continuation of the present position with the Centre remaining empty	Failure to utilise a modern educational facility for a useful purpose	Ensure that a satisfactory agreement is reached with the Academy to ensure the Centre is used for an appropriate educational purpose.	C2

5. Consultation

- 5.1 Consultation has taken place with officers from the Children and Adults Directorate and no objections have been received.

6. Financial and legal implications

- 6.1 At present, the council receives no income from the Centre but has liability for maintenance and other holding costs.
- 6.2 The Council is under a duty to comply with section 123 of the Local Government Act 1972 and to obtain the Best Consideration reasonably obtainable when it disposes of interests in property, unless consent is obtained from the Secretary of State or one of the general consents applies.
- 6.3 Cabinet land and property transactions over £500,000 will be reported to the next Council meeting for information. It is not anticipated that this disposal will exceed £500,000.

7. Recommendation

- 7.1 That Cabinet delegates authority to the Chief Legal Officer, in consultation with the Leader and the Portfolio Holder for Resources, to conclude any necessary agreements with the Strood Academy to dispose of the Council's interest in the Inspiration Centre for the best consideration reasonably obtainable.

8. Suggested reasons for decision

- 8.1 In order to facilitate the use of the Centre for continuing educational purposes and to realise a capital receipt.

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Appendices

None

Background Papers

The Strood Academy, Consent to Variation to Deed of Gift, Cabinet 11 March 2014

<http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Id=12283>

Proposals for the Inspiration Centre at Strood Academy, Full Council 21 February 2013

<http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Id=10302>

Proposals for the Inspiration Centre at Strood Academy, Cabinet 12 February 2013

<http://democracy.medway.gov.uk/mglIssueHistoryHome.aspx?Id=10302>