

22 March 2016

Policy, Finance and Resources Committee

Hutton Community Centre Letting

Report of: *Philip Ruck, Head of Paid Service*

Wards Affected: *All wards*

This report is: *Public*

1. Executive Summary

- 1.1. The report provides an update to the committee in relation to discussions that have taken place between bidders for the letting of Hutton Community Centre.
- 1.2. Members will be aware that against a background of potential co-operation between the two bidders, delegated authority was granted to the Head of Paid Service and Section 151 Officer to negotiate the terms of lease on Hutton Community Centre in consultation with a sub-committee comprising of the Chair and Vice-chair of the Policy, Finance and Resources Committee and a representative of the Liberal Democrat and Labour Groups.
- 1.3. Despite best efforts, agreement could not be reached between the two bidders with negotiations breaking down in February 2016.
- 1.4. Since that time officers have been considering the best solution for the residents of Brentwood, recognising the need to provide a solution that balances the financial return with the social needs of the area emphasising the strong links with the local community that are essential.
- 1.5. Members are advised that the Head of Paid Service issued advice (10 March 2016) to both bidders that the then existing bid process had been stopped, in line with the Council's tender invitation.
- 1.6. Members are also advised that further information has been provided relating to the finances of the Hutton Community Centre Charitable Incorporated Organisation (HCC CIO).

2. Recommendations

- 2.1 That the Head of Paid Service together with the Section 151 Officer be granted delegated authority to negotiate and subject to satisfactory conclusion of those negotiations grant the Hutton Community Centre Charitable Incorporated Organisation (HCC CIO) up to a 15 year lease. Negotiations will include the provision by HCC CIO of adequate terms of occupancy.**
- 2.2 That Members note the lease will be at less than commercial value but recognises the social value that will be provided by HCC CIO.**

3. Introduction and Background

- 3.1 Members will recall the decision of 5 June 2013 Community Services Committee where members considered a phased approach to the reopening of Hutton Community Centre. Those phases were:
- Phase 1 – Building repaired/rebuilt (if a cheaper and better option) open and being run by the Council
 - Phase 2 – Development of a community based organisation to run the Centre
 - Phase 3- Lease of the Centre to an independent organisation.
- 3.2 The criteria set out before Members consisted of the following:
- That the primary usage will be a balance between community and sports use
 - That there should also be a balance between fee paying and drop-in use (to be looked at as part of the process of developing the business case)
 - A cafe will be provided and space will be made available to provide a limited bar facility but the views of the public will be sought on this
 - The Centre needs to be sustainable in each phase
 - Facilities Management arrangements will need to be put in place
 - That the Council will look after the structure and the exterior of the building whilst it is running the Centre
- 3.3 The 6 November 2013 Performance and Resources Board agreed to accept the tender for the renovation works to the Centre. The Committee requested a detailed budget, including a summary narrative for approval by the Community Services Committee.

- 3.4 The 26 February 2014 Community Services Committee considered a report concerning the detailed budget and business plan from the Community Group working with the Council. Members reaffirmed that the Community Centre was a community based facility which the Council in partnership with the local community would manage for the first year as part of the phased approach to the community running the Centre independent of the Council. In addition, reassurance was given that Council Members would form part of the management committee supported by offices and that the Council would monitor the Centre's finances closely.
- 3.5 At the 18 November 2014 Asset and Enterprise recommended that officers would actively publicise the availability of the property to lease to community groups, to test the response received and then report back to committee with the proposals received to determine the proposal for the Council, the property and the Community.
- 3.6 At the 18 February 2015 Asset and Enterprise Committee Members agreed that delegated authority be granted to the Strategic Asset manager after consultation with the Chair of Asset and Enterprise Committee to negotiate and enter into a lease of Hutton Community Centre with Essex Boys and Girls Clubs
- 3.7 This decision of the 18 February 2015 Asset and Enterprise Committee was called and it was resolved at the Audit and Scrutiny Committee on 9 March 2015 that the decision by the 18 February 2015 Asset and Enterprise Committee would be implemented without further delay.
- 3.8 A nomination was received by Hutton Community Partnership in relation to Hutton Community Centre to list the land as an Asset of Community Value. At the 25 March 2015 Community and Health Committee Members agreed to list the land as an Asset of Community Value.
- 3.9 Negotiations subsequently failed with the Essex Boys and Girls Clubs to result in the grant of a lease and so the matter was brought back to 30 June 2015 Policy, Finance and Resource Committee where it was resolved that an external valuation of Hutton Community Centre be carried out to determine the current open market rental that could be expected; the process for seeking bids for a lease of Hutton Community Centre be carried out in accordance with the process set out in the report; and that these bids received be considered by a future meeting of the Policy, Finance and Resources Committee.

- 3.10 At the 2 November 2015 Policy, Finance and Resources Committee it was agreed by Members that they would consider a lease of Hutton Community Centre for a term of longer than 7 years.
- 3.11 In order for the Council to consider best value for the Centre the Council would need to seek bids for the site and for the Council to therefore maximise its income on the asset.
- 3.12 If the Committee consider a lease of more than 7 years then one of the interested parties has made an offer of below market rental value and in that case the Committee has to have regard to the estimate of social value that they have provided.
- 3.13 In December 2015, a report before Members considered the response to Expressions of Interest received from organisations interested in taking a lease on the Hutton Community Centre.
- 3.14 An assessment of the two bidders was undertaken by officers to determine the best options for the Council ensuring that Hutton Community Centre continued to deliver broad community use, expanding what was currently being delivered and that this would be sustainable in the long term.
- 3.15 At the PFR meeting (December 2015) it was clear to all that the best outcome would be for negotiations to take place between the two groups as a combined operation would provide the best result for the residents of Brentwood. Indeed initial discussions between the two bidders had indicated that both parties were keen to co-operate together.
- 3.16 At the December 2015 PFR meeting it was resolved unanimously
- “That delegated authority be granted to the Head of Paid Service and Section 151 Officer to negotiate the terms of lease on Hutton Community Centre in consultation with a sub-committee comprising of the Chair and Vice-chair of the Policy, Finance and Resources Committee and a representative of the Liberal Democrat and Labour Groups”***
- 3.17 After several attempts and despite best efforts no agreement could be reached between the two groups and thus the decision is to be referred back to the PFR committee.

3.18 The Head of Paid Service issued advice (10 March 2016) to both bidders that the then existing bid process had been stopped, in line with the Council's tender invitation.

4. Issue, Options and Analysis of Options

4.1 In line with the 30 June 2015 Policy, Finance and Resources Committee's instruction to re-advertise the availability of a lease for Hutton Community Centre, the Council placed a public notice in the Brentwood Gazette and also wrote to all existing users of the Hutton Community Centre as well as those organisations known to have an interest in the Centre.

4.2 A Public Notice was placed in the press during the week beginning 5 October 2015 and direct emails were sent out to all existing Centre users as well as known interested parties. The two interested parties were:

- 1) Hutton Community Centre Charitable Incorporated Organisation (HCC CIO)
- 2) Beyond Youth Community Interest Company (CIC)

4.3 Hutton Community Centre Charitable Incorporated Organisation (HCC CIO) is a prospective charity which has been created solely for the purpose of running Hutton Community Centre. It is composed of long term residents who are committed to running Hutton Community Centre for the benefit of local people. HCC CIO has created a formal partnership with a number of local organisations which include Lighthouse Project, Hutton All Saints School, the Brentwood Grace Centre, Hutton Football Club, Hope Community Church, and the Hutton Community Partnership. The partners have signed a Memorandum of Understanding and accompanying financial commitments.

4.4 Beyond Youth Community Interest Company (CIC) is a Community Interest Company which has been established for 10 years. Its mission is to equip people of all ages with the tools and understanding needed to lead productive lives as part of their communities. They aim to provide hope for the future by empowering people in positive decision making, building self-belief and encouraging all those involved to accept their social responsibility to create stronger individuals and communities. Beyond Youth CIC has offices, therapy rooms and a community group/training space at Whitegates Busines Centre in Shenfield which have been in operation since 2006. The majority of their services have been delivered from these existing premises but they are in the process of pursuing another dedicated space to operate further community activities.

5. Reasons for Recommendation

- 5.1 The report provides a recommendation to allow Members to make an informed decision as to the granting of a lease of Hutton Community Centre.

6. References to Corporate Plan

- 6.1 The handing over of Hutton Community Centre to a community organisation supports the Localism strand in the Corporate Plan and also delivering best value to the Council's residents.

7. Implications

Financial Implications

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- 7.1 The current financial costs to the Council in the first year of operation at Hutton Community Centre equates to a net cost to the council of £10k. This includes salaries for 1.4FTE staff, business rates, together with back office support which includes - corporate compliance requirements, financial management and IT support. Members will need to note the varying financial implications which have been submitted
- 7.2 In addition the Council has had capital works at the Centre totalling £115k during 2013/14 and 2014/15.
- 7.3 If the Council enters into a less than market rental value bid then Members need to take into account the subsequent in kind support that the council will provide to that organisation.
- 7.4 Hutton Community Centre CIO has a provisional Charity Registration Number and as such would be eligible to 80% mandatory Rate Relief. However it is also for Officers to determine the level of additional Discretionary Rate Relief that the organisation could get, subject to the parameters set out in the Council's Discretionary Rate Relief Policy.

8. Legal Implications

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- 8.1 The legal implications including the requirements of s123 of the Local Government Act 1972 are contained in the body of this report

9. Appendices to this report

- 9.1 *Appendices to this report – Not for publication - Exempt under Schedule 12A to the Local Government Act 1972 – relating to Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

Appendix A - HCC Final Tender Document (Exempt)

Appendix B - HCC Context for Financial Plan (Exempt)

Appendix C - Social Value of HCC (Exempt)

Appendix D - HCC Model (Exempt)

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