

Report Title:	Community Facilities Review
Contains Confidential or Exempt Information	Yes – Main Report Part I, Appendix A Part II <b>Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.</b>
Lead Member:	Councillor Andrew Johnson, Lead Member for Business, Economic Development and Property
Meeting and Date:	Cabinet – 30 <sup>th</sup> September 2021
Responsible Officer(s):	Duncan Sharkey – Managing Director
Wards affected:	St Mary's Ward

## **REPORT SUMMARY**

Located on Holmanleaze are six community buildings, housing six separate leaseholders. These comprise the Ivy Leaf Club, Beehive Playgroup, Maidenhead 9<sup>th</sup> Scouts Group, Maidenhead 19<sup>th</sup> Scouts Group, the Jehovah's Witness and Air Training Corp. The freehold of the buildings belongs to the Council.

Condition surveys recently identified that substantial maintenance is required on all the buildings over the next five years. The lease terms state that these works will have to be undertaken at the cost of the leaseholder. Much of the works required are to bring the building in line with current regulations and therefore should be undertaken by the leaseholder within the five-year timescale.

In addition to this, the Ivy Leaf site has been allocated within the draft Borough Local Plan for residential development.

This report identifies an opportunity to consolidate the existing community facilities by relocating them from their current locations into one, high quality, purpose-built community building which could be delivered on Blackamoor Lane, a Council owned site in proximity. However, ongoing consultation with the leaseholders may identify other alternative solutions within existing community buildings which may be preferable for some of the groups.

Initial consultation has taken place with the leaseholders, and this will be ongoing. Engagement throughout the process will be essential to understand their current usage of their buildings, and to ensure that the brief for the new building facilitates fit with their requirements should they wish to relocate.

The relocation of the community facilities creates an opportunity to repurpose the site for new community facilities and/or additional housing, including new affordable housing, within the Borough as long as there is no net loss of community facilities, and that we protect the user groups and their services for the benefit of the wider growing community in the town.

## **DETAILS OF RECOMMENDATION(S)**

**RECOMMENDATION:** That Cabinet notes the report and:

- i) *Agrees that all the community groups within Site 1 and Site 2 should be relocated to Blackamoor Lane, or an alternative, suitable community buildings, subject to satisfactory planning and lease surrender agreements*
- ii) *Recommends to Council setting up a Capital budget of up to £5.71m to enable the delivery and relocation of a new multi-functional community facility, subject to satisfactory planning being achieved funded from the deferred land receipt from Site 1.*
- iii) *Agrees that Countryside, the council's JV Partner, will bring forward a site proposal for a scheme on the existing Ivy Leaf site, for approval.*
- iv) *Agrees the future use of site 2, either as a disposal for alternative community use, subject to planning and a s.123 report confirming its market value, or as 100% affordable housing scheme with an estimate capital budget of £5.63m.*
- v) *Delegates authority to the Chief Executive in consultation with the Lead Member for Business Economic Development and Property to negotiate terms with existing leaseholders and enter into new lease arrangements.*

## **REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

### **Options**

**Table 1: Options arising from this report**

<b>Option</b>	<b>Comments</b>
Option 1  Relocate the Ivy Leaf Club and the five other community facilities on Holmanleaze into a new purpose-built facility on Blackamoor Lane, or alternative appropriate accommodation to enable RBWM Prop Co to deliver new 100% affordable housing on (site 2), Holmanleaze site and JV partner (Countryside) to deliver residential development on Ivy Leaf site (site 1), (subject to planning).	The community facilities currently have buildings which need substantial investment over the next five years. This option delivers alternative high-quality space which can be utilised by the community groups.  This delivers new affordable housing for the Borough which will be maintained and managed by the Prop Co in addition to a land receipt. This creates a guaranteed revenue stream for the Council.
<b>This is the recommended option</b>	
Option 2  Relocate Ivy Leaf Club only.	The remaining Holmanleaze community facilities would have large amounts of maintenance

<b>Option</b>	<b>Comments</b>
<p>The Ivy Leaf Club could be relocated onto Blackamoor Lane on its own. This will enable development on the existing Ivy Leaf site.</p> <p>There would be no change to the other Holmanleaze community facilities.</p> <p><b>This is not the recommended option</b></p>	costs over the next five years which would be unviable for them.
<p>Option 3</p> <p>Relocate the Ivy Leaf Club and the other community facilities on Holmanleaze into a new purpose-built facility on Blackamoor Lane.</p> <p>JV Partner delivers residential development on Ivy Leaf Site.</p> <p>Dispose of the Holmanleaze site with either a Subject to Planning or as an Unconditional Transaction.</p> <p><b>This should be considered with its merit against Option 1.</b></p>	<p>This option delivers alternative high-quality space which can be utilised by the community groups.</p> <p>This would generate a land receipt for both Ivy Leaf site (site 1), and Holmanleaze site (site 2), which would be needed to build a new community facility, but would remove the potential to deliver additional affordable homes on site 2.</p>
<p>Do nothing</p> <p><b>This is not the recommended option</b></p>	This prevents any additional housing being delivered for the Borough despite the fact it is much needed. This also does not support the community groups with their expected maintenance costs over the next 5 years.

1.1 The recommendation is that all the community facilities highlighted within the Holmanleaze area are relocated to Blackamore Lane. This enables a purpose built, high quality community facility to be built which can house all the existing leaseholders. The exact brief for the new facility would be worked up in consultation with the leaseholders to ensure that the proposals met the requirements of the groups that use the space whilst creating efficiencies where possible. Alternative existing facilities could also be reviewed with the leaseholders depending on their requirements.

- 1.2 By relocating the community groups, maintenance and repair costs will be minimised and enable the groups to continue running.
- 1.3 Working with the Council's joint venture partner, Countryside, to deliver additional housing on the Ivy Leaf site secures a land receipt which will subsidise the new community facility. This can be agreed as an extension to the existing Framework Agreement.
- 1.4 The recommendation is to allow the Property Company to deliver affordable housing on the Holmanleaze Community Facilities site. This supports the Council in getting much needed affordable housing delivered in the Borough and will ensure the delivery of Social Rent so that the scheme is providing genuinely affordable homes. However, this option comes with the need for capital expenditure of up to £5.63m, but will then generate an income stream from the affordable housing through RBWM Prop Co.
- 1.5 This supports the Borough's strategic objectives to reduce the number of people in temporary accommodation within the borough, whilst also ensuring that the community uses are retained and supported.

## **2. KEY IMPLICATIONS**

- 2.1 A full review of the community facility requirements will need to be undertaken to ensure that the project brief meets the needs of the leaseholders.
- 2.2 Consultation with internal stakeholders will be required to ensure that the new community facility and the proposals for the new residential development are in line with planning requirements
- 2.3 The new community facility will be delivered on the Blackamoor Lane site, subject to a successful planning application.
- 2.4 Residential development will be delivered on the Ivy Leaf site and the option to either deliver more affordable housing on the Holmanleaze site or dispose of the land to help contribute to the cost of the new community reprovision.

**Table 2: Key Implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Consultation Strategy	Not completed	30th November 2021	15 August 2021	10 August 2021	30 November 2021
Vacant Possession Strategy	Not completed	31 <sup>st</sup> May 2022	30 <sup>th</sup> June 2022	31 <sup>st</sup> July 2022	31 May 2022
New Community Building Design and Specification Review	Not completed	30 <sup>th</sup> April 2022	31 <sup>st</sup> May 2022	30 <sup>th</sup> June 2022	30 <sup>th</sup> April 2022

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
Ivy Leaf Residential Development Procurement Review	Not completed	31 <sup>st</sup> January 2022	28 <sup>th</sup> February 2022	31 <sup>st</sup> March 2022	31 <sup>st</sup> January 2022

### **3. FINANCIAL DETAILS / VALUE FOR MONEY**

- 3.1 A capital budget of £5.71m will initially be required to enable the delivery of the new community facility at Blackamoor Lane, a full investment report would come back to Cabinet and Full Council for approval. As part of the investment report, any alternative funding streams, including grant funding or s106 monies that could support the delivery of the community facility would be explored.
- 3.2 A capital budget of £5.63m is required for the Prop Co to deliver affordable housing on the Holmanleaze site, should this option be agreed in principle a full investment report would need to come back to Cabinet and Full Council for approval. The capital receipt from the shared ownership units and the revenue from the social rented units would enable the capital expenditure for Site 2 to be paid back in 11 years and would generate an IRR of 11%.
- 3.3 If the Council were to agree to deliver the affordable housing on Site 2, the total land receipt for the Borough would be £1.44m. In addition to the land receipt, the Council would receive c. 30 additional affordable homes (subject to planning) which would be managed by the Property Company, and a net income stream of £149,000 per annum.
- 3.4 Alternatively, instead of the 30 affordable homes, an additional land receipt of approximately £750,000 could be obtained by the Council for the disposal of site 2 if it retains its current community use designation.
- 3.5 The financial tables below go through each of the Options set out in Table 1 above.
- 3.6 **Option 1 – reprovide all community facilities on Site 3, JV partner to develop Site 1 and Prop Co to deliver AH on Site 2.**

<b>Revenue Costs</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Additional total	-	-	-	114,200	57,417	57,417
Reduction	-	-	-	-	(149,000)	(149,000)
<b>Net Impact (income)</b>	-	-	-	114,200	(91,583)	(91,583)
<b>Capital costs</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Additional total	-	5,756,822	5,722,988	92,988	-	-
Reduction	-	-	-	-	(9,789,000)	-
<b>Net Impact (income)</b>	-	5,756,822	5,722,988	92,988	(9,789,000)	-

- 3.6.1 Option 1 shows a net income of £149,000 generated per annum from rents payable on the affordable homes on Holmanleaze (Site 2), exclusive of management costs, voids, shared ownership staircasing receipts and rental inflation. This will be payable from completion of the homes on Site 2. MRP of £114,200 in 2024/25 would be incurred on completion and will reduce on obtaining the capital receipt. From 2025/26 MRP of £29,220 per annum for 50 years would be chargeable to finance the £1,461,000 unfunded element of the project. £28,197 of long-term borrowing costs at a PWLB 50-year maturity rate of 1.93% would also continue.
- 3.6.2 The cost of £5.756m in 2022/23 reflects the cost of the new community facility on Site 3. The cost of £5.72m in 2023/24 reflects the cost of providing affordable housing on Site 2. These include capitalised short-term borrowing costs of £46,822 in 2022/23 and £92,988 in 2023/24 and 2024/25 at PWLB one-year certainty rate of 0.82%.
- 3.6.3 The capital income shown in 2025/26 comprises the land receipt from Site 1 (£7.15m) and the first tranche of shared ownership sales from Site 2 (£2.72m).

**3.7 Option 2 – reprovide Ivy Leaf Club on Site 3, JV partner to develop Site 1, no change to Site 2.**

Revenue Costs	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Additional total	-	-	-	57,800	-	-
Reduction	-	-	-	-	-	-
<b>Net Impact (income)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,800</b>	<b>-</b>	<b>-</b>
Capital costs	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Additional total	-	2,913,698	23,698	23,698	-	-
Reduction	-	-	-	-	(7,150,000 )	-
<b>Net Impact (income)</b>	<b>-</b>	<b>2,913,698</b>	<b>23,698</b>	<b>23,698</b>	<b>(7,150,000 )</b>	<b>-</b>

- 3.7.4 Option 2 shows that £57,800 of MRP would be incurred on project completion until the capital receipt is received in 2025/26. No income would be received if only Site 1 were to be redeveloped.
- 3.7.5 There would be a capital cost of £2.91m in 2022/23 to reprovide the community uses. This includes £23,698 of short-term borrowing costs. MRP of £57,800 would be incurred as a revenue cost for one year; prior to the capital receipt being received.
- 3.7.6 A land receipt of £7.15m would be paid in 2025/26 following completion of the residential development by the JV partner.

**3.8 Option 3 – reprovide all community facilities on Site 3, JV partner to develop Site 1, Council to dispose of Site 2 for community use.**

<b>Revenue Costs</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Additional total	-	-	-	99,100	-	-
Reduction	-	-	-	-	-	-
<b>Net Impact (income)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,100</b>	<b>-</b>	<b>-</b>
<b>Capital costs</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Additional total	-	5,756,822	46,822	40,631	-	-
Reduction	-	-	(755,000)	-	(7,150,000)	-
<b>Net Impact (income)</b>	<b>-</b>	<b>5,756,822</b>	<b>(708,178)</b>	<b>40,631</b>	<b>(7,150,000)</b>	<b>-</b>

- 3.8.7 Option 3 shows that if Site 1 was redeveloped and Site 2 was disposed of, MRP of £99,100 would be incurred as a revenue cost for one year; prior to the capital receipt being received. No income would be received.

There would be a capital cost of £5,756,822 in 2022/23 to reprovide the alternative community facilities. This includes £46,822 short term capitalised borrowing costs which would continue to 2023/24. On receipt of £755,000 in 2023/24 short term borrowing costs would reduce to £40,631 in 2024/25.

- 3.8.8 In 2023/24 a land receipt of £755,000 would be received by the Council for the disposal of Site 2.
- 3.8.9 In 2025/26, following the completion of the Site 1 development, a land receipt of £7,150,000 would be received by the Council from the JV partner.
- 3.9 Please refer to Appendix A for the detailed investment report - **Part II - Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.**

#### 4. LEGAL IMPLICATIONS

- 4.1 The existing lease agreements with the tenants are set out in the Investment Report (please see Appendix A - Part II - Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.) Two of the leases have expired and the remaining 4 leases have c. 25 years remaining.
- 4.2 All leaseholders are responsible for repairs for the duration of their leases. Details of rents payable and other terms are included within Appendix A (**Part II - Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972**).
- 4.3 New lease agreements would need to be negotiated with the existing community groups. The terms and structure of the leases would be agreed during the next stage of discussions with the leaseholders; however, a more consistent approach could be achieved across all the leases to ensure that the principle terms align.
- 4.4 The Framework Agreement with Countryside would be extended to capture the Ivy Leaf Site. A site-specific Development Agreement (in line with the agreed form) would be entered into for the site prior to the planning application being submitted.

4.5 The Council has the power to dispose of land in its ownership (disposal including the grant of a lease) under s123 of the Local Government Act 1972 provided the land is sold at a consideration not less than the best that could reasonably be obtained in the market, unless Secretary of State Approval is obtained to transfer at a value below market value for the use as affordable housing or some other social good.

4.6 A s.123 report will be required for the transfer of land to the JV partner.

4.7 A s.123 report would also be required for the disposal of site 2 at Holmanleaze.

4.8 If social housing is built the Council will require approval from the Secretary of State to transfer properties at completion to RBWM Property Company Ltd for below market value for the use of affordable housing. This permission will be sought prior to completion and handover of properties to the Property Company.

4.9 Disposal for another use would require full market value to be received or any subsidy allowed would need to be fully justified in a further s123 report.

## 5. RISK MANAGEMENT

5.1 The project will be monitored by the RBWM Property Company and regular finance reports, and project updated will be reported to the Board.

**Table 3: Impact of risk and mitigation**

Risk	Level of uncontrolled risk	Controls	Level of controlled risk
Agreement of terms with Community Group leaseholders	High	Early engagement to agree brief / requirements	Medium
Start on site	High	Reschedule Programme	High
Build cost inflation	High	Ascertain fixed price before start on site	Medium
Valuation Report	Medium	Obtain S.123 report to obtain market value	Low

## 6. POTENTIAL IMPACTS

6.1 Equalities. Equality Impact Assessments are published on the [council's website](#). As this is a feasibility study, only a screening assessment has been carried out at this stage, at the next stage it would be reviewed to see if it was appropriate to undertake a full Equality Impact Assessment.

6.2 Climate change/sustainability. The new community facility and residential developments would be in line with the latest building regulations. The buildings would be designed and built using the latest energy saving technology and materials to meet the Council's commitment to minimising its impact on the environment and to reduce energy usage, in line with the Council's Environment and Climate Strategy.

6.3 Data Protection/GDPR. No personal data will be stored by the Council as a result of this recommendation.

## 7. CONSULTATION

7.1 Consultation with the community group leaseholders will be ongoing throughout the process.

7.2 Formal consultation with residents and key stakeholders will commence following a decision from Cabinet, in line with Planning requirements.

## 8. TIMETABLE FOR IMPLEMENTATION

8.1 Implementation date if not called in: Immediately. The full implementation stages are set out in table 4.

**Table 4: Implementation timetable**

Date	Details
October 2022	Planning permission achieved
November 2022	Start on site Community Centre
January 2023	Complete Community Centre
November 2023	Start on site Residential
July 2025	Complete Residential

## 9. APPENDICES

9.1 This report is supported by 1 appendix:

- Appendix A – Investment Report **Part II - Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.**

## 10. BACKGROUND DOCUMENTS

10.1 This report is supported by one background document:

- EQIA – Equality Impact Assessment available on council's website

## CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Andrew Johnson	Lead Member for Business, Economic Development and Property	23/04/21	27/04/21
Duncan Sharkey	Managing Director	23/04/21	27/04/21
Adele Taylor	Director of Resources/S151 Officer	23/04/21	27/04/21
Andrew Durrant	Director of Place	23/04/21	28/04/21
Kevin McDaniel	Director of Children's Services	23/04/21	26/04/21

Hilary Hall	Director of Adults, Health and Commissioning	23/04/21	25/04/21
Andrew Vallance	Head of Finance	23/04/21	04/05/21
Elaine Browne	Head of Law	23/04/21	27/04/21
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	23/04/21	27/04/21
Nikki Craig	Head of HR Corporate Projects and IT	23/04/21	27/04/21
Louisa Dean	Communications	23/04/21	27/04/21
Karen Shepherd	Head of Governance	23/04/21	23/04/21

## REPORT HISTORY

<b>Decision type:</b>	<b>Urgency item?</b>	<b>To follow item?</b>
Key Decision.  First entered into the Cabinet Forward Plan: 17 February 2021	No	No

Report Author: Barbara Richardson – Managing Director of RBWM Prop Co.