

Report of: Business Manager, Neighbourhood Renewal
Business Manager, Finance and Asset Management

To: Central South & West Committee – 12th September 2006
Community Scrutiny Committee – 3rd October 2006
Housing Advisory Board – 5th October 2006
Executive Board – 9th October 2006

Item No:

Title of Report: PROPOSED NEW JERICHO COMMUNITY CENTRE

Summary and Recommendations

Purpose of report: To seek support for the proposed strategy for procurement of a new community centre and commence negotiation for the disposal of land.

Key decision: No

Portfolio Holder: Councillor Armitage

Scrutiny Responsibility: Community Scrutiny

Ward(s) affected: Jericho and Osney

Report Approved by: Councillor Armitage
James Pownall/Helen Liddar (Legal Services)
John Kulasek (Asset Management)
Val Johnson (Neighbourhood Renewal)
Mike Baish (Financial Management)

Policy Framework: Oxford Plan -'Reducing Inequality through Social Inclusion'

Recommendation(s): Community Scrutiny Committee and Central South and West Committee are recommended to; Endorse the proposed strategy for the procurement, future ownership, and management of the centre, and note that negotiation on the detail of these matters will continue with a view to a major project approval report being made at a future date.

Housing Advisory Board is recommended to note the decision of the Scrutiny and Area Committees,

and to decide to support the inclusion of the garage site in this scheme.

Executive Board – is asked to note the decision of the Scrutiny and Area Committees and Housing Advisory Board and, authorise further negotiations for the disposal of the Dawson Place garage site and adjoining open space under Contract Regulation 9.04.

ALL Committees – to await a further report seeking major project approval under Contract Regulation 5.04 and provisional terms for the disposal of land under Contract Regulation 9.05 and to support in principle the use of compulsory powers, if needed, to facilitate the development of the Councils land

1. Introduction and background

1.1 On 11th November 2002, Executive Board considered a report from the Business Manager, Neighbourhood Renewal, on the subject of the Jericho Canalside development, and the opportunity to develop a new Community Centre. The 2002 report is included as **Appendix 1**, and provides the detailed background to this report.

1.2 The Executive Board:

- Reaffirmed an earlier commitment in principle (Housing Committee, February 2000) to make a site at Dawson Place available for a community centre. The plan marked as **Appendix 2** shows this land as 'Parcel 1.'
- Confirmed the earmarking of a capital contribution of £100,000 from the capital programme.
- Instructed officers to enter into negotiations with British Waterways Board ('BWB'), Jericho Community Centre ('JCA'), and the Trustees of St Barnabas Church ('The Trustees'), and to report back with a detailed proposal for the procurement and operation of the new Community Centre.

2. Progress since 2002

2.1 The development of a new community centre on this site is linked to a successful (in planning terms) future development of the former Jericho boatyard site, owned by BWB. Last year the appeal by Bellway Homes against the refusal of planning permission for its scheme, was turned down. BWB have now reached an agreement with Spring Residential to work up a new scheme for the boatyard site, and in turn Spring have committed in principle to allocate sufficient additional land required for

the new community centre to JCA. JCA in turn has negotiated a site area which will enable it to satisfy the planning objective to procure a sustainably sized Community Centre when the BWB site is combined with the City's Dawson Street site. (The BWB land is 'Parcel 2' on the plan at Appendix 2).

- 2.2 The City Council's Local Plan 2001-2016 was adopted in November 2005. Policy DS13 (p157). identifies a new community centre as one of the required uses for any redevelopment of the BWB site.
- 2.3 A S106 contribution of a further £100,000 towards a new community centre has come through the planning system following development of the former Lucys site in Jericho.
- 2.4 In August 2004 JCA produced its Business Plan for the procurement and operation of a new community centre. This plan was developed by JCA and approved and scrutinised by City Council Community Development officers. At the planning appeal on the BWB site, this Plan helped to underline the case both for the need for a replacement centre and an adequate allocation of land from any new scheme on the BWB land (Extract from Planning Inspectors report included as **Appendix 3**).
- 2.5 On 13th December 2005, Central South and West Area Committee considered a report from the Business Manager, Neighbourhood Renewal, attached as **Appendix 4**. The Committee agreed to make a revenue allocation of £33,750 towards the costs envisaged by JCA in engaging property and financial consultants to progress the negotiations, planning and feasibility work of the scheme and any associated project management. JCA have also invested some £11250 towards this start up funding signifying its commitment to delivering this project.

3. Issues for consideration in this report

- 3.1 The stage has now been reached where Members can be asked to determine their approval to the overall strategy for moving this project forward and the level of the City Council's involvement in that process. This, in turn, will determine the content of any further reports that may be required.
- 3.2 The approach to the re-provision of the community centre has always been based around sustainability and this is based on the following principles:
 - The centre would need to be sustainable in terms of its size and location to meet community needs as they develop in the long term
 - It would need to be sustainable in terms of size and ownership arrangements to be able to generate income and be independent as far as possible of funding from OCC for operation and maintenance in the medium and long term.

- 3.3 These principles align with the Council's current approach of making community centres more accountable to their particular communities by having clear outcomes for their operation. This means that JCA is central to the delivery and operation of the scheme.
- 3.4 The Council's Community Development officers consider that the JCA Business Plan is sound, and the proposals are sustainable. There is therefore minimal risk of the Council in having to step in to operate and maintain the Centre. Some initial revenue support from the City might be required in the early years (as was the case at West Oxford Community Centre) but would taper off as critical mass and income were achieved.
- 3.5 There are three central issues where alternative options can be reviewed now:
- Procurement of the new Centre
 - Ownership of the site, once the Centre is complete and handed over
 - Operation and long term management of the Centre

4. Procurement Options

- 4.1 The JCA Business plan confirms its wish to control the project, and it has for some time retained professional help to work up its proposals and negotiate on site issues as well as representing itself at the Planning appeal in 2005. Members effectively endorsed this approach in 2005 by agreeing to fund the JCA. The Council's input could be seen as 'enabling partner', facilitating development by others by providing part of the site, (see below) and the capital contributions, both of which will be used to attract gap funding, to reach the required cost target
- 4.2 An alternative approach would be for the Council to commission, build and own the new centre as it has traditionally. The Council would have control over the project, but it would involve more risk, (for example cost overruns and funding shortfalls), and incur additional costs in staff time and engagement of building contractors and consultants to supervise the work. By owning the building, the City would also have to meet the entire funding budget directly from the Capital Programme as it would only have access to the Section 106 funding and be unable to source other charitable and lottery funds in the way it is envisaged that JCA will be able to do.

5. Options for ownership of the site and land holding Issues

- 5.1 The site of the proposed centre comprises two parcels of land, (see plan appended).

Dawson Place, (Parcel 1, approx 450m²) fronting Canal Street. This is owned by the City Council, and comprises some open amenity land (not designated open space) and a garage court of 12 lock up units.

Spring Land (Parcel 2 approx 500m²), currently owned by BWB who have negotiated a conditional sale to Spring Residential. They in turn have reached an 'in principle' agreement to transfer their land for the benefit of Jericho Community Association, subject to a number of conditions, including

- Receipt of planning consent by Spring to develop the BWB Canalside site.
- Receipt of planning consent to develop a new community centre (although Spring can transfer the land at an earlier stage if it wishes)
- Freehold ownership by JCA
- A buy back clause if the Centre does not proceed.

5.2 JCA have instructed solicitors on the basis that a conditional contract will be entered into with Spring to give certainty in relation to the JCA site and enable a planning consent and further feasibility work to commence with confidence. JCA and Spring have also agreed a site boundary to enable an outline planning consent to be sought.

5.3 JCA therefore wishes to negotiate terms with the City Council to acquire its land to match the arrangements agreed with Spring, i.e. subject to similar conditions as to planning, and JCA securing necessary funding. This funding will include the injection of the proceeds of sale of the old centre by St Barnabas Trustees. It is understood that under the terms of the Trust the Trustees will, in return for this funding, wish to take a freehold stake in the ownership of the new combined site. In addition JCA are anxious not to have an artificial ownership line which might influence the design due to ownership rights and obligations. The arrangements so far negotiated with Spring enables JCA to own the site and develop as envisaged in the self sustainable model outlined above.

5.4 This gives the Council two possible options in respect of the land it has offered.

- It can retain its freehold, and enter into a trust arrangement with the existing trustees/JCA to hold the site jointly, and let the completed building to JCA on a long lease (minimum 25 years), at a peppercorn rent, to reflect the injection of JCA funding,

or

- It could dispose of its freehold interest outright

In either case, rights will need to be retained to ensure the potential for any proceeds of sale continue to be used for community benefit if it ever ceases to be required as a Community Centre.

5.5 These options have the following advantages and disadvantages:

Trust Arrangement

Advantages: - easier to control end user
 - avoids need for claw back arrangements

Disadvantages: - complexity and cost of setting up
 - ongoing management input

Freehold disposal

Advantages - reflects disposal arrangements on Spring land
 - enables external funding to be levered in
 - Council not at risk from cost overruns
 - in line with enabling role

Disadvantages - lose degree of control over procurement and end user

6. Operation and management arrangements

6.1 JCA business plan envisages that the new Centre will be managed by a management committee in the same way as the current centre is successfully managed but the increased size will enable a part or full time manager to be employed to promote and run the centre supported by administrative assistance. The Committee will take full responsibility for repairs and long term provision to ensure the centre is sustainable in the long term. It is not envisaged that the Council will have a direct role to play in running the centre but may well seek some representation on the management committee by way of safeguard provisions.

7. Recommendations on the overall strategy

7.1 From the above, the recommended strategy to achieve a viable and sustainable new community centre is therefore for the Council to:

- Act as enabler to support JCA to effect procurement of the scheme.
- Agree to dispose of its Dawson Street site to JCA for the scheme, and to support JCA in seeking funding options for the gap in funding for the new centre.
- Note that long term management responsibility and risk for the building will not lie with the Council in line with the enabling role
- Note that the Council's interest in securing the benefit of this site for the local community in the long term should the community centre use cease will be protected.

8. Next steps

8.1 If the above strategy is endorsed, a number of steps are required to progress the Councils role in it:

- **Executive Board:**

- approval for officers to negotiate detailed disposal arrangements with the St Barnabas Trustees and JCA for the Dawson Place land., subject to receipt of appropriate planning consents

- approval at the conclusion of negotiations for the detailed terms for the disposal, the management arrangements for the new centre and measures to protect the long term community interest

- **Central & South West Area Committee**

- Major Project approval for the community centre scheme and release of £100,000 agreed capital funding and S106 payment of £100,000.

9. Executive Board approval to negotiate disposal of Parcel 1 (Information required under Contract regulations, para 9.04)

9.1 **Current use of the land** – amenity land and court of 12 garages. 11 garages are currently occupied, three by Council tenants, one of whom is a Blue Badge holder. The total gross rental income is just over £6000 per year.

9.2 **Possible alternative uses** – none, other than for a community centre, which itself can only be provided upon planning consent being granted for residential development of the adjoining (BWB) land.

9.3 **Value in existing use** – £13,750 based on the current average value of a City Council garage let on a weekly basis. The site could be worth up to £250,000 if sold in the open market for garage use only, with garages let at market rents.

9.4 **Value for proposed use** as Community Centre site – considered to be nominal, given proposed limitation to Community Centre use and the fact that the City Council land on its own is too small to provide a viable site. To maximise the funding available for the scheme it is proposed to transfer the Dawson Place land for a nominal sum to match the BWB transfer.

9.5 **Method of Disposal** –The Spring/BWB agreement is to exchange conditional contracts subject to planning being achieved on the main site. It is envisaged that a similar arrangement can be entered into with a time limit to hand back if planning or commencement of the Community Centre does not take place. Further negotiation and details of the final BWB agreement will be required to firm up this arrangement in detail which will be concluded prior to final disposal approval under contract procedure 9.05

10. Disposal consents

10.1. Under S123 of the Local Government Act 1972 Councils have power to dispose of land for the best consideration reasonably obtainable Since

2003 (ODPM Circular 06/2003) Councils have been able to dispose of land where they consider that this will contribute to the 'promotion or improvement of the economic, social, or environmental well-being of the area', at less than market value, provided the undervalue does not exceed £2m.

- 10.2. Government Office Consent will be required under the 1985 Housing Act to dispose of the garages as they are held in the Housing Revenue Account

11. Existing rights over Councils land

- 11.1 The Dawson Place site adjoins a former Council house sold in 1981. The sale of that property included the grant of certain rights for pedestrian access, and for maintenance, over the Dawson Place land and garage court.
- 11.2 The owner of the property has been approached to see if she would agree to negotiate to alter these rights to further enable the sites potential, but so far has been unwilling to do so. If efforts to secure a solution by negotiation do not succeed the scheme can proceed without the need to alter the pedestrian access across the current garage court. However, the resolution of the maintenance access rights issue is also necessary and the Council may have to consider exercising the use of its powers under the Planning and Compulsory Purchase Act 2004 in the event that negotiations fail.

13 Legal implications

- 13.1 Disposal and safeguard considerations and Compulsory Purchase issues need to be concluded prior to Major Project Approval

14. Financial Implications

- 14.1 Development of the site would result in a gross loss of income of £6000 a year for the Housing Revenue Account.
- 14.2 The loss of asset value through removal of these 12 garages will be £13,750 based on the existing use valuation of the garage stock in the Asset Register. If the site was sold in the open market, it could realise up to £250,000 for use as private garages. A disposal for nil consideration or below market value would result in a potential lost receipt to the HRA, and reduced funding for Decent Homes.
- 14.3 There are Implications for General Fund budgets, as the Council will no longer have to maintain the old centre, saving £3000 per annum.
- 14.4 Compliance with recent legislation will be a major liability for the City. In the 2005/2006 Disability Discrimination Act (DDA) requirements were waived for the current centre, on the basis that a new centre was being planned. If the Centre were to be retained, DDA work (e. g. a lift) would

be required, possibly totalling £100,000. The removal of these liabilities is a key consideration in supporting the enabling role for this project.

15. Staffing Implications

15.1. The project will be managed from the existing staff resources in Neighbourhood Renewal and Asset Management.

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Background papers:

None