

CABINET

21 January 2014

Title: Fanshawe Community Hall Site, Barnmead Road, Dagenham	
Report of the Cabinet Member for Finance	
Open Report with an exempt appendix (Appendix 3)	For Decision
Wards Affected: Parsloes	Key Decision: Yes
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Accountable Director: Jonathan Bunt, Chief Finance Officer	
Summary: <p>The Fanshawe Community Hall complex occupies a 0.49 hectare (1.2 acre) site in a predominantly residential area.</p> <p>The Fanshawe Community Association operates the community hall and committee room under a management agreement which can be terminated on one month's notice. Additional space in the former library is occupied by the Church of God Mission International and the Dagenham Islamic Welfare Association and Mosque under licences which expire in August 2014 (or which can be terminated on three month's notice).</p> <p>The site was excluded from transfer into community management in 2010 due to the unestablished nature of the Community Association at that time and the development potential of the site.</p> <p>It is proposed that the site be brought forward for re-development to produce a capital receipt and to provide high quality housing.</p>	
Recommendation(s): <p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none">(i) That the Fanshawe Community Hall site, shown edged red on the plan at Appendix 1, be marketed for sale as a housing development opportunity;(ii) That Option 4 be adopted as the preferred option to secure the redevelopment of the Fanshawe Community Hall site;(iii) That the marketing and development brief for the site include the following options:<ul style="list-style-type: none">• development as flats or apartments.• development as three and four bedroom houses.• development as detached bungalows.	

- (iv) That a further report be presented to Cabinet on the outcome of the marketing exercise following submission of offers to purchase the site.

Reason(s)

To assist in achieving the Council's priority to "Create thriving communities by maintaining and investing in high quality homes".

1. Background

1.1 The land occupied by the Community Centre site is in a predominantly residential area. The site is adjacent to a NHS clinic and to Barnmead Court, a sheltered housing scheme owned by a housing association.

1.2 The community centre complex comprises a community hall, committee room and former library. It is occupied as follows:

Area	Occupier	Terms
Community Hall and committee room	Fanshawe Community Association and used by a number of community groups	Occupied under a management agreement which can be terminated on one month's notice
Former Library	Church of God Mission International and the Dagenham Islamic welfare Association and Mosque	Occupied under licences which expire in August 2014

1.3 Although a gross income of £20,000 per annum is received by the Council from the religious organisations, the community association does not pass on any of the income it receives from the use of the hall.

1.4 Ward Councillors have received complaints from local residents about the operation of the community centre. These mainly concern noise-related disturbances early in the morning and late at night caused by some of the religious activities in the former library.

2. Proposal and Issues

2.1 There are three principal users of the facility:

- Fanshawe Community Association
- Church of God Mission International
- Dagenham Islamic Welfare Association and Mosque.

2.2 Fanshawe Community Association

- 2.2.1 Due to the unestablished nature of the Association and the development potential of the site, the Fanshawe community hall, which forms part of the community centre complex, was not one of the several community halls that Cabinet agreed to transfer into community management via long term leases in 2010.
- 2.2.2 There is a management agreement for the use and operation of the community hall with the Fanshawe Community Association. This agreement can be terminated with one month's notice on either side.
- 2.2.3 The Community Association is responsible for the day to day operation of the community hall and retains the income from hall usage. The regular programme in the hall includes the activities set out in the table below:

Fanshawe Community Hall programme

Main Hall
<ul style="list-style-type: none">• Ripple Dance – 6 hours over 2 days• Spotlight Stage School – 9.5 hours over 2 days• Tai Chi – 1 hour• Albany and Amelia Sequence dance club – 4 hours over 2 days• Slimming World – 2 hours• Yoga – 1 hour• Dagenham Central Bowls Club – 4 hours over 2 days• Candle of Light Spiritual Church – 4 hours• Little Treasurers Baby and Toddler Group – 1.75 hours• East London Malayalee Association – 1.5 hours• Echo Junior Football league – 3 hours• 7th Dagenham Rainbow Brownies – 3.5 hours• Atarashii Yoake Karate Jutsu – 5.75 hours
Committee room
<ul style="list-style-type: none">• Butterflies social club (40plus) - 3.5 hours over 2 days• Agape Woman's Fellowship – 2 hours• Dial – 6 hours• All things Crafty – 2.5hours• Christ Church Embassy – 2 hours

2.3 The Church of God Mission International and Dagenham Islamic Welfare Association and Mosque

- 2.3.1 The Church of God Mission International and the Dagenham Islamic Welfare Association and Mosque both have licences to occupy designated space at the community centre for which they each pay £10,000 per annum.
- 2.3.2 The licences do not confer a right of exclusive possession in respect to any part of the community centre.
- 2.3.3 Both licences end in August 2014 but also contain a break clause that would permit the Council to terminate the licence by providing three months written notice. At the

end of the licence period the licensee has no right to remain at or trade at the community centre.

- 2.4 The site is considered suitable for housing development and is likely to attract interest from established house-builders. Assuming the grant of satisfactory planning permission the following types of redevelopment could be achieved:

Scheme mix	Estimated land value
39 x 1 and 2 bedroom flats	See Exempt Appendix 3
18 x 3 and 4 bedroom houses	See Exempt Appendix 3
11 x 3 bedroom bungalows	See Exempt Appendix 3

3. Options Appraisal

- 3.1 The following options have been identified and appraised in the context of realising the development potential of the site.
- 3.2 Option 4 is preferred because this option is considered to offer the greatest potential to maximise the capital receipt for the site and ensure the site is redeveloped to provide high quality housing.

Option	Description	Conclusion
Option 1	<ul style="list-style-type: none"> Extend occupation licences for both faith groups for a further five years Continue the existing management agreement with the Fanshawe Community Association. 	This option is not recommended because it would neither produce capital result nor resolve the problems reported by local residents regarding the uses of the premises.
Option 2	<ul style="list-style-type: none"> Extend the licences to both faith groups for a further five years Implement a community asset transfer to the Fanshawe Community Association by means of a long-term lease. 	This would lock the Council into an unsatisfactory position, possibly for years to come, and defer redevelopment of the site indefinitely.
Option 3	<ul style="list-style-type: none"> Terminate Fanshawe Community Association management agreement and do not extend faith group licences Transfer the site to the HRA for the provision of council homes for market land value 	This option would meet the objective to provide good quality homes in the area. Redevelopment via the HRA may not represent the best option and may not generate the market land value, but should not be ruled out as an option.
Option 4 The preferred option	<ul style="list-style-type: none"> Terminate Fanshawe Community Association management agreement and do not extend faith group licences Market the site for housing development on the open market. 	This option would meet the objective to provide good quality homes in the area and generate a significant capital receipt. All housebuilders would be invited to bid, including the Council's Housing service, other social housing providers and private developers.

4. Consultation

- 4.1 Initial consultation has taken place with Ward and other Members, Senior Officers and fuller public consultation will take place with the local community once Cabinet has agreed its proposed way forward.

5. Financial Implications

Implications completed by: Kathy Freeman, Group Manager, Corporate Finance

- 5.1 The Council currently receives £20,000 per annum in rental income through hiring out Fanshawe Community Hall.
- 5.2 The total income budget for Adult and Community Services will be re-aligned to adjust for this loss of income as part of the 2014/15 budget setting process. The loss of income will therefore not form a pressure for the Directorate.
- 5.3 The sale has potential to generate a significant capital receipt, as referred to in Appendix 3 in the exempt part of the agenda. This capital receipt can only be used to fund capital expenditure and cannot be used for revenue purposes.
- 5.4 New houses built on the site will increase the Council Tax base as well as potentially attract funding through the New Homes Bonus. Based on the possible scheme mix set out in paragraph 2.4 above, additional Council Tax income of £11,000 to £28,000 per annum will be generated. In addition, the Council could also receive New Homes Bonus of £66,000 to £168,000 over a six year period.

6. Legal Implications

Implications completed by: Jason Ofosu, Property Solicitor

- 6.1 This report is seeking approval for the disposal of the Property. The Council is required to obtain best consideration in the disposal of its assets.
- 6.2 The Council has the power to enter into the proposed sale of the property but must do so in compliance with the law and the Council's acquisition and land disposal rules.
- 6.3 The Council's disposal powers are contained in Section 123 of the Local Government Act 1972, and Section 1 of the Localism Act 2011 also provides local authorities with a general power of competence. Under Section 123 of the Local Government Act 1972 the Council has the power to dispose of land in any manner that they wish which includes the sale of freehold land. One constraint is that the disposal must be for the best consideration reasonably obtainable unless there is ministerial consent or the transfer is to further local well being.
- 6.4 A potential purchaser would want vacant possession of the Property. However, the Property is currently occupied by the Dagenham Islamic Welfare Association and the Church of God Mission International under occupational licences. Both licences contain a three month mutual break clause which is exercisable at any time. The licences can be terminated early by the Council. The Council will need to serve at least three months notice in writing on the groups if it needs vacant possession of

the Property before August 2014. The groups do not have a legal right to remain in the Property once the notice period has expired.

- 6.5 The Council will also need to terminate the management agreement in accordance with its termination provisions. This will need to be done prior to any proposed sale of the Property.
- 6.6 The Property is used for temporary hire by various organisations. This will not create a landlord and tenant relationship since they do not have exclusive possession of the property. Therefore these organisations will not have a legal right to remain in occupation.
- 6.7 The Legal Practice should be consulted on the preparation and completion of the necessary legal agreements.

7. Other Implications

- 7.1 **Risk Management** - Whilst the closure of the centre would be popular with some local residents, the facility is an important community asset that is well used for a variety of activities that benefit and are valued by local people.

The feasibility of identifying alternative space for groups using the community hall will be considered as part of the site development proposals.

It is also clear that places of worship for faith groups are at a premium in the Borough and that if the centre closes it will not be a straightforward matter for the two groups using the centre to find alternative accommodation.

- 7.2 **Contractual Issues** - Any eventual sale would involve a transfer of the Council's legal title. Legal and Democratic Services would therefore be asked to prepare all the legal documentation for inspection by interested parties ahead of the property being tendered.
- 7.3 **Customer Impact** - The impact on users of the potential closure of the community facilities will be mitigated by the identification of suitable alternative facilities elsewhere in the Borough.
- 7.4 **Health Issues** - The activities currently delivered at the Fanshawe Centre are consistent with our Health and Wellbeing Strategy to improve the health and well-being of individuals and build community cohesion through increased participation of children, young people and adults in creative, social and physical activity programmes.

It is important that every effort is made to try to relocate the activities being provided in the community hall.

- 7.5 **Crime and Disorder Issues** - The Council has a statutory duty to consider crime and disorder implications in all its decision making. If the site is redeveloped it will be important to make sure that the building does not become a target for vandalism and arson. Consideration will be given as to how to protect the asset should a delay in developing the site occurs following the closure of the facility.

7.6 **Property / Asset Issues** - The property lies in a predominantly residential area where there is good demand for housing. The existing buildings are approaching the end of their economic life and the expiry of the current occupational arrangements affords an opportunity to review the current use of the site as a community centre. Sale of the site for housing development would combine the Council's aspiration for good quality new homes with a significant capital receipt for reinvestment in Council services.

7.7 **Town Planning** - It is desirable that existing community groups be found an alternative home in accordance with Policy BC6 of the Local Plan.

It is uncertain whether the density implied by the option to develop 39 x 1 and 2 bedroom flats would be acceptable in planning terms. In this regard, and any variation from the original valuation as reproduced in Appendix 3 will be reported to Cabinet.

As part of the development of the site, access to the properties at Barnead Court would need to be provided.

Background Papers Used in the Preparation of the Report: None

List of appendices:

Appendix 1 Site Plan

Appendix 2 Photographs of Premises

Appendix 3 Financial Information (exempt information)