

To: Cabinet – 10 November 2021
Council – 29 November 2021

Report of: Executive Director Communities and People

Title of Report: East Oxford Community Centre and Housing Development

Summary and recommendations	
Purpose of report:	<p>The Council has been working closely with the community in the East Oxford area. As a result of this the intention is to refurbish the existing East Oxford Community Centre building and extend it with a new and highly efficient building. There will also be the provision of 26 housing units that will be situated across two sites. A small amount of additional units can be accommodated on the Catherine Street site if the Council is minded to dispose of the land to another developer.</p> <p>To enable these developments there will be demolition of four of the existing buildings that are no longer fit for purpose. As such this report seeks project approval and seeks delegation to award the construction contract.</p>
Key decision:	Yes
Cabinet Member:	Councillor Diko Blackings Cabinet Member for Affordable Housing, Housing Security and Homelessness and Councillor Shaista Aziz Cabinet Member for Inclusive Communities
Corporate Priority:	Strong and Active Communities, Meeting Housing Need and Efficient and Effective Council
Policy Framework:	Community Centre Strategy 2016-2020, Housing & Homelessness Strategy 2018-2021:
Recommendations: That Cabinet resolves to:	
<p>1. Grant Project Approval in line with the planning approvals of December 2020, to refurbish the existing East Oxford Community Centre building and extend it with a new and highly efficient building and 26 housing units that will be situated across Princes Street and Collins Street and to demolish the four existing buildings that are no longer fit for purpose to enable this;</p> <p>2. Grant approval to dispose of the land at Catherine Street for the purpose of an external housing development which will contribute to the business</p>	

case for the community centre;

3. Delegate agreement to the sale of the Catherine Street site to the Executive Director for Development in consultation with the Cabinet Member for Finance and Asset Management as long as the sale price (reflecting any conditions) fulfils the requirements of s123 of the Local Government Act 1972;

4. Recommend to Council the appropriation of the land being developed for housing at Princes Street and at Collins Street from the General Fund into the Housing Revenue Account at the equivalent loan debt value of £1.491m;

5. Delegate to the Executive Director Development in consultation with Executive Director Communities and People, the S151 officer, Head of Law and Governance, Cabinet Members for Finance and Asset Management and Inclusive Communities the authority to award and enter into the construction contract for the Community Centre refurbishment and new build to Oxford Direct Services Ltd subject to the full tender submission being within the agreed budget and an independent quantity surveyor demonstrating that this is value for money and ensuring unlawful subsidy is avoided;

6. Delegate to the Executive Director Development in consultation with the Executive Director Communities and People, the S151 officer, Head of Law and Governance, Cabinet Members for Finance and Asset Management, Affordable Housing, Housing Security and Homelessness the authority to award and enter into the construction contract for the new build Housing scheme subject to the full tender submission being within the agreed budget and a legally compliant procurement process being followed;

7. Delegate to the Executive Director Development in consultation with the S151 officer, Head of Law and Governance, Head of Corporate Property, Cabinet Members for Finance and Asset Management and Inclusive Communities, the authority to agree new terms for the community group leases which may include a letting at below market value in exchange for social value; and

8. Note the intention to work with community groups within the locality to explore the feasibility and viability of future management arrangements for the Community centre. With the intention that any potential change of operation be implemented a minimum of a full year after the completion and re-opening of the centre.

Appendices

Appendix 1	Equalities Impact Assessment
Appendix 2	Risk Register
Appendix 3	Chronology of Community Engagement

Introduction and background

1. The City Council's Community Centres Strategy (2016-2020) had an objective of considering the feasibility study on the development of East Oxford Community Centre and work with the Reference Group and stakeholders to extend and improve the range of activities offered at the centre.
2. A budget of £4 million for this project was initially approved within the 2017/18 Capital programme and Medium Term Financial Plan. That budget had been based on a desktop feasibility exercise and outline concept plan from 2016. After detailed feasibility, surveys, community engagement and an external cost estimate by Arcadis a budget for East Oxford Community Centre of £5.430 million was included in the capital programme for 2021-22 onwards. This will be funded from sales of land to the HRA for new house build at Collins Street and Princes Street and a separate receipt for Catherine Street collectively estimated from external valuations at £1,765,984, with £3,809,455 coming from the General Fund.
3. In May 2019 OCC engaged the services of consultant Project Managers and Architects Arcadis to support the project with professional services and to build on previous feasibility work that had been undertaken since 2017.
4. In conjunction with the East Oxford Community Centre Reference Group (a group of key community stakeholders) a list of top ten priorities were devised, and it was agreed that these principles would help guide the project in tandem with the Council's priorities;
 - to create a sustainable, cultural hub that is used by a broader range of the community,
 - thereby helping celebrate local diversity, heritage and cultural identity
 - improve skills, reduce inequalities and improve health
 - increased occupancy and customer satisfaction.
 - removal of the Council's backlog maintenance liabilities across Princes Street, Collins street and Catherine Street sites
 - for any improvement to be funded by cross-subsidisation (residential housing) as far as possible
 - positively impact the Council's Climate Change and Housing agendas
5. We have been regularly engaging with the tenants at the community centre site, these are;
 - Fusion Arts
 - AKCHI
 - BKLUWO
 - East Oxford Community Association
 - Oxfordshire Chinese Community and Advice Centre
 - Phoenix Lounge
 - OARC
 - Green print
 - Oxpots
 - Film Oxford
 - The parasol project
 - Open doors

- Catweazle

6. After year on year increases in visits to EOCC since the Council took on the management in 2015, the 2018/19 year has shown a dip in visits to 56,899 which we believe is a direct impact from the deteriorating condition of the building.
7. Similarly the usage at East Oxford Games Hall had dropped. At the time the site closed due to the impact of the COVID pandemic there were only 11 groups regularly using the site. These groups have all been found alternative homes, signposted to potential options or have chosen to pursue their own routes.
8. The present condition of the East Oxford Community Centre (EOCC) and other associated buildings on the site at Princes street and the East Oxford Games Hall (EOGH) facility on Collins Street, means that they are unwelcoming, do not meet modern standards and that there is a poor overall user experience.
9. To date officers have worked with Arcadis to undertake a detailed and robust level of feasibility work pre-demolition, pre-tender cost work, coupled with significant community engagement and design development.
10. Planning approval was then given in December 2020 for the recommended option of refurbishing the existing East Oxford Community Centre building and extending it with a new and highly efficient building and 26 housing units that will be situated across Princes Street and Collins Street. To also demolish the four existing buildings that are no longer fit for purpose to enable this.

Feasibility work

11. The feasibility work has included all of the necessary surveys prior to demolition, title and legal reports, design development, community engagement, housing valuations and pre-tender cost exercises.

Design development and community engagement

12. A thorough community engagement exercise has been undertaken over several years which has included;
 - Regular stakeholder workshops and meetings
 - Several 1-1 engagement sessions with community groups
 - 3 community engagement events in 2019/20
13. A full chronology of this is found in appendix 3.
14. Although most of the comments have been generally positive it should be noted that there has been feedback around whether we are able to deliver this without housing on Princes street, or if the housing could be moved to Cave street and whether areas within the proposed new community centre building can be increased in size. Unfortunately this would not be achievable within the current budget and timescales.
15. The community engagement has helped lead the design development and whilst there were some additional requests around detailed design elements to work through, the plans were endorsed in principle by the stakeholder group prior to planning approvals being gained on 8 December 2020.

Housing summary

16. Delivery of affordable housing in mixed and balanced communities to meet a range of housing needs is a key objective for the Council (Policy H4) and development of the sites at Princes and Collins Street will provide 26 much needed housing units in a sustainable location within Oxford City.
17. The homes are split between the Princes Street and Collins Street sites with 12 Social rented units and 14 Shared ownership units respectively. The Affordable units will attract funding in the region of £1,400,000 to assist with the scheme viability.
18. The Catherine Street site is quite small and a viability exercise has indicated that there would be a low level of units that could be deliverable at the site which wouldn't be as viable for Oxford City Homes Ltd. The recommendation is that the site is sold and the capital receipt used within the Community Centre business case.
19. Delivery of the housing is essential to fund the business case for the development of the community centre as shown in paragraph 33.

Procurement and the Award of Construction Contract

20. We have had ongoing conversations with Oxford Direct Services Ltd (ODSL) and they have confirmed interest in the Community Centre refurbishment and new build elements. They have submitted a tender cost estimate against a full specification that is currently being scrutinised by an external Quantity Surveyor. With the results of this in November. Subject to this being within budget would be looking to appoint ODSL by December 2021.
21. The housing element will be procured via a framework or a mini competition based on the framework that the council officers are in the process of finalising. The housing element must be in contract by March 2022 to meet external funding conditions.

Other options for delivery

22. Other options to deliver the project at the feasibility stage prior to planning submission have included;
 - Building to a smaller footprint
 - Replacing housing on Princes street with business units from Cave street and then placing the housing on Cave Street
 - Exploring the potential of bringing in external funding.
 - An additional option is to 'do nothing' however given the current state of the buildings it is likely that this would lead to building failures within the next 10 years.
23. The stakeholders are clear that any option that reduced the building size any further would compromise their business plan and the ability to deliver activities and programmes for the community effectively.
24. Officers have been exploring external funding options with the stakeholders for several years, which culminated in a 6 month pause. However this has unfortunately not led to any major funding successes.

25. The comments on housing and business units have been carefully considered over the period of the project, but due to the potential delays to the project and the associated increases in cost these options have not been taken forward.

Key Milestones

26. These are shown below and are indicative until we have agreed programmes from the construction contractors at appointment;

- Appoint ODSL as the construction contractor for the Community Centre elements by December 2021
- Decant of community groups and users Feb-March 2022
- Develop design through Design and Build route ready for March 2022
- Commence on site March 2022
- Demolition complete mid July 2022
- Complete all works by Autumn 2023

Benefits

27. There are a significant number of benefits to the community and to the Council of progressing with the recommended option

- Replaces several poor facilities with a modern facility with flexible space for the future.
- Contributes towards the Council's climate change agenda, with the new extension to the community centre including solar panels, high levels of insulation, efficient mechanical and electrical equipment and excellent energy efficiency.
- Meets the needs of current and future users.
- Reduces running and maintenance costs
- The building will enable more inclusive use in line with the relevant legislation in this area, increasing accessibility.
- Enables the ability to generate more revenue with modern flexible spaces to help the sustainability of the site.
- Provision of 26 much needed affordable housing units that have a 70% reduction in carbon, a mixture of social rent and shared ownership, in a central location.

Sustainability and Carbon Reduction

28. We have pressed hard within the available budget to ensure that the scheme drives forward the Council's key priorities in this area. Energy modelling for the Community Centre refurbishment and new build scheme indicates that fabric and systems energy efficiency measures, low carbon heating, as well as PV systems have the potential to make an improvement on Building Regulations L2A 2013 of 26.0% when assessed jointly for both –EOCC extension and new build.

29. The new build extension to the community centre will be a minimum of nearly carbon zero and when it is looked at in isolation, has the potential to make an improvement on Building Regulations L2A 2013 of 45.0%.
30. The carbon improvements to the existing community centre building are constrained by the age, condition and fabric of the building and to make any significant further viable improvements on the existing centre would likely mean demolition of this building and replacement with new build which isn't viable within the existing budget. Funding pots such as SALIX and Decarbonisation grants have been explored.
31. Energy modelling for the Housing elements has indicated that fabric and systems energy efficiency measures, low carbon heating, as well as PV systems have the potential to make an improvement on Building Regulations Part L1A 2013 in excess of 70% for Princes Street and Collins Street

Financial Implications

32. The housing development will generate a land value of £1.491m which will support the community centre refurbishment. The Housing Revenue Account has a total budget of £8.985m for the housing activity on Princes Street and Collins Street. The scheme satisfies the Housing Revenue Account financial parameters of

- Internal Rate of Return – 5.19% vs target of 4.00%
- Pay back – 31 years vs target of 70 years
- Net Present Value - £2.6 million vs target of £0

33. The budget for East Oxford Community Centre in the General Fund Capital Programme is £5.430 million. The breakdown of forecast spend as below:

Item	£
Construction	4,325,000
Fees	240,998
Risk, Contingency & Inflation	864,489
	5,430,487

34. The estimated spend profile for the project before contract is

	2021-22	2022-23	2023-24	Total
	£	£	£	
East Oxford	1,400,000	3,530,487	500,000	5,430,487

35. Various modelling options have been worked through for operating the Community Centre. It is recommended that for at least the first year that the centre will be run in house, the aspiration is that this will be in line with the existing budget. Any change to this will be picked up as part of next year's budget process

Legal issues

36. Under section 111 Local Government Act 1972, the Council has the power to enter contracts to discharge local authority functions.

37. The Council has a duty to consider best value under section 3 of the Local Government Act 1999, securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness

38. The Council has power to provide such recreational facilities as it thinks fit including to provide buildings pursuant to section 19 local Government (Miscellaneous Provisions) Act 1976. Under section 19.12(c) of the Council's Constitution, where the Council wishes to let a contract to a company which it owns under S12(1) Public Contract Regulations 2015 (in this case ODSL) there is no legal requirement for Council to seek alternative quotes or tenders.

39. An application was made by East Oxford Community Association for the Community Centre site at Princes Street to be listed as an 'Asset of Community Value'. This was granted by Oxford City Council on 5 February 2020 in exercise of the powers conferred by the Localism Act. The land will remain on the list of assets of community value for a period of 5 years from the date of this notice unless removed with effect from some earlier time in accordance with the provision of the Regulations.

40. Under section 95 of the Act, an owner must notify the Council if they wish to enter into a relevant disposal of the land by notifying the Head of City Development. Relevant disposal is defined in section 96 and means a freehold disposal or the grant of assignment of a qualifying leasehold interest, with vacant possession (subject to exemptions in section 95 (5) and Schedule 3 of the regulations). This notification triggers a moratorium period, initially of 6 weeks, during which time a community interest group as defined in regulation 12 of the Regulations (referring to the bodies in paragraph (1) (d) to (g) of regulation 5) may submit a written expression of interest to be treated as a potential bidder for the land. If this is received, a 6 month moratorium period will apply during which time the owner may sell only to a community interest group as defined by the regulations.

41. Should the Council wish to appoint ODSL a quantity surveyor will be appointed to demonstrate value for money and ensure unlawful state aid is avoided.

42. The tenancies at EOCC expired on 1st September 2021. We have offered tenants a new short lease to enable the use of the Community Centre until it is required for refurbishment and this is expected to be at the end of February 2022. There is a wider project to look at the possibility of temporarily re-accommodating tenants during the period of works.

43. It is anticipated that new leases will be offered to the current users of the community centres at no less than the terms currently in place with them.

44. The Council has the power to acquire and hold property for various statutory purposes to perform its functions, In order to use land for a purpose other than the one for which it was acquired the land must be “appropriated” for a different purpose. Appropriation is a statutory process which allows the Council to reallocate property within its ownership from one purpose to another.
45. It is entirely within the Council’s discretion to decide that a certain parcel of land or a certain property that has been acquired or held for one purpose should now be used or appropriated for another purpose. The Council is the sole judge of whether or not the land is still required for the purpose for which it is held and its decision cannot be challenged, other than by way of a judicial review if the decision is made outside the Council’s powers or the relevant procedural requirements have not been complied with.
46. Under section 122 of the LGA 1972, appropriation may be made where the land is no longer needed in the public interest of the locality for the purpose for which it is held immediately before appropriation. In this regard, a broad view of local need (taking account of the interests of all residents in the locality), has to be taken and officers consider that this test has been met. Officers are also satisfied that the use of appropriation would be in the public interest and proportionate to the objectives of the redevelopment scheme for the purpose of the Human Rights Act 1998.
47. Section 19 (1) of the Housing Act 1985 gives the Council the power to appropriate for housing purposes any land for the time being vested in them or at their disposal. Consent of the Secretary of State is not required to appropriate land to the HRA, however once land is appropriated to the HRA any later appropriation or disposal for another purpose would require the consent of Secretary of State.
48. The Council minutes should show that the land is not currently held for housing purposes and that the Council intends to formally appropriate the land in accordance with s19 (1) HA 1985.

Equalities impact

49. An equalities impact assessment has been completed. In summary the modern replacement facility will provide much improved accessibility including a Changing Spaces facility and also provide spaces that can be used flexibly for a variety of different activities that are suitable for the local community and wider.

Risk

50. The costs will only be fixed when the Council has had the full tender return from ODSL and independent review by Quantity Surveyor. Similarly the housing elements will only be fixed after the framework process. To try to mitigate this risk we have supplied a full detailed specification and have had regular independent cost reviews.
51. The effect of Brexit and the Pandemic on the construction industry and the supply chain is not fully known at the moment. This could manifest in significant increases in time and costs. In response to this we have been making sure that we are horizon scanning within the industry, regularly benchmarking/cost checking and have ensured that we have a deliverable and suitable contingency.

52. There is always a risk that the land value is negatively impacted by external factors such as Brexit and the pandemic. To try to mitigate this we have had independent surveys undertaken, regular cost analysis and have a deliverable and suitable contingency.
53. There are differing views from the community and stakeholders regarding the scope of the project and also in relation to the potential governance arrangements going forward. To mitigate this we have been having regular dialogue with the community and stakeholders. External funding has also been explored as an option. Resource has been focused on the project delivery stage and will then move to exploring governance arrangements once the centre has re-opened.
54. If cabinet decide at this stage not to give the necessary approvals then there will be abortive costs from professional fees and surveys. Due diligence has been undertaken with feasibility, surveys, cost analysis and management and community engagement. As well as ODS tender return.
55. There are a number of projects being delivered across the Council that are looking to decant their community groups, tenants and stakeholders at the same time. In relation to this there is a risk that there is not enough available or suitable space. To try and mitigate this there is a governance board in place, suitable options are being drawn up, resource for a project co-ordinator and property agent is being identified from existing budgets.

Governance of the Community Centre

56. The Council currently manage and operate the Community Centre. Various groups have indicated to the Council over the duration of the project that they would like to manage the centre.
57. To ensure that we are able to effectively engage around the various potential options around this, that it is adequately resourced and that it gives the 1st years operational costs and best chances of succeeding it is recommended that the Council continues to operate the site for the first year.
58. The governance work would start after the community centre re-opens with a view to recommending a way forward after the first operational year as a minimum.

Report author	Hagan Lewisman
Job title	Active Communities Manager
Service area or department	Community Services
Telephone	01865 252706
e-mail	hlewisman@oxford.gov.uk

Background Papers: None