

CANNOCK CHASE COUNCIL

CABINET

16 NOVEMBER 2006

REPORT OF CHIEF EXECUTIVE

PORTFOLIO LEADER - POLICY AND RESOURCES

BOW STREET PRE-SCHOOL NURSERY, RUGELEY

1. Purpose of Report

- 1.1 To consider a request from Bow Street Pre-School Nursery to lease the former Council Chamber, Anson Street, Rugeley.

2. Recommendations

- 2.1 That, subject to planning consent, the Bow Street Pre-School Nursery be granted a 2-year lease of the former Council Chamber at a nominal rent and on terms and conditions to be agreed by the Head of Planning and Regeneration.
- 2.2 That Cabinet consider whether it is prepared to "top-up" the indemnity payment to a value equivalent to the amount the Council benefits from the refurbishment of the Chamber should the Pre-School be asked to vacate after 2 years.

3. Key Issues

- 3.1 Cabinet have agreed previously to assess if the Pre-School building gutted by an arson attack can be reinstated using the insurance funds available to the Council. If this cannot be achieved, Cabinet have agreed to apply the indemnity payment available from the insurers to support a Pre-School bid for external funding to rebuild on the Bow Street site. Following receipt of a structural engineer's report regarding the poor condition of the floor slab, the reinstatement option is no longer available. Discussions have been held with representatives of the Pre-School to consider how to proceed and best use the indemnity funds available to the Council.
- 3.2 Due to the unsuitability of their current accommodation at the Victory Church Centre, the Pre-School initially enquired about temporary use of the former Council Chamber at Anson Street Offices pending the proposed outcome of a bid for additional funding. Following an inspection and further enquiries, the Pre-School subsequently submitted a formal proposal to use the former Chamber and part of the car park as outdoor play space on a permanent basis and surrender the Bow Street site back to the Council, subject to the Council agreeing to:

- a) Grant the Pre-School a 30-year lease of the Council Chamber.
 - b) The rent for the first five years to be a nominal rental thereafter subject to five yearly review.
 - c) The Council meeting the cost of refurbishing the Council Chamber and associated works to the car park area from the indemnity payment.
- 3.3 Given its Town Centre location the proposed use of the Chamber at Anson Street is in principle considered suitable, subject to a planning application. The proposal also has merit given that the Pre-School has an uncertain future operating from difficult premises within the Victory Church Centre. However, discussions are ongoing with the County Council regarding the establishment of a One-Stop Shop based at Anson Street and at this point in time it is not known whether the former Chamber will be required as part of this initiative. Whilst the grant of a long-term lease would be inappropriate pending completion of the above discussions it is considered that the grant of a 2-year lease would not prejudice the future development of a One-Stop Shop. Works would be required to make the Chamber suitable for use as a Nursery but these can be funded out of the indemnity payment and limited to those necessary for Ofsted/Health & Safety purposes.
- 3.4 The fencing off of part of the car park will not interfere with the right of way to the adjoining property, No. 26 Anson Street.
- 3.5 By agreeing to the proposal, the Council will secure the short-term future of the Pre-School, which, as previously stated, is currently operating out of inadequate accommodation and should it subsequently transpire that the Chamber is required as part of the One Stop Shop initiative then the Nursery should have sufficient time to seek funding for a new building on the Bow Street site before the lease came to an end. In order to keep their options open the Pre School are not prepared to surrender the lease of the Bow Street site at this time.
- 3.6 Should it be decided that the Chamber is required for the One-Stop Shop some works previously undertaken to the premises to accommodate the Pre-School will also benefit the Council. In such circumstances the Pre-School have asked whether the Council would be prepared to "top-up" the indemnity payment by an equivalent amount.
- 3.7 At this point in time it is not possible to identify a source for any top-up payment other than the Landlords Repairs Account on the basis that works of repair carried out on the Chamber for the Pre-School might in the future have been paid for from this budget..

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Section 1

Background

Members will recall that following an arson attack which destroyed the Bow Street Nursery building, protracted negotiations with the Insurer's Loss Adjusters resulted in an offer of £100,000 towards the reinstatement of the building or, in the event the building was not reinstated, an indemnity payment of £66,000.

Cabinet at its meeting on 22 September, 2005, having considered a report concerning the options available to the Council in relation to the Bow Street Nursery, resolved:-

- A. That the Council proceed to assess through tender if the building can be reinstated within the sums available and that, should this be unsuccessful, the indemnity payment received be applied to support the Nursery's bid for Lottery funding.
- B. That it be a pre-condition that the Nursery agree to surrender the lease should the tender and/or Lottery bid be unsuccessful.

As a result of a structural engineer's report on the poor condition of the existing floor slab, in July 2006 it became apparent that the reinstatement option was no longer viable. As a consequence, and in the absence of additional financial resources, it was proposed to proceed with the previous decision of Cabinet and to accept the indemnity payment of £66,000 and offer the Pre-School assistance in bidding for additional resources for a new building. The indemnity payment less demolition costs and clearance was to be held for a reasonable period to support the proposal.

A meeting was subsequently held with representatives of the Pre-School to advise them of the decision and to discuss the way forward. Whilst naturally disappointed that the reinstatement option was not now a possibility, the Pre-School were grateful for the support offered by the Council.

The main concern of the Pre-School was the time it may take to obtain funding and the uncertainty about whether the Pre-School could survive in the interim given the inadequacy of the Victory Church Centre, their current accommodation, combined with the cost.

The Pre-School enquired if the Council had any other premises which might be suitable as an interim measure and, in particular, the Council Chamber to the rear of the Council Offices in Anson Street, as indicated on the attached drawing.

Following an initial viewing and subsequent enquiries, the Pre-School have submitted a proposal to use the Chamber on a permanent basis and to surrender the Bow Street site back to the Council, subject to the Council agreeing to:-

- 1) Grant to the Pre-School a 30-year lease of the Council Chamber, subject to five yearly rent reviews.
- 2) The rent of the first five years to be at a nominal rate to enable the Pre-School to get back on its feet financially following the fire.
- 3) That the Council meet the cost of refurbishing the Council Chamber from the indemnity payment.

Section 2

Details of Matters to be Considered

Other than storage of Council files, the Council Chamber, as shown on the attached drawing, has remained unused for some time. As can be seen, the Chamber is self-contained from the rest of the Anson Street offices and comprises two rooms plus kitchen and toilet facilities. Whilst initially viewed as a temporary measure due to uncertainty over future funding and the timescales involved, the Pre-School consider it has the potential to provide a permanent solution.

In order to satisfy Ofsted requirements, the Pre-School would require outside play space which could be achieved by fencing off part of the car park, as shown on the attached drawing. This would result in the loss of 3/4 spaces. This would not interfere with the right of way to the adjoining property, No. 26 Anson Street.

Since the closure of the Housing Area Office, of the 17 spaces available, 8 are allocated to the County Council who lease part of the building, whilst 4/5 of the remaining 9 spaces are used by Cannock Chase District Council staff.

Whilst the proposal would reduce the overall parking available, due to its Town Centre location, in principle, a change of use of the former Chamber, including a section of the car park, is likely to be acceptable in planning terms, subject to consideration of a formal planning application.

The Council is however in discussion with the County Council regarding establishment of a One-Stop Shop based in Anson Street. As the discussions are at an early stage it may be some months before it is known whether the Council Chamber will be required as part of these proposals.

As a consequence it would be unwise at this stage to enter into any long-term lease until discussions regarding the One-Stop Shop are concluded. However, it is considered that as an interim measure the grant of a 2-year lease to the Pre-School would not prejudice the future development of a One-Stop Shop.

Should it be decided that the Chamber is required for the One-Stop Shop the length of Lease proposed allows time for the Pre-School to seek funding for a new building on the Bow Street site.

As regards the request for a nominal rental, under the Local Government Act 1972 a Local Authority may dispose of an interest in land by way of a short tenancy of up to 7 years at less than market value.

Initially, refurbishment of the Chamber for use by the Pre-School would be the minimum necessary for Ofsted/Health & Safety requirements funded from the £66,000 indemnity payment. However, having advised the Pre-School that a long-term option is not a possibility at this state they are concerned that refurbishment of the Chamber for their temporary accommodation, albeit to the minimum necessary for their immediate requirements, will reduce the level of funding available to them in the event that they are asked to vacate at the end of the 2 years. As a consequence they have requested that the balance of the £66,000 indemnity payment is "topped-up" by an amount equivalent to that element of the works to the Chamber which are of benefit to the Council in the longer term.

From the Council's point of view it is unclear where this future "top-up" funding could be found. If the work carried out is clearly of benefit to the Council in that it reduces future repairs expenditure on the former Council Chamber then the Landlords Repairs Account, which would otherwise have met that expenditure is a possible source.

Furthermore in order to safeguard their options and ensure the Bow Street site remains available as a potential site for a new nursery the Pre –School are not prepared to agree to a surrender of the lease at this time.

Section 3

Contribution to CHASE

The proposal contributes to CHASE – promoting social inclusion - by safeguarding the future of the Nursery which, due to its low cost structure, provides low income/single parent families with access to nursery facilities which might not otherwise be available, as well as providing structured learning for children from the age of two to five.

Section 4

Section 17 (Crime Prevention) Implications

Refurbishment of the building will build in suitable security measures to prevent unauthorised access to both the Nursery and outside play space.

Section 5

Human Rights Act Implications

There are no identified implications in respect of the Human Rights Act 1998 arising from this report.

Section 6

Data Protection Act Implications

There are no identified implications in respect of the Data Protection Act arising from this report.

Section 7

Risk Management Implications

The current proposal secures the immediate future of the Nursery without compromising the continued use of Anson Street as office accommodation.

Section 8

Legal Implications

The legal implications are set out throughout the report.

Section 9

Financial Implications.

By agreeing to lease part of the Anson Street Offices for an initial 2 year period, the following financial implications will result:

1. the Council will contain the costs of refurbishing the Council Chamber at Anson Street and the adjoining Car Park, to comply with Ofsted requirements, from within the £66,000 indemnity payment received. The cost of refurbishment is as yet unknown; any surplus remaining will be held until a more permanent solution can be determined once negotiations in respect of the One-Stop shop have been concluded.
2. the granting of a nominal rent to the Playgroup will result in a loss of potential income to the Council for an initial 2 years. However, to be able to charge a market rental would require a considerable amount of expenditure by the Council in refurbishment costs, which could not be funded from the £66,000.

Once the costs of refurbishment can be determined consideration will need to be given as to whether the project should be included in the Councils Capital Programme.

Should Cabinet agree to "top up" the indemnity payment, as referred to in para 2.2, the cost would need to be contained within current Capital / Revenue resources, depending on the amount involved.

Further reports will need to be considered once the negotiations with the County Council have been completed in respect of the future use of Anson Street.

Section 10

Human Resource Implications

There are no identified human resource implications arising from this report.

Section 11

Conclusions

At present, the Pre-School is operating from less than satisfactory accommodation, putting its long term future at risk given the timing and uncertainty associated with bidding for lottery/external funding.

By agreeing the proposal, the Council will secure the short-term future of the Nursery without adversely affecting the One-Stop Shop proposals.

Section 12

List of Background Papers

Letters from Bow Street Playschool received 31 August, 2006 and 15th October 2006-10-24.

Letter to Bow Street Playschool dated 5th October 2006

Annexes

Annex 1 – Plan of Anson Street.



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