

# MIDDLESBROUGH COUNCIL

## EXECUTIVE REPORT

**Community Services Review: Disposal of Newport Neighbourhood Centre site**

**Deputy Mayor and Executive Member for Resources**

**Director of Adult Social Care and Environment**

**22 August 2012**

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### PURPOSE OF THE REPORT

1. This paper outlines options for the future of the Newport Neighbourhood Centre, which was recently listed as potentially available for community asset transfer.

### SUMMARY OF RECOMMENDATIONS

2. That the Newport Neighbourhood Centre and St Paul's Hostel site is transferred to Erimus Housing so that it can be redeveloped for housing, in line with the proposal outlined from paragraphs 6-16, and on condition that the buildings are demolished by Erimus within six months.

### IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

It is over the financial threshold (£150,000)	<input checked="" type="checkbox"/>
It has a significant impact on 2 or more wards	<input type="checkbox"/>
Non Key	<input type="checkbox"/>

### DECISION IMPLEMENTATION DEADLINE

For the purposes of the scrutiny call in procedure this report is:

Non-urgent	<input checked="" type="checkbox"/>
Urgent report	<input type="checkbox"/>

### BACKGROUND AND EXTERNAL CONSULTATION

#### **Newport Neighbourhood Centre (NNC)**

3. NNC was not in the first listing of sites available for asset transfer as the original intention (as outlined in the Mayor's budget statement) was to demolish the site for older people's housing.
4. Following the publication of the budget, however, the Council was approached by a number of parties interested in a potential asset transfer. This triggered the building being listed for possible asset transfer for a two-week period ending 2 May 2012 – with the condition (given a maintenance backlog of £319,000) that any transfer must address the condition of the building.

5. This process ensured that the detail of each expression of interest for transfer would be comparable with the original proposal. All options for the site are outlined below.

### **Expressions of Interest in NNC**

#### **Erimus proposal: demolish centre and build new housing on the site**

6. Erimus Housing has been engaged for some time as a partner in a joint venture to redevelop the site. The site abuts the St. Paul's Centre site and is adjacent to the Phase 1 Gresham site, as shown in Appendix 1.
7. Under this option, the whole site would be redeveloped by Erimus to provide a mix of family homes, older person's accommodation and homes specially designed for people with a physical disability. Initial appraisals suggest the combined NCC and St. Paul's Centre sites could accommodate approximately 28 to 30 units.
8. The mix would be compiled in conjunction with the Council's Housing Strategy Team to reflect the priorities of the Older People's Housing Strategy and Joint Strategic Needs Assessment.
9. The Council is actively working towards the transformation of failing neighbourhoods in the inner older housing area. The proposed development would provide a strategic fit with the ongoing regeneration of the area and provide much needed new build housing. The development could also support the vision for the regeneration of Gresham by offering proximate decant opportunities for affected residents.
10. In addition, Erimus has indicated that that contractor will be expected to take on workers, trainees, apprentices and sub-contractors from the immediate neighbourhood and / or the wider town.
11. Erimus have secured approximately £750,000 from the Home and Communities Agency and have loan agreements in place with lenders to support this development, which is likely to have a contract value in the region of £3m across the combined sites. The rental from the homes would support the ongoing maintenance and management of the development.
12. This proposal would involve the transfer of the St. Paul's / NCC site from the Council to Erimus Housing at nil consideration, but the financial case for this course of action is strong, as Erimus has confirmed that the demolition of both Centres is included in its proposal. Given the estimated costs of demolition, this would represent a saving to the Council of £114,000.

Estimated value of the cleared site	£134,000
Estimated cost of demolishing the buildings	£248,000
Total capital savings to the Council from transfer	£114,000

13. Demolition would of course mean that the Council would not have to address the maintenance backlog highlighted in paragraph 4.
14. In addition to this, the town will benefit from additional Council Tax and potentially New Homes Bonus from the construction of the new units. This has been estimated at £80-90,000 p.a. for six years (NHB period), and £44-49,000 pa thereafter.
15. If the redevelopment proposals are approved, Erimus would:

- immediately start consultation with relevant officers within the Council;
  - undertake initial design detailing;
  - plan for local consultations;
  - prepare scheme for planning; and,
  - prepare a contractor for delivery of the homes.
16. This would enable planning permission by December 2012 and a start on site in January 2013, with completion 12 months thereafter, in February 2014.
17. Erimus *may* still be interested in developing the site adjoining the NNC, should this building be transferred to a community group, though it would depend upon financial viability and the use of the centre going forward and whether this was a suitable fit with the proposed development, in particular accommodation for older people.

### **Proposals for community asset transfer**

18. The alternative to the Erimus redevelopment proposal is to asset transfer the building to a community group in line with Council's agreed policy.
19. Five organisations submitted Expressions of Interest (Eols) in asset transfer. A summary and evaluation of these Eols are set out below.

### **Siri-Guru Harkrishan Sahib-Ji-Gurdwara**

20. This application is to relocate the Sikh Temple from its current premises in Lorne Street to the NNC, which, being significantly larger, would better meet the needs of its growing congregation.
21. This is a long-standing (45 years) Middlesbrough-based organisation that has been located at nearby Lorne Street for 23 years. Over this period, significant sums have been spent on the improvement of the building to create a Sikh place of worship. The application for asset transfer states that similar investment would be put into the Neighbourhood Centre to create a 'unique and updated premise with new facia, fencing, gates and tarmac'.
22. The proposal is to use the Centre for Sikh religious activities, a multi-cultural centre and an enterprise initiative centre for training and business development purposes. The Centre would also provide a space and activities for the elderly Sikh community and asylum seekers.
23. Financial statements provided with the application show Siri-Guru Harkrishan Sahib-Ji-Gurdwara to be a financially stable organisation with a level of reserves that could be used to improve the appearance of the building. Further income would be derived from donations, which have supported the organisation since its establishment.
24. In summary, this application offers sustainability, improvements to the building and the further development of a long-standing Middlesbrough faith group.

### **Jubilee Church Teesside**

25. This application is to relocate the office base of the Jubilee Church from smaller premises in Gresham, and also to relocate the weekly congregation from MacMillan Academy where it currently meets on a Sunday.
26. The Church has committed to improve the building's appearance though it is not clear at this stage exactly what improvements would be undertaken.

27. Relocating to the larger Neighbourhood Centre would enable the Church to deliver new services for the community such as employability support and work clubs, parenting support and healthy living initiatives. The offer would be tailored to meet the needs of the local community in consultation with the Community Council. Space would also be provided for local community groups to hire or use as office bases. A community café with Internet access would also be provided.
28. The Church has experience of running buildings and delivering community activities in Middlesbrough to meet local need. Donations make up the majority of a significant annual turnover and the Church has also been successful in securing grant funding to deliver specific projects.
29. In summary, this is a proposal from a financially secure charity, which would offer open access to the community. However, there is concern that the Centre would duplicate the community provision that the Council is making at Community Hub at Newport Settlement, some 100m away. This could jeopardise the long-term sustainability of one or both centres and would require further investigation before the transfer could proceed.

### **RCCG International Bible Christian Fellowship (IBCF)**

30. The IBCF is a registered charity, set up to reach communities through teaching. Historically, they have used the Neighbourhood Centre for weekly gatherings and, since the building's closure, have been relocated at the Community Hub at Newport Settlement where they meet on a Sunday.
31. Their proposal is to use the Centre as a base for the organisation and to delivery activities such as a choir, drama and sporting activities in addition to gatherings of members from across North East England. To assist the financial sustainability of the Centre, space would be offered to IBCF members and the local community.
32. The application does not detail any building improvements and there is no reference to condition or appearance of the building.
33. There is no evidence that the organisation is financially secure enough to manage a building of this size. This, coupled with a lack of experience in managing buildings, means that the long-term sustainability of the proposal is doubtful.

### **Middlesbrough Community Land Trust**

34. The proposal is to bring back into use NNC as a community centre, to be used by the same groups that used the centre before it closed, the majority of which have transferred to the Community Hub at Newport Settlement. It is unclear from the application as to whether this proposal has the support of these groups.
35. CLT are proposing that the Centre is re-opened using the Community Land Trust model. This would involve transferring the freehold as part of the asset transfer and CLT would then hold the asset in trust for long-term community benefit. This is not in line with the Council's Community Asset Transfer Policy for asset transfers to undertaken via a 25-year lease.
36. Groups using the Centre would pay prices that they could afford. While this would be obviously be beneficial to many groups, it is unlikely that such a pricing policy could ensure that all the building operation and maintenance costs would be covered on an ongoing basis. The proposal offers no improvements to the appearance or condition of the building.

37. The CLT organisation itself is made up of members from local voluntary organisations. It is part of the new national CLT Network and, as such can draw down support and guidance from partners with a wealth of project and housing management. It does not however have direct experience of managing buildings. The financial viability of the organisation is also unproven.
38. In summary, the proposal details no improvements to the building, is reliant on the previous groups returning to the Centre and would potentially duplicate provision at the Council Community Hub. The financial viability of both the organisation and the proposal to manage the building is unproven. For these reasons, the application does not demonstrate sustainability. In addition, the request for freehold would be a departure from Council policy.

### **House of Lovely People**

39. The House of Lovely People is led by a former Olympian and their proposal for the Centre is to establish it as 'Middlesbrough International Athletics Academy'.
40. The aims of the proposal are to reduce anti-social behaviour by providing sporting opportunities for local young people and to organise activities that will result in community cohesion. However, the proposal gives very little information as to how the Centre would be managed, exactly what activities would be held and if there is any demand for an Athletics Academy in the area.
41. It is unlikely that the building would lend itself to being used for athletics and there is minimal external space to hold events. The application does not detail any improvements to the building or works to create a space suitable for athletics.
42. The organisation has no known track record in managing buildings and the application gives no details of how income will be achieved to ensure the proposal is sustainable.
43. In summary, the building is not appropriate for the proposed use for sporting activities and the organisation has no known track record or plans for financial sustainability.

### **Recommendation**

44. Consideration of Expressions of Interest has identified three realistic options for the NNC – the Erimus proposal or transfer to Siri-Guru Harkrishan Sahib-Ji-Gurdwara or the Jubilee Church.
45. It is however clear that the transfer of the site at nil consideration to Erimus to facilitate the housing development outlined in its Expression of Interest is the best value option.
46. While all three options would free the Council of all costs associated with the continued operation of the building (day-to-day running costs and the maintenance backlog), the Erimus proposal offers the following additional benefits:
- a significant housing regeneration scheme for the Gresham area in line with the Council's vision for the area;
  - additional Council Tax and potentially New Homes Bonus from the scheme, estimated at £80-90,000 p.a. for six years (NHB period), and £44-49,000 pa thereafter; and,
  - a saving to the Council of £114,000 as the proposal covers demolition costs.

## IMPACT ASSESSMENT (IA)

47. The proposed redevelopment by Erimus of the combined Newport Neighbourhood Centre and St.Paul's site is in line with the Council's policies on community based services, housing and community asset transfer, all of which have been separately impact assessed. There were no concerns that application of these policies could lead to a group or individuals being disproportionately adversely affected because they hold a protected characteristic. There is no new evidence that would indicate these assessments need to be revisited.

## OPTION APPRAISAL/RISK ASSESSMENT

48. The following alternative options are available:

49. **Do nothing (mothball the Centre)** – this option is not recommended, as it does not represent Best Value to the Council and offers no benefits to the local community. Indeed, it is likely that the building would become a target for anti-social behaviour and so increase costs.
50. **Demolish and leave the site as open space** – similarly, this option is not recommended due to the cost implications for the Council of demolition and maintenance of the vacated site.
51. **Community Asset Transfer** – this option is not recommended, as it would result in the loss of the additional benefits resulting from the Erimus proposal outlined in paragraph 46. Only two of transfer applications were considered viable - Siri-Guru Harkrishan Sahib-Ji-Gurdwara and the Jubilee Church. Both would require additional investigation in the business case stage to ensure there is (i) local demand, (ii) sufficient income to ensure long term financial sustainability, and (iii) no duplication with the Council provision at Newport Settlement.

## FINANCIAL, LEGAL AND WARD IMPLICATIONS

52. **Financial** – The recommended option offers financial benefits to both the town and the Council, as outlined in paragraph 46.
53. **Ward Implications** - The redevelopment of the NNC site by Erimus would have a significant positive impact on the Gresham ward. The redevelopment of the site would provide new homes, targeted to the needs of the area and would link to the regeneration vision for Gresham.
54. Ward councilors were invited to a briefing held on 13<sup>th</sup> August 2012. One councilor attended and stated that the proposed redevelopment would be beneficial for the area.
55. **Legal Implications** – if the recommended option is approved, Legal Services and the Regeneration department would pursue the freehold transfer of the site to Erimus Housing alongside a development agreement.

## RECOMMENDATIONS

56. That the Newport Neighbourhood Centre and St Paul's Hostel site is transferred to Erimus Housing so that it can be redeveloped for housing, in line with the proposal outlined from paragraphs 6-16, and on condition that the buildings are demolished by Erimus within six months.

## REASONS

57. To enable the regeneration of Gresham ward to continue.

58. To enable the Council to maximise savings from the Community Services Review.

## **BACKGROUND PAPERS**

None

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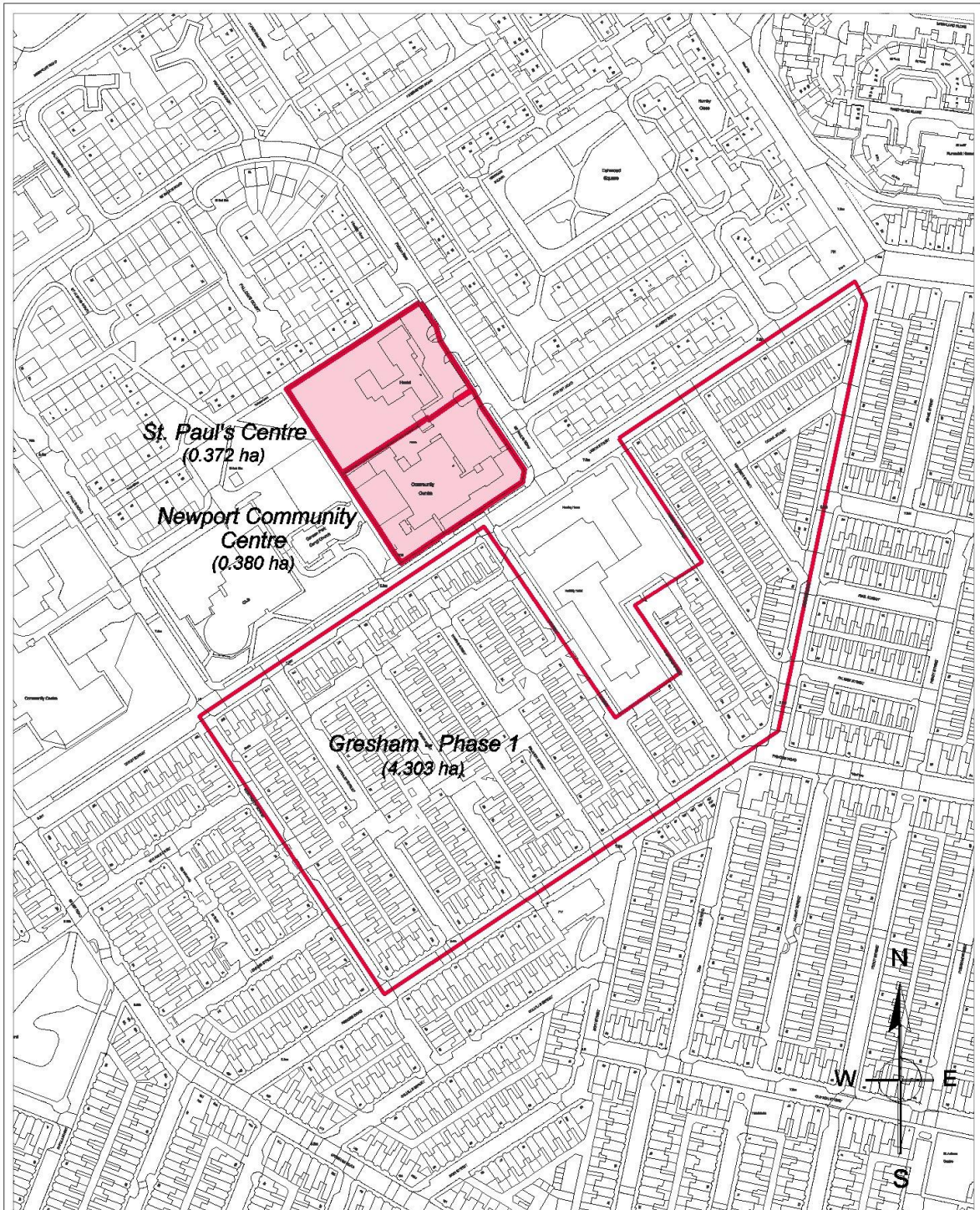
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Appendix 1 | Map of Gresham showing Newport Neighbourhood Centre



St. Paul's Centre showing proximity to Newport CC and Gresham			
Head of Service:	CHRIS HAWKING	Ref:	C/J/HR/MQ/SPC/L
Service Area:	URBAN REGENERATION	Scale:	1:2500@A4
Created by:	JOHN MANDERS	Date:	4th August 2011