

East Barnwell Regeneration Scheme - Urgent Decision Briefing Paper

Recommendation

To approve a lease for the new East Barnwell Community Centre to Abbey People for a 25-year lease term at a nil rent.

Background

At a meeting of the Housing Scrutiny Committee (HSC) on 21st November 2023 a scheme was approved to regenerate sites at East Barnwell (**Reference: 23/50/HSC**).

As part of regenerating the local centre, the scheme includes the reprovision of a range of community facilities, as well as 120 affordable homes, and reprovision of sports facilities onto the Abbey Leisure site.

The library will transfer to the County Council to operate on a long lease at a peppercorn rent, as indicated in the HSC November report.

The community centre will be retained in the ownership of the City Council. Abbey People (AP) are an established community charity who deliver targeted community projects, volunteering opportunities and anti-poverty and crisis support services, such as the food hub. They operate the existing community centre which is intended for redevelopment in a later phase of the construction programme, and has consistently expressed a wish to become the operator for the new community centre.

Taking on the operation of a community building by small local charitable organisations is quite a commitment and undertaking, and it is not without some risks.

To ensure the risks and opportunities for the council of entering such an arrangement with AP had been explored, an options appraisal exercise was undertaken to assess several possible operating models:

1. Direct Management by the City Council
2. Tender to a private Operator
3. Lease to Abbey People as operator

In March 2023, the council agreed and confirmed with AP that they were to be the preferred operator for the new community centre, thus enabling them to participate

fully in the community consultation and design work and to develop a business plan to ensure that this could be a sustainable partnership for the longer term. AP have experience of managing and operating the current community centre and, as a community organisation, they will have access to grant funding opportunities which are not open to local authorities or to private operators.

AP are now developing a business plan for the new centre which indicates that they will be able to generate sufficient income from hire and other funding to be able to meet running and operational costs (e.g. soft and hard FM). Their business case, however, is predicated on the assumption of a nil rent over a 25 year lease term.

Why an out of cycle decision is required

It is acknowledged that there is a Strategy & Resources Committee taking place on 21st November 2024, but this decision is required in advance of this date and out of cycle due to:

1. The complexity and urgency of legal agreements that must be finalised for the scheme to be able to proceed without causing contracting delays
2. Delays to the programme and the risk and potential for increased costs for construction arising from this
3. Delays to the programme causing potential further risk to obtaining Homes England grant funding.

This urgent decision will enable draft Heads of Terms to be issued to Abbey People and their appointed solicitors, before negotiating and completing the agreements for lease.

The complexity arises because the lease of the community centre must be compatible with the parallel lease to the County Council for the pre-school and the library which sits in the same building as the community centre and shares communal areas.

The HSC report confirmed that the County has agreed to transfer the land of the current East Barnwell Community Centre and pay £500,000 to the City Council in exchange for a long lease of the library and pre-school within the new development.

The terms of the lease and the land transfer are required to fall under one agreement with the County, prior to the City Council then entering into contract with Hill for construction to commence, which is currently anticipated for early December 2024 to facilitate a 'start on site' in January 2025.