

To: City Executive Board
Date: 21 November 2017
Report of: Ian Brooke (Head of Community Services)
Title of Report: East Oxford Community Centre (EOCC) : Project & Funding Approval

Summary and recommendations	
Purpose of report:	To provide an update on the progress made on the EOCC development /modernisation project, setting the context for project and funding approval requests.
Key decision:	Yes
Executive Board Member:	Cllr Sinclair (Culture & Communities) Cllr Turner (Finance & Asset Management) Cllr Rowley (Housing)
Corporate Priority:	<ul style="list-style-type: none"> • Strong & active communities • Vibrant & sustainable community • An efficient and effective council • Clean & green Oxford • Meeting Housing Needs
Policy Framework:	Community Centre Strategy 2016-2020
Recommendation(s): That the City Executive Board resolves to:	
<ul style="list-style-type: none"> • To make a recommendation to Council to increase the capital budget from £2million to £3.7 million funded by capital receipts of £2.6million arising from the project and £1.1 million of other existing capital funds, an increase of £0.43 million over £0.67 million previously agreed by City Executive Board for this project. • Delegate authority to the Executive Director, in consultation with the Executive Member for Culture and Communities, to approve expenditure, award contracts and agree any site disposals to enable the scheme to be delivered within the agreed budget. 	

Appendices	
Appendix 1	Feasibility Study/Schemes - Aug 2017
Appendix 2	Risk Register

Introduction and background

1. The Council's Community Centre Strategy 2016-2020 includes an ambition to transform East Oxford Community Centre (EOCC) into a sustainable high quality cultural hub that better meets the needs of the local community.
2. The main 'driver' for the project is the poor condition and age of many of the properties, and the opportunity to self fund a new modernised community centre. This can be achieved through redevelopment of the site, and bringing in new users to this central facility.
3. This report provides an update on the progress made on this objective, and presents members with three key options to consider, in summary:
 - a) Do the minimum essential repairs to maintain the buildings
 - b) Refurbishment and small scale redevelopment of the site to provide a new modern building - project cost approx. £2.3m
 - c) Enhanced refurbishment and redevelopment of the site to provide two new modern buildings - project cost (at outline stage) approx. £3.7m
4. This project looks to include a nearby arts and media facility (Film Oxford - FO), a games hall (East Oxford Games Hall – EOGH), and an adjacent two storey building on Princes Street (Chinese Advice Centre) in the project. All these properties are in similarly poor condition and in need of refurbishment/substantial repairs, and part of one has been condemned.

Current Situation

Activities / Usage

5. The EOCC currently provides a range of charitable, educational and community services, to the East Oxford area and beyond.
6. The community centre currently houses 10 tenants on short term leases, including the Chinese Advice Centre. Film Oxford (FO) occupies council owned premises at Catherine Street, which lies between Iffley Road and Cowley Road. The Council grant fund their rental payments. East Oxford Games Hall (EOGH), located on Collins St (opposite the new A2 Dominion development), has a low level of usage.

Property

7. The EOCC (including the Chinese Advice Centre) comprises approx. 1,242 sqm across three buildings. Whilst the main school building fronting Cowley Road is tired, it is capable of refurbishment and effective re-use. Of the other two

buildings, one is beyond its useful life ('B' block) and uneconomic to repair. The Fusion Art and Chinese Centre could be refurbished, but redevelopment would provide a better value, and more sustainable solution.

8. The EOGH (410sqm) is also in a poor state of repair with a backlog of maintenance work required. The facility no longer meets modern sporting standards, and refurbishment would not overcome this challenge. The site is not large enough to accommodate a modern multi-purpose sporting facility.
9. Film Oxford's (FO) premises (137 sqm) are in need of refurbishment. Whilst FO has adapted the property to their needs, it places limitations on their operations and ability to grow. FO are keen to co-locate with Fusion Art at EOCC and further develop their partnership working.
10. Therefore, there is a need to address outstanding building repairs (as a minimum) or preferably invest in a more sustainable long term property solution, which makes best use of the assets under consideration, delivering maximum 'value for money'. Ongoing expenditure on very poor buildings is not economical, in that repair/ running costs will continue to escalate and a more sustainable solution is far preferable.

Operational Background

11. Until September 2015, EOCC was managed by the East Oxford Community Association (EOCA). In September 2015 the City Council took over the management of EOCC due to difficulties arising with the EOCA's management of the centre.
12. At that time all tenants including the EOCA were granted short term leases (with no security of tenure under the Landlord and Tenant Act 1954), giving the Council the necessary control over occupancy to enable refurbishment or redevelopment scheme to be implemented.
13. The EOCA aspire to manage the centre or part of it in the future but the Council would need to see considerable change, and confidence in EOCA's ability to manage it successfully if this was to be contemplated in the longer term.

Community facilities need

14. Whilst the EOCC provides a multi-cultural base for many groups and activities, the vibrancy and diversity of the East Oxford and Cowley area generates a wide range of considerable community, charitable, cultural and activity needs.
15. In the context of this diversity of need, and the aim of community cohesion/ inclusivity, we identified that any improvements should deliver:
 - Welcoming entrance which encourages people to 'drop in' (inclusive/ vibrant)
 - Flexible, modern, efficient space with lower maintenance/lifecycle costs.
 - Multi use outdoor amenity space
 - Increasing use capacity through more efficient timetabling of affordable activities

Feasibility Work - to identify improvement scheme for EOCC

16. In 2015 architects and property consultants were commissioned to identify options for modernisation/ redevelopment of EOCC (and the nearby community facilities identified). The finance assumptions are that any project would need to be self-funding.
17. A range of options were identified in July 2016, which ranged from 'do nothing', through refurbishment options, to 'wholesale demolition and redevelopment' of the site, together with the relative benefits and shortfalls of each option. These options were outlined in a Feasibility Report produced in July 2016 (referenced as a background paper).
18. The three most deliverable options were the subject of a public consultation in October 2016. The public consultation strategy was structured to reach a diverse cross section of the local community, ensuring a good volume and range of representative views.
19. Option three (at the consultation) - which comprises a part refurbishment and part new build on the EOCC site, gained the majority of support via the consultation process. Option 3 is illustrated in the 'Background Paper' – 'Feasibility Report July 2016'. The lower cost options comprising refurbishment of existing buildings, and very minor redevelopment were perceived as less attractive, and to provide poor value for money.
20. Option three involved retaining and refurbishing the main school building and the Fusion Art building, plus demolishing 'B' block and the Chinese Advice Centre, and replacing them with a modern new build 2 storey block. The majority of the overall space would be refurbished as opposed to new build space. The scheme carried an approximate cost of £2.3m (Nov 2016), funded through residential development on three parcels of land within and connected to EOCC. The land parcels comprise: the EOGH site, the FO site, and part of the EOCC site. The potential development receipts from these sites for residential use were estimated at £1.6m (as at Nov 2016).
21. Together with an agreed Council budget allocated to the project of £670,000 this equated to an overall project budget of approximately £2.3m. (£1.6m + £670,000).
22. The Option three scheme does not include re-provision of a sports hall facility at EOCC, to replace the EOGH facility. The latter has low usage, with many users not requiring a court based space, so could be rehomed at the new centre. The 'court' based uses can potentially be relocated at one of the nearby sports hall such as at Oxford University on Iffley road (where they are doubling their sports hall space), Brookes University, Oxford Spires Academy or St Gregory the Great.
23. Option three was the most popular option at public consultation stage (60% of responses cited option three as their preferred scheme), a range of comments were made by respondents and stakeholders, which the project team have sought to address. Key themes amongst the comments, during and since the consultation, included:
 - The need to preserve and ensure availability of 'hall spaces' for functions/ classes etc.

- Resistance to net loss of community use land and/or overall floorspace
- The need for a central, flexible and better quality outdoor amenity space.
- Further work on a business case and the possibility of external funding

Working with Stakeholders

24. A reference group was set up to ensure stakeholder views were embedded in the project from the earliest possible stage. This group meets on a 6-8 week cycle.
25. In addressing the 'key consultation themes' cited above, in January 2017, Fusion Art and Film Oxford sought the Council's support in applying to the Arts Council England (ACE) for external grant funding to enable a community scheme which retained the whole of the EOCC (Princes St) site, creating more community floor space and outdoor amenity land. This would mean no land was released for residential use at the EOCC site. The Council worked with key stakeholders to develop a scheme with a dedicated community area and arts area within an integrated scheme, with greater floorspace (than option three) and no residential development at Princes St.
26. The scheme was costed by the Council's surveyor which indicated that external funding in the order of £1m plus (to add to the Council budget, and potential development value) would be required to enable such a scheme to be implemented.

Partnership Agreement – External Funding

27. In line with the Council's commitment to working with the community, the Council entered into a 'Partnership Agreement' with Fusion Art, Film Oxford and EOCA, giving the parties six months (expiring 1 Aug 2017) to achieve substantial written external commitment to contribute the required (gap) funding (to the order of £1m plus).
28. During this period the Council funded the services of a professional funding consultant, and the Council's project team enabled the necessary scheme feasibility work.
29. The main potential source of funding was agreed to be the Arts Council of England (ACE). However, an initial bid request to ACE was declined, and it was acknowledged that other potential funding bodies were unlikely to offer more than small sums, which would have not been sufficient to raise the £1m plus required.
30. During this time a local councillor independently brought forward an alternative community use scheme for the whole of the site. Whilst this scheme offered more floorspace than the 'option three' scheme, the scheme cost was estimated at £4.5m, which would require external funding to the order of £2.5-3m. This was deemed financially unviable on the basis of the results of the funding work to identify £1m.

The external funding deadline of 1 August has now passed without any external funding being raised.

Enhanced Scheme

31. In early summer 2017 it became clear that external funding was unlikely to be forthcoming in the short term, other than very minor sums. Therefore to further address consultation /key stakeholder feedback we engaged our architects and development consultants to look at more creative ways of developing the site aimed at maximising the project budget and the community centre outcome. Options were drawn up during July/ August 2017.
32. The results were positive in that we have been able to identify potential additional value in the land to be released for development, and have been advised (by external property consultants) that we could potentially realise a total of approximately £2.6m subject to achieving planning permission for assumed schemes (involving residential and student uses).
33. These assumed schemes seek to optimise the development potential of the sites, which represents a bolder planning approach than previous options. This therefore carries a degree of risk regarding securing planning permission, and the associated site values. This is addressed further in the 'Level of Risk' section below.
34. This enabled the project design team to look at improving the option three (July 2016) scheme, responding to key themes from stakeholder/ public consultation.
35. The benefits of the resulting 'Enhanced Scheme' are that it :
 - Delivers approximately 15-20% more community floorspace, and a better outdoor space (strong themes expressed at consultation)
 - Provides more 'new build' space which means more flexible, multipurpose space better able to cater for a diverse range of activities now and in the future
 - Creates a more welcoming vibrant 'hub' featuring specific arts and community buildings, with a central courtyard,
 - Makes more efficient use of the property assets to optimise community provision, as a priority, but also to deliver housing units. Development efficiency is also important in the context of decreasing Council budgets and the need to self fund projects.
36. We have considered two main variations for the 'enhanced scheme', firstly a scheme using the existing site and secondly an option including a strip of garden land from Cowley Road. We have looked at the latter option because this would 'square' off the site and give some additional land to enable a larger scheme, and/or more external amenity space. However, it may not be possible to acquire this land at a price which could be justified, as whilst it is of some benefit to the scheme it is not crucial and the project budget is tight.
37. The Enhanced Scheme has gained initial 'in principle' support from key stakeholders. The scheme is set out in the 2017 Feasibility Document at Appendix 1. It broadly comprises:

Enhanced Scheme :

EOCC Princes Street

38. Retention and refurbishment of the main school building, demolition of the other three community buildings on site, and replacement with two new build blocks - for 'community uses' and for 'arts'. This includes a centrally located multipurpose courtyard. Development/ sale of part of the frontage of the site for residential/student units.
39. Over the next period of design development we will further explore the feasibility of any other service providers relocating to the Princess Street site to make sure we achieve an optimal solution.

Collins Street

40. Redevelopment of the site for a flatted residential development or student residential units, up to three to four storeys. Relocation of uses other than 'sports' to EOCC.

Catherine Street

41. Relocation of Film Oxford to a new facility at EOCC. Redevelopment of the site for housing, with retention of the community garden at the northern end. The intention would be that Film Oxford, and non-court based sporting uses at EOGH would relocate to the new EOCC.

Project Cost

42. Our external quantity surveyor has given an indicative cost for the 'Enhanced Scheme' (2017) of approximately £3.7m. This figure is provided on the basis of an early outline scheme concept, which would need to be developed in detail assuming the concept is supported. Our external valuers have placed indicative values on the development sites of £2.6 m (August 2017) based on the assumption of planning permission for residential/student schemes. Together with the existing Council project budget allocation of 670,000 this gives a potential total budget of £3.27m. This leaves a funding gap of £430,000. Obviously as time passes building inflation increases project costs.
43. On this basis we are seeking CEB approval to increase the overall capital budget for the project from £2million to £3.7 million and increase the amount of capital resources required from the Council to fund the project from £0.67 million to £1.1 million (an extra £430,000) to enable the Enhanced Scheme to be delivered. We will continue to look for external funding towards the £430,000.
44. To maximise the social benefit from the scheme additional staffing would be recommended, this would cost in the region of £50,000 per year. We would though look to increase the involvement of the community which would help to reduce these costs after the first few years of operation.

Summary

45. We have explored a wide range of options to identify an optimum scheme, move forward with detailed design work, and a planning application.
46. To achieve a scheme which is financially viable it is necessary to relocate some outlying community uses into a new EOCC facility, and to develop the vacated sites and a small part of the EOCC site for residential use.
47. The 'minimum repairs work' option was not supported at consultation in October 2016, and will not achieve the desired 'step change' in quality, and benefits delivered at EOCC. The option three scheme of 2016 goes some way to meeting the scheme objectives by providing a small new build element. However, as an enhanced scheme (Aug 2017) can now be delivered on a largely self-funding basis, and with key stakeholder support, this would appear to be the optimum solution.
48. The 'Enhanced Scheme' offers clear advantages over the original option three (July 2016). Importantly only the 'Enhanced Scheme' provides sufficient floorspace, and the quality of facility, required by Fusion Art and Film Oxford.
49. The requirements for more space/ more flexibility were also a much wider theme emerging at consultation. Therefore we consider the 'Enhanced Scheme' will secure wider stakeholder support, and also demonstrates the Council's pro-active response to community feedback, and close partnership working.

Financial Implications

50. The existing approved capital budget for this project is £2.3m (net budget allocation of £670,000, with the remainder being funded through residential development receipts). The report seeks an increase in the net budget allocation from 670,000 to £1.1m, creating a total capital budget provision of £3.7m (previously £2.3m).
51. The potential development value from the residential land stated in this report is necessarily based on an assumption that planning permissions for particular residential schemes would be granted without onerous conditions. This assumption will need to be tested in more detail as the design/ planning process proceeds, following the project approval process.
52. It needs to be acknowledged that at the future date when the development sites are sold/developed, there is a risk that values have changed.

Cashflow

It should be noted that the alternative use land parcels can only be developed/ sold once the new community facility is completed, as current occupants will need to remain in the properties until they can relocate to the new facility. Hence the estimated development values cannot be realised until after the new community centre has been built and the project cost expended. Therefore, in line with the basis of the existing project budget provision, the full project cost (£3.7m -Aug 2017) would need to be funded by the Council upfront with the development values repaying a large element of the cost at a later stage.

Equalities Impact Assessment

53. An equalities impact assessment is not required for this report as the proposals outlined and requests for authority to CEB do not give rise to an equalities issue.

Legal Issues

54. All tenants on the EOCC site currently occupying on the basis of short term leases, with mutual rolling breaks, and expiring in September 2018. This ensures the City Council can gain vacant possession of the site when needed to enable any redevelopment scheme.
55. Film Oxford occupies their property under a 'tenancy at will', and is keen to move to any new facility at EOCC subject to the details of any scheme. The intention would be that any new/ refurbished centre would continue to be owned and managed by the Council. New leases would be granted to tenants, the details of which are to be agreed.
56. We have had initial feedback from planning officers on the outline schemes prepared to help direct detailed work on the schemes, and to gauge how robust the assumptions (uses/ heights etc) and values behind the schemes are. They provided broad support in the main for change of use where indicated, and provided constructive feedback which will be considered during the scheme design development process.

Sustainability/ Environmental

57. In line with the corporate objective 'Clean and green Oxford' the design process for the new EOCC scheme will investigate and include initiatives to adopt green technology, renewable energy, and reduce carbon footprint where possible and affordable. In turn these initiatives should reduce ongoing/lifecycle costs over the longer term

Level of Risk

58. The key risks are captured in the risk register (Appendix2). The following risks should be highlighted :
- a) **Town Planning** - As highlighted earlier in the report, we have not yet started the formal pre-application planning process, hence there is a risk that the detailed planning process may result in the need to adjust the schemes, with a potential impact on assumed site values and project budget. We have sought to mitigate this risk through seeking informal planning feedback and adjusting schemes as appropriate to date.
 - b) **Project Cost Increase** - We are at project feasibility stage, therefore the schemes are necessarily conceptual and the cost plans are estimates as of August 2017. Therefore as the design process proceeds, and in view of wide stakeholder interest/ build cost inflation, there is a risk that project costs increase. This will be mitigated through robust project management, cost control, contractual provisions, detailed cost plans, and carefully structured stakeholder input.
 - c) **Market Risk** - Mindful of the time period until the development sites can be utilised and values realised, there is a risk that market changes over the next 2-5yrs could impact negatively or positively on the site value assumptions in the report.

Report author	Vicky Trietline
Job title	Development Project Manager Surveyor
Service area or department	Regeneration & Major Projects
Telephone	01865 529881
e-mail	vtrietline@oxford.gov.uk