

INDIVIDUAL CABINET MEMBER DECISION-MAKING

RECORD OF DECISION

PART A

DETAILS OF REPORT <i>(Officers to complete this section prior to issuing to cabinet member)</i>	
Title of report	Mountview Academy of Theatre Arts – Award of Lease and facilities agreement
Decision-maker	Cabinet Member for Finance, Modernisation and Performance
Earliest date when decision can be taken	6 May 2016
Key decision	Yes
Date published on forward plan	N/A - General Exception Notice issued
Date sent to cabinet member	27 April 2016
Recommendation	<ol style="list-style-type: none"> 1. To approve the Council entering into the Agreement for Lease with Mountview Academy of Theatre Arts Limited for the Eagle Wharf site. 2. To approve the Council entering into a Facilities Agreement with Mountview Academy of Theatre Arts Limited to enable the construction of their new facility at the Eagle Wharf site.

ORIGINATING AUTHOR'S DETAILS <i>(Officers to complete this section prior to issuing to cabinet member)</i>	
Lead officer (Name and job title)	Neil Kirby, Head of Regeneration South
Report author (Name and job title)	Neil Kirby, Head of Regeneration South
Contact Number	020 7525 1878

PART B

(Cabinet member to complete this section)

DECISION(S)

Recommendations 1 and 2 agreed, as set out in the report.

REASONS FOR DECISION

For the reasons set out in the report and the additional advice received from the Director of Regeneration (see section below).

**ALTERNATIVE OPTIONS
CONSIDERED**

~~None~~ As set out in report

REPRESENTATIONS RECEIVED

None

ADDITIONAL ADVICE RECEIVED

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The Director of Regeneration reports that since the report was published in April, officers have been in negotiations and consultation with Mountview Academy and have agreed further measures to increase the affordability of the loan repayments and to mitigate risk to the council. This additional advice sets out the progress of the project since the report was published in April 2016, and explains the variations that have been made to the Facilities Agreement.

Mountview have held several public consultation events in Peckham including attending the Community Council meeting on 21 March 2016, and have also held a two open days in their current premises. A planning application was submitted in June. The main contractors were appointed in May 2016, and have been working with the project team to develop designs (to RIBA Stage 3) and test the market. Mountview anticipate letting a fixed price contract in the autumn and the building works will start on site in January 2017.

The presence of Mountview will enhance the borough as a cultural destination and contribute to the overall regeneration of Peckham. Local residents will benefit from enhanced learning, cultural, leisure and employment opportunities. The programme of community benefits and outreach is associated with the availability of additional capital funding. The council is continuing to consider the allocation of potential sources of funding to support/contribute towards Mountview to reflect the community benefits of the project (as referred to in para 24 of the April IDM report); this potential funding support would mitigate the financial risks to the council of this facilities agreement.

In addition to the external advice from PWC, the council has carried out further due diligence on Mountview's business plan. As a result three pre conditions for the release of Facility B have been agreed. That is that Mountview must submit a revised business plan, risk assessment and statement of fundraising to the council for review. Mountview have developed a fundraising strategy which will be approved by the board and monitored at the capital committee on a monthly basis. It is also worth noting that the council is currently procuring an Independent Project Monitoring Surveyor who will monitor cashflow, assess the risks and report to the Director of Regeneration every month during the construction project.

Facility A of £0.5m is for design fees expenditure in advance of letting the building contract. This Facility is secured against the accounts of Mountview and is match funded by the organisation. Due to the progress of the project and cashflow requirements, a delegated report by the Strategic Director of Finance and Governance has already been approved to pay this Facility to Mountview as an advance loan. To date £250,000 has been paid.

In respect of Facility B, it has been agreed as part of the ongoing negotiations with Mountview that the interest on the outstanding loan accrues at a rate of 4.5% pa from 30 September 2018 onwards. Repayments of interest start after the building becomes operational.

It is noted that the revised Agreement for Lease and Facilities Agreement are intended to mitigate the financial risks to the council. These proposed financial arrangements are considered in the context of the non financial benefits of Mountview's relocation to Eagle Wharf set out in the published report.

ANY INTERESTS DECLARED

Note: If the decision-maker has a disclosable pecuniary interest in the matter the report must be referred to the full cabinet for decision.

Where a cabinet member may discharge a function alone and becomes aware of a disclosable pecuniary interest in a matter being dealt with or to be dealt with by her/him, the cabinet member must notify the monitoring officer of the interest within 28 days and must not take any steps or further steps in the matter.

If a member is unsure as to whether an interest is a disclosable pecuniary interest they should contact the governance team for advice.

None

DECLARATION

I approve/~~reject~~ the recommendations set out in the report.*

or

~~I approved an alternative course of action set out in Part B.*~~

or

~~I have referred this matter to the Full Cabinet for decision.*~~

(* - Please delete as appropriate)

Signed [Signature] Dated 11/8/16

Cabinet Member

Please return completed hard copy of the form to Everton Roberts, Constitutional Team, 160 Tooley Street, P O BOX 64529, London, SE1P 5LX – tel: 020 7525 7221 fax: 020 7525 7284.

Seeking advice

You should seek advice from the relevant officer on a number of occasions:

- (a) If you wish to consider alternative options
- (b) If you are considering rejecting the proposals

Otherwise it is at your discretion when you should seek further advice and you should do so when you consider it appropriate.