

SUBJECT:	PARK STREET SCHOOL, ABERGAVENNY - PROPOSED LEASE
MEETING:	CABINET
DATE:	6th June 2018
DIVISION/WARDS AFFECTED:	Grofield, Abergavenny

NON PUBLICATION:

This report is not exempt from publication however Appendix 1 of the report is exempt by virtue of Part 4 of Schedule 12A of the Local Government Act 1972. It is excluded on the basis that it (a) contains information relating to an individual, (b) contains information that will reveal the identity of an individual and (c) contains information relating to the financial or business affairs of any particular person (including but not limited to the authority holding that information).

1. PURPOSE:

To consider the granting of a 25 year Lease to Abergavenny Community Trust (ACT) who deliver a community hub service from the former Park Street School.

2. RECOMMENDATIONS:

- 2.1 To grant a 25 year lease of the former Park Street school to Abergavenny Community Trust.
- 2.2 To grant a 3 year lease on the former Park Street school car park to Abergavenny Community Trust.
- 2.3 Delegate authority to the Head of Commercial and Integrated Landlord Services to agree lease terms.

3. KEY ISSUES:

- 3.1 Cabinet agreed to lease the former parks Street School in July 2012 following a local campaign to protect the building from development and instead utilise it as a community resource to be managed by local volunteers. The Abergavenny Community Trust was created to manage this building and they started operation in March 2015.
- 3.2 The original vision of ACT was to secure a 3 year lease and use this as a platform to generate longer term funding through a blend of commercial income, grant and philanthropic funding streams. The original agreement contained a clause that in the event that the trust was able to secure £230,000 a 25 year lease would automatically be entered into. Due to a variety of factors, this target has not been met, however ACT remain committed to the delivery of community provision within this centre and have requested

that a 25 year lease be granted to broaden their opportunities for grant funding and secure the long term future of this provision.

- 3.3 In the last three years ACT have worked with their local communities and stakeholders to ascertain local needs and how they could support these. As a result they have focussed primarily on the provision of activities that tackle social isolation and exclusion through the provision of food related activities, Through the provision of circa £20,000 in donations and grants they have developed a community kitchen, run a Monday café in partnership with the Food Bank, run conversation cafes for Syrian refugees to support their English language skills, have a growing space supported by Incredible Edibles and host Christmas lunches and world bistro evenings.
- 3.4 The community centre has become a meeting venue for over 31 clubs, has created 5 part time paid roles, has 30 volunteers and generated £133,000 income over the 3 year period. This organisation and the service it provides fully aligns with the Council’s aspiration to develop sustainable and resilient communities and the Council’s Social Justice Strategy.
- 3.5 It is proposed that the car park is offered on a short term lease to enable ACT to realise their ambitions to secure grant funding, improve the building and the services it offers and secure the long term viability of the Trust. In the event that they are unable to lever in the funding within the 3 year time frame it would enable the Council to realise the development potential from this element of the site and the resultant capital receipt, which would be ring fenced to the Councils 21st century schools agenda.

4. OPTION APPRAISALS:

Option	Benefits	Risks	Comments
Do not renew the lease	<ul style="list-style-type: none"> The Council would be able to realise a receipt from the sale of the site in excess of £400k 	<ul style="list-style-type: none"> ACT would have to secure alternative premises or the services would be lost. The community would lose a valuable local resource and access for vulnerable people would be more difficult Loss of potential grant funding to improve the built environment and local community infrastructure 	Whilst this would enable the Council to generate a capital receipt it discounts the social and financial value that ACT are providing to their local community and offsetting potential resources that the Council would need to provide to offset the lost services.
Grant a short term lease	<ul style="list-style-type: none"> The Council would be able to ascertain the long term prospects of ACT within a shorter time scale and if not viable realise a capital receipt. It provides a prescribed timescale for ACT to develop a viable business 	<ul style="list-style-type: none"> ACT are unlikely to be able to access grant funding without long term security of tenure ACT and their volunteers will lose motivation due to long term uncertainty 	This does not progress the ACT interest beyond 3 years and places them in the same situation as now where their future remains uncertain and is subject to external influences and decision making

Option	Benefits	Risks	Comments
	plan without committing them to long term liabilities		
Grant a 25 year lease	<ul style="list-style-type: none"> • ACT will be in a position to secure grant funding which will improve a council asset • ACT will be able to provide services which offset the need for Council interventions and expenditure • ACT aligns with the Corporate vision and is supporting and developing local communities • The lease will allow for 3 yearly Rent Reviews • The Council have a right of pre-emption if the premises are no longer used for Community Benefit or ACT fall away 	<ul style="list-style-type: none"> • ACT are unable to secure grant funding and are therefore faced with liabilities that exceed income over a 25 year period. • ACT loses its volunteer base and is unable to sustain service provision for the 25 year timeframe • The costs of operating and maintaining the building are in excess of trading income. 	ACT have made reasonable progress in its first 3 years of operation and have improved income year on year. They have cited the lack of a long term interest as a significant barrier to securing grant income which will safeguard the future of the building and the services that they provide. The long term social value and cost avoidance to the Council make this the preferred option.

5. EVALUATION CRITERIA:

An evaluation assessment has been included at Appendix A for future evaluation of Whether the decision has been successfully implemented. This decision will come Back to this Committee in 12 months for review

6. REASONS

- 6.1 The existing short term lease is preventing ACT from being able to secure grant funding or develop a long term business plan. The services being provided are in accord with both the Public Service Board and the Corporate Plan objectives.
- 6.2 ACT have identified that circa £200,000 is required over a 3 year period to carry out further repairs to the flat roof, remodel the entrance for improved disabled access, upgrade disabled toilets and to drop the ceiling in the Main Hall to install a digital hearing loop, sound system and projector system. These works will improve the physical environment, make it accessible for all and increase the revenue generation opportunities. ACT are intending to apply for funding from Big Lottery Wales People & Places Programme, to invest in building improvements and energy efficiency to reduce outgoings.

- 6.3 Initial discussions have been undertaken to ascertain the possibility of ACT undertaking a community asset transfer of the school. As the Trust is still in its infancy stage and needs to secure long term funding strategies to enable the operation of such a significant property asset, this has been discounted. This will be kept under review as the Trust evolves.

7. RESOURCE IMPLICATIONS:

- 7.1 The grant of a long term lease on the school building would generate an annual rental income of £9,250 (assuming a concessionary rental grant is not awarded), however it prevents the freehold disposal of the asset and there is an opportunity cost of circa £300,000.
- 7.2 The grant of a 3 year lease of the car park will generate an annual rental of £1,200 (assuming a concessionary rental grant is not awarded). There is however an opportunity cost of circa £100,000.

8. WELL BEING OF FUTURE GENERATIONS IMPLICATIONS (INCORPORATING EQUALITIES, SUSTAINABILITY, SAFEGUARDING AND CORPORATE PARENTING)

Attached

9. CONSULTEES:

Local Ward Member – Cllr. Sheila Woodhouse
Local Ward Member – Cllr. Sara Jones
Cabinet Member – Cllr. Phil Murphy
Monitoring Officer – Robert Tranter
Legal Services – Joanne Chase
Head of Commercial & Integrated Landlord Services – Debra Hill-Howells

10. BACKGROUND PAPERS:

Appendix 1 - **Exempt from Publication**

ACT Revised Business Plan & Account Statements.

Appendix 2 - Site Plan – Former Park School Outlined in Red. Car Park Outlined in Blue

11. AUTHOR:

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