

	<p><b>Assets, Regeneration and Growth Committee</b></p> <p><b>30 November 2015</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Daws Lane Community Hub - Strategic Outline Case</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>John Hooton, Chief Operating Officer</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>Mill Hill</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Urgent</b></p>	<p>No</p>
<p style="text-align: right;"><b>Key</b></p>	<p>No</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Appendix A – Daws Lane Community Hub Strategic Outline Case                  Appendix B- Residential and community development scenario analysis                  Appendix C – Building Condition Report                  Appendix D – Notional schedule of usage                  Appendix E – NW7 Engagement Activities</p>
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<p><b>Summary</b></p>
<p>This document is the Strategic Outline Case (SOC) for the Council’s proposed redevelopment of 80 Daws Lane into a community hub at Daws Lane. It follows the approval of the principle of a community hub on the Daws Lane Site in March 2015 by Assets, Regeneration and Growth (ARG) Committee.</p>

The SOC outlines the preferred option of replacing the current unusable old Civic Defence building with a community hub rebuild at Daws Lane to have a potential estimated cost of £3.4m with a 40% contingency of £1.4m (to reflect optimism bias as detailed designs have not been undertaken). Links have been explored with rationalising other Council services and there are currently discussions around the possibility to have a library co-located with a range of other services within the community centre. This is envisaged to be managed by members of the community

### **Recommendations**

- 1. That the Committee approve the proposed Strategic Outline Case for the Daws Lane Community Hub including:**
  - a. The proposed approach and costs to facilitate a design prior to a provisional head of terms agreement with a community organisation**
  - b. Any leasehold arrangements to potential management organisations will be predicated on a business case outlining the management and funding of the facility**
- 2. That the Committee approve the budget outlined in the report subject to a capital needs bid to be agreed at the Council's Policy and Resources Committee. This would be conditional on external funding being sought to mitigate the financial impact.**

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Council is facing severe financial pressures and has a duty to ensure that it is realising best value from all its assets, including those that are used for community purposes. A key challenge is to ensure that the social and wider economic value provided by community assets is properly taken into account whilst maximising their contribution to helping the Council balance its books.
- 1.2 The Community Asset Strategy (CAS) outlined the need for a number of purpose built community hubs, and identified three potential opportunities for these, of which Daws Lane was one.
- 1.3 Community Hubs have a number of benefits for the Council:
  - 1.3.1 Residents are more easily able to access a number of different services if these are provided in a single location – which can facilitate a more holistic approach to residents' needs
  - 1.3.2 Community groups gain opportunities to work together, by networking, cooperating with and supporting one another
  - 1.3.3 Services can be grouped together to meet the needs of a local area and share infrastructure, which enables community groups to operate in a more sustainable way
  - 1.3.4 It also enables the Council to rationalise its estate – using assets more efficiently could allow the disposal of those which are surplus to

requirements and reinvestment in the remaining estate to improve the condition of community facilities.

- 1.4 Development of community hubs across the borough is a core part of the Council's Community Asset Strategy (CAS). Hubs present opportunities to ensure that the Council's community estate is being used in the most effective way by maximising the time during which assets are being used, as well as presenting opportunities for co-location of services in one building to facilitate integration and opportunities for voluntary and community (VCS) organisations to be at the heart of a holistic approach to meeting local needs. Co-location within an asset could involve VCS organisations co-locating with public services, or developing partnerships with other VCS groups and using the hub as a base from which to develop community led approaches to solving local challenges.
- 1.5 The approach set out in the CAS supports the Council's vision that, by 2020, local services will be more joined up, with public sector agencies - such as the Council, NHS, Job Centre, police and health and education advisers - embracing co-location and taking a more integrated approach by pooling resources, sharing staff and assets and developing joint solutions. It also supports the aim of the Council's Community Participation Strategy to develop neighbourhood level approaches that empower communities to have a greater role in designing or delivering services, harnessing the expertise of communities to identify the best solutions to local challenges.
- 1.6 The existing site at Daws Lane is in need of significant investment and the Council has subsequently received a proposal from a local community group requesting to work with the Council to develop plans for a community hub that is managed by the community for community benefit.
- 1.7 This SOC has been completed in accordance with HM Treasury's Green Book 'five-case' business case principles and therefore includes the following:
  - 1.7.1 Strategic Case – setting out the context both in terms of the Council's Corporate Plan, Community Asset Strategy, arrangements and the case for change, constraints and investment objectives;
  - 1.7.2 Economic Case – appraising the options for a community hub at Daws Lane for Barnet, and the preferred option;
  - 1.7.3 Commercial Case – indicating the commercial implications of the option;
  - 1.7.4 Financial Case – indicating how the preferred option could be funded; and

1.7.5 Management Case – outlining the initial plans for delivery to manage the way forward.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 This report recommends that the Assets Regeneration and Growth Committee approve the Strategic Outline Case for provision of a Community Hub at Daws Lane, to replace the current unusable Civic Defence building, thereby improving the long-term approach to rationalising the Council's estate and facilitating community benefit in Barnet.
- 2.2 To enable the project to provide a financially sustainable solution for the Council, it is recommended to allow the approach to a provisional head of terms with a community group. This would put the group in a stronger position to lever in external capital fundraising which at present is unfeasible as funding bids often require a provisional agreement for management of the building (outlined in a heads of terms agreement) prior to awarding funding. If this preferred approach is not realised the Council will have an opportunity to appraise the relevant options for the site so as to ensure the greatest public value for money.
- 2.3 To enable appropriate project planning it is recommended that the Committee agree to the amount outlined in the SOC for securing the preferred option. A report to the Council's Policy and Resources Committee would then be put forward for the agreed amount but this would be subject to a further Business Case demonstrating external funding, alongside confidence in the Critical Success Factors for the scheme.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 The report outlines a number of alternative approaches to addressing the provision of community facilities at Daws Lane.
- 3.2 **Refurbish** would offer a way fulfilling the Community Asset Strategy and enabling use by a community group for community based activities. The increased operating costs of taking this approach would mean that the local groups providing community activities would be unlikely to be able to support themselves without subsidy. Additionally to this, the building once refurbished would present challenges to becoming a fully fledged community hub as the current layout is not conducive to community usage.
- 3.3 The Refurbish option has an initial cost impact of approximately £900,000. Any worthwhile refurbishment of the asset would need to be extensive as it will involve internal alterations to the layout of the building. The costs for such extensive internal alterations would therefore be high and beyond the costs for solely dealing with condition. At more than £900,000 for the refurbishment costs and coupled with the substantial risk that the refurbishment would not deliver a solution that facilitates community usage and management this option is not recommended.

- 3.4 There is potential for the site to be redeveloped for mixed community and residential use. This would be a challenging scheme to progress through the planning process, but it would allow the Council to deliver a scheme for four 4-bed homes alongside limited community space and opportunity for rationalisation of Council services, such as a partnership library. This would result in a residual land value for the site resulting from the disposal of the residential units of around £600,000-£700,000 dependant on whether external funding could be secured for the community space.
- 3.5 Additional risks are presented with this option due to the challenge obtaining planning for a residential development in green belt and the work required to be undertaken by a local community group to support the management of the centre. An additional risk is that the limited size of the community section of the site might be unsustainable for a community group.
- 3.6 Additionally, it is unlikely that this is a viable option for community usage and management. A fully provided community hub as proposed in the preferred option presents the greatest public value for money in terms of enabling delivery of activities that will result in community benefit, and maximising opportunities to empower communities to co-design solutions to local challenges; and lever in additional resources, both in terms of external funding and volunteer time. This preferred option is dependent on external funding being secured so the Council will have an opportunity via a Business Case to appraise its options dependant on the level of external funding secured.

## **4. POST DECISION IMPLEMENTATION**

- 4.1 Following the decision, the project will proceed with the design process so as to refine project costs and establish a workable design that facilitates community usage and management.
- 4.2 80 Daws Lane is listed as an Asset of Community Value (ACV) on the Council's register of ACVs. Accordingly, the Council can only dispose of the property (a disposition meaning either a freehold sale, or the grant or assignment of a lease granted for a term of over 25 years) in accordance with the provisions of the Localism Act 2011 and the Assets of Community Value (England) Regulations. Prior to making any disposition, the Council will need to observe a 6 week initial moratorium, designed to allow community interest groups to submit requests to be treated as potential bidders. If such a community group makes a request during this interim period, then the full six month moratorium will potentially operate. The legislation is clear that the Council may sell to a community group at any time during the full moratorium period, but otherwise may not dispose of the property until after the full moratorium period has expired.
- 4.3 When disposing to a community group, the Council will still need to comply with its obligations under section 123 of the Local Government Act 1972 and obtain the best consideration reasonably obtainable.
- 4.4 Regulation 12 of the Assets of Community Value (England) Regulations defines what constitutes a community interest group for the purposes of the legislation. There is no clear judicial guidance as to whether a disposal can be made to a company that intends to hold the asset on trust for a community interest group, such an arrangement may well be deemed to be an attempt to circumvent the legislation. Therefore, any disposal made by the Council should be made directly to the community group.
- 4.5 The successful community management organisation would have to satisfy the Council's due diligence and would then be expected to raise external capital funding for the scheme.
- 4.6 Following a period of fundraising, supported by the Council and other community partners where possible, a business case would be developed for ARG Committee so as to enable the Council to appraise its options and the financial viability of the scheme.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 The Council's Corporate Plan sets out its vision for delivering its objectives. There are three areas particularly related to the delivery of Community Hubs;
  - *Greater community participation, engagement and involvement will be an essential part of the change the Council will need to achieve over the next five years.*

- *The Council will work with residents to increase self-sufficiency, reduce reliance on statutory services, and make the best possible use of community strengths and knowledge to tailor services to need.*
- *The Council's vision is to develop a new relationship with residents that enable them to be independent and resilient and to take on greater responsibility for their local areas. This is not about the Council shifting its responsibility to residents – it is about recognising that residents want to be more involved in what happens in their local areas.*

5.1.2 To deliver the Corporate Plan requirements for Community Hubs, it is essential the Council delivers opportunities to make more efficient use of its estate by maximising the times during which its assets are being used by community groups. A 'community hub' arrangement would encourage different groups to co-locate within an asset. This could involve a community group using the same facility as a Council or public sector service or could involve a range of groups working together.

5.2 Health and Wellbeing Strategy for Barnet states two overarching aims relevant to the project :

5.2.1 Keeping Well – A strong belief in 'prevention is better than cure. Aiming to give every child in Barnet the best possible start to live a healthy life, to create more opportunities to develop healthy and flourishing neighbourhoods and communities and to support people to adopt healthy lifestyles to prevent avoidable disease and illness.

5.2.2 Keeping Independent –Aiming to ensure that when extra support and treatment is needed, this should be delivered in a way which enables people to get back up on their feet as soon as possible supported by health and social care services working together

5.2.3 The SOC outlines the needs of the Mill Hill ward and wider catchment area for the proposed centre. This is not a confirmed or exhaustive list of services to be provided from the hub at SOC stage, but rather sets out some priority areas to develop plans around by Business Case stage. Having the NW7 Hub team as a partner in developing plans further presents an opportunity for the community to have a leading role in identifying need at a neighbourhood level, and in identifying how the hub could provide a base for development of solutions that draw on local assets (in a wide sense of people, organisations and physical facilities) and existing community capacity.

5.3 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.3.1 These proposals set out the Council's intent to facilitate the creation of a Community Hub at Daws Lane. The intention is that the need to fund the total potential project cost will not all fall the council but will be shared between all stakeholders, and any future funding commitment from the council will be subject to approval by the Policy and Resources Committee.

5.3.2 No budget has been allocated for the project, although subject to consultation,

the provision of a partnership library of up to 185sqm would require capital funding in the region of up to £925,000. The Council is working alongside a community group to understand local needs, and the potential design that would facilitate community management of the proposed Hub.

- 5.3.3 The local community group have expressed an interest in raising external capital funding to enable the project to be realised. Due to this the SOC recommends that a design is produced and due diligence carried out to agree provisional heads of terms for a lease of the proposed development to a community group, to enable capital fundraising to take place. Capital fundraising is envisaged to take around six months to a year to complete by a community group following the provisional heads of terms agreement. Following this it is recommended that a Business Case be developed so as the Council can appraise the level of external funding raised and if the preferred option is still viable.
- 5.3.4 Potential risks have been identified in the report but have not yet been quantified. As such a 40% optimism bias has been added to the estimated project sum of £3.4m, resulting in a £1.4m risk margin. This will be quantified as the project progresses but at this early stage it is recommended by best practice (see HM Treasury Green Book) to make explicit adjustments to project budget to ensure the project appraisal has not been overly optimistic.
- 5.3.5 The SOC demonstrates that the centre could be able to deliver a number of community benefit outcomes which are planned to be delivered at no additional ongoing revenue cost to the Council. Should the community benefit offered by the centre not be fully utilised there is an opportunity to draw in revenue from the centre from a commercial or part-commercial yield which could be used to subsidise further community benefit activities in line with the Council's strategic direction of travel.
- 5.3.6 There is good potential for the investment to unlock further grants and external funding for community organisations and activities delivered from the centre.

#### **5.4 Social Value**

- 5.4.1 The procurement process will consider social value implications and contain weighting to the affect for the construction of the proposed hub.

#### **5.5 Legal and Constitutional References**

- 5.2.1 The Assets Growth and Regeneration Committee have responsibility for decisions regarding the Asset Management in relation to all matters relating to land and buildings owned, rented or proposed to be acquired or disposed of by the Council.

#### **5.6 Risk Management**

- 5.6.1 The Strategic Risks for LBB to manage and mitigate as it considers the proposed Community Hub at Daws Lane are:



- Reputational impact of failing to deliver an acceptable solution in line with the CAS criteria
- Objection from the local community on new Community Building during planning approval process, which may defer planning consent.
- Inability to attract sufficient funding to deliver the preferred option
- Failure to obtain sufficient commitment from community organisations to ensure the proposed Community Hub is sustainable

5.6.2 Further risk analysis, with mitigations is found in Section 7, Management Case of the Daws Lane Community Hub Strategic Outline Case

## 5.7 Equalities and Diversity

5.7.1 Pursuant to the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

5.7.2 We anticipate that the planned new Community Hub will have a positive impact on equalities because it will provide facilities and be designed to reflect the needs of the broad diversity in the community. The options have been evaluated against the principles of Fair treatment as outlined in the Equalities Policy and the Strategic Equalities objective and at this stage there are no equalities and diversity issues relevant to this decision. The equalities impact will be kept under review and updated as the proposals develop.

5.7.3 The proposed works will comply with all relevant legislation including disability requirements.

5.7.4 The proposed works will enhance the Borough's reputation as a good place to live and work.

## 5.8 Consultation and Engagement

5.8.1 Engagement has taken place with local community stakeholders, including the NW7 community group, this has enabled provisional design ideas to be circulated and a notional schedule of community benefit activities drawn up. Community consultation undertaken by the group has been incorporated into the project planning process and further engagement, subject to approval, is underway.

## 5.9 **Insight**

5.9.1 Opportunities for a community hub at Daws Lane to meet local needs and achieve Council commissioning priorities have been identified through consultation with Council commissioning leads and delivery units.

5.9.2 This is alongside data from local community mapping provided by community organisations.

## 6. **BACKGROUND PAPERS**

Daws Lane, Assets, Growth and Regeneration (ARG) Committee, 16 March 2015

<https://barnet.moderngov.co.uk/documents/s21979/Daws%20Lane%20Report.pdf>