

CABINET

9 JUNE 2020

RENEWAL OF LEASE AT NORTHBANK HOUSE

Portfolio Holder: Councillor Adrian Gulvin, Portfolio Holder for Resources

Report from: Perry Holmes, Chief Legal Officer

Author: Noel Filmer, Head of Valuation and Asset Management
Julie Steer, Senior Valuation and Asset Management Surveyor

Summary

This report seeks delegated authority to renew the lease and grant agreement in respect of Northbank House on the Medway City Estate (as shown edged black on the attached plan, Appendix 1).

1. Budget and Policy Framework

- 1.1 The annual rent for the property will be over £10,000, but below £1m and it is proposed that the property is let for less than best consideration, this is therefore a matter for Cabinet.

2. Background

- 2.1 Rochester Council acquired Northbank House in 1996. It was originally let to Co-Steel Sheerness, but this lease was assigned to IPS International Ltd, when it bought Co-Steel's training wing.
- 2.2 The original lease was granted from 30 December 1996 for a term of 10 years, which expired on 29 December 2006. Subsequent leases have been granted with the last 7 year lease granted on 30 September 2013 and expiring on 1 October 2020.
- 2.3 The lease of the property is in a standard commercial form, which allows the property to be used for B1, B2 and B8 uses. There is however a supplementary agreement, the details of which are set out in the attached exempt appendix.
- 2.4 Since locating in Medway, IPS International Ltd has become an important contributor to the local economy and in particular adding value to a range of projects benefitting in particular the local engineering industry. It is therefore proposed that the General Disposal consent is used, so that the rent charged for the property can be at less than best consideration, on the grounds that

the use of the property for a training facility has social and economic benefits for the Medway area. Details of these benefits are set out below.

3. Benefits that IPS International Ltd has delivered

- 3.1 The Council has historically been engaged in partnership with IPS International Ltd (IPS) since 1998, on a series of European Social Fund (ESF) financed projects, which have consistently been successful, not only in terms of delivering targets but also in qualitative terms. These projects have been worth a total of over £1.4 million of ESF income to Medway. IPS has made a major contribution to the quality of projects and its track record has in turn enabled us to secure further project and continue to draw in ESF funding. The projects since 1998 have included Ingenia (Adapt), Autochange (Adapt), Autotrain (ESF), Oases (Equal) and Prime Advantage (Equal), all in the manufacturing and engineering sectors, plus Care Employ (ESF) in the care sector. IPS is currently a Matrix approved organisation delivering Information Advice and Guidance (IAG) mainly on careers and using Apprenticeships as a pathway into sustained employment.
- 3.2 These projects have delivered training for over 900 Medway people, with more to be delivered through Prime Advantage. In addition to European funding, these projects have been supported by more than £600,000 of matched funding from IPS. IPS is committed to working with any new funding initiatives and partnerships with the Council post Brexit.
- 3.3 IPS is currently playing a key role in the delivery of the Council's apprenticeships programme for local small businesses by providing access to training courses in engineering and business administration. These courses are accredited, giving apprenticeships the opportunity to access Level 2 and Level 3 qualifications. IPS International Ltd is also serving local businesses by helping them to access the right calibre of apprentices, which in turn is having a positive impact on succession planning and workforce development.
- 3.4 IPS is partnership working with Medway Council Careers Enterprise Coordinator-offering community-based information and guidance on apprenticeships to Medway Schools. The partnership engages with Medway employers promoting Medway Council's Small and Medium-sized Enterprises (SME) Apprenticeship grant; engaging with Medway employers offering advice and guidance on recruitment of apprentices and guidance on the Apprentice Levy.
- 3.5 IPS is actively involved in partnership working with Medway Council to support the 2019 Skills Summit and with Kent Job Centre Plus centres to promote apprenticeship opportunities.
- 3.6 IPS delivers apprenticeship training to Medway Council employees to support skills development of the Council's workforce. The partnership working with Chatham Job Centre Plus helps to enable their Advisors to promote the benefits of apprenticeships to unemployed clients.
- 3.7 IPS partnership works with the Adult Skills Forum; Medway and Kent identifies skills shortages within communities and addresses how these can be improved.

- 3.8 IPS partnership working with SELEP, raises awareness of the skills shortages within Medway and Kent and develops apprenticeship training to address these skills shortages.
- 3.9 IPS partnership working with the Kent Association of Training Organisations, shares best practice on career pathways; employer engagement and actively supports the ASK project and Launch Pad project in Medway, sharing guidance information packs for use in Medway Schools.
- 3.10 IPS works in partnership in Medway and Kent with CXK, sign posting unsuccessful apprenticeship applicants to enable provision of job seeking skills to facilitate future successful apprenticeship applications.
- 3.11 IPS works in partnership, sharing apprenticeship opportunities with Medway Schools within the Skills for Life Trust, the Princes Trust, the National Careers Service and the Education People including providing guidance information and advice in respect of Inclusion best practice.
- 3.12 IPS coordinates with Kent and Medway Adult Skills promotion for Women in Engineering, developing marketing material to be shared with partners and stakeholders and raising awareness of opportunities for female students to consider engineering as a career pathway.
- 3.13 IPS International Ltd is a major provider of engineering training in the South East region. Innovative programmes in a wide range of engineering disciplines are provided both to major employers and to SME's in Medway and further afield throughout the Thames Gateway sub-region. These include blue chip employers like BAE Systems, National Grid Grain LNG, Delphi, Brett's Aggregates, Fineline, Scottish and Southern Power, Bose and Thamesport. IPS has also provided upskilling training for over 50 employers in the local economy over the past 7 years.
- 3.14 IPS International Ltd is currently providing training for over 200 people from the local workforce in a range of apprenticeships and skills development programmes, including manufacturing, motor vehicle maintenance and repair, customer services, health and social care and sign-making.
- 3.15 IPS Business development team actively dealt with 1850 Apprenticeship applications in 2018 and 2300 in 2019 and recruited 223 Apprentices in 2018 and 205 in 2019.
- 3.16 IPS holds a range of accreditations and awards including the Investors in People Gold award, MATRIX and OFSTED Level 2 (Good). IPS International has direct funding status as an Education Skills Funding Agency provider.
- 3.17 The IPS Apprenticeships training programme is highly successful with achievement rates above national averages resulting in 73.8% Overall Achievement and 72.6% Timely Completion with successful Apprentices moving on to sustained employment and careers in the community.
- 3.18 The continued location of IPS International Ltd within Medway is a valuable benefit to local industry and has secured substantial EU funding for the benefit

of local businesses. This is a significant return on the investment in Northbank House.

4. Advice and analysis

4.1 The property can either be re-let to IPS International Ltd, let to another tenant or sold. If the property is re-let to IPS International Ltd, it will continue to provide a valuable training resource for the Medway area. Due to the Covid 19 Pandemic, we do not consider that selling the property at this time would be prudent.

4.2 The Council has the power to dispose of property (including the granting of leases) under s123 of the Local Government Act 1972. However, the Council has a duty to obtain best consideration, unless the express consent of the Secretary of State is obtained, or one of the general consents relating to that Act applies. In this case, the Council could use the General Disposal Consent (England) 2003 provided that:

- It considers that the disposal/lease is likely to achieve the improvement or promotion of the economic, social or environmental well-being of all or part of Medway,
- The undervalue, does not exceed £2,000,000,
- The grant of the lease does not breach state aid rules.

4.3 Consultation has taken place with other service directorates and they are supportive of the grant of a new lease with a grant agreement to IPS International Ltd.

5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Failure to re-let the property.	The Council is not able to re-let the property to the existing or an alternative tenant.	Cabinet to grant delegated authority so that the renewal process can start soon and be completed by the end of the current lease in October 2020.	C3

6. Financial and Legal Implications

6.1 These are set out in the Exempt Appendix to this report. Renewal of the lease will result in the Council continuing to generate a significant rental income from the property. As set out in paragraph 4.2 above, the Council has the power to let the property for less than best consideration, provided that the conditions set out in this paragraph are met.

7. Recommendations

- 7.1 The Cabinet is asked to agree to delegate authority to the Chief Legal Officer in consultation with the Portfolio Holder for Resources to:
- a) serve any necessary notices, to take a surrender of the current lease and to grant a new lease or leases and any necessary supplementary agreement(s) in respect of Northbank House.
 - b) use the 2003 consent order, so that the property can be let at less than best consideration.

8. Suggested reasons for decisions

- 8.1 To maintain the Council's income flow from the property.
- 8.2 To help the tenant to continue to deliver training services for the benefit of the area.

Lead officer contact

Julie Steere, Senior Valuation and Asset Management Surveyor
Tel: 01634 338654 Email: julie.steere@medway.gov.uk

Daniel Ratcliff, Skills & Employability Officer
Tel: 01634 338399 Email: daniel.ratcliff@medway.gov.uk

Appendices

Appendix 1 – Site plan
Exempt Appendix – Financial and legal analysis

Background papers

[Cabinet 12 March 2013 – Agenda and Record of Decisions for Renewal of Lease at Northbank House](#)