

THE WELLS SITE

Head of Service:	Mark Shephard, Head of Property and Regeneration
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	Confidential Appendix 1: Business Case, Reimagining The Wells Centre, Epsom Wells Community Association Confidential Appendix 2: Proposed terms and conditions

Summary

This report recommends the Council grants a long lease of the former Wells Community Centre site to Epsom Wells Community Association (EWCA) to support their proposals for community use of the site by this association.

Recommendation (s)

The Committee is asked to:

- (1) Note the Business Case, “Reimagining The Wells Centre” attached at Appendix 1 as provided by Epsom Wells Community Association (EWCA).**
- (2) Approve the grant of a Full Repairing & Insuring lease to EWCA of up to 125 years (subject to terms and conditions as set out in Appendix 2); to enable the former Wells Community them to operate a community use from the former Wells Community Centre site (such lease term of up to 125 years to comply with the requirements of Your Fund Surrey and / or National Lottery bid criteria).**
- (3) Agree a two year rent free period from the grant of the lease and thereafter, a rental reflecting a percentage of operating profit. The two year rent free period will provide EWCA the opportunity to secure their funding arrangements, undertake the initial works and open the Wells Centre.**
- (4) In the event that the Centre becomes financially unviable after expiry of the two year rent free period or subsequently closes for a continuous period of**

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6 months, agree that the lease will terminate and the site will revert back to the Council.

- (5) Note that the Council and EWCA will be responsible for their own legal costs.**
- (6) Authorise the Head of Property & Regeneration, in consultation with the Chief Finance Officer and Chair and Vice Chair of S&R Committee to progress the necessary legal documentation to completion.**

1 Reason for Recommendation

- 1.1 The recommendations set out above, if approved, will allow the Council to demonstrate best value under s123 of the Local Government Act and facilitate the provision of community use of the former Wells Community Centre operated by EWCA.

2 Background

- 2.1 In December 2015, Council agreed to consolidate the Council's social centre provision to one site at the Community & Wellbeing Centre in Sefton Road.
- 2.2 This enabled the Wells site to be released from operational use which was unsustainable and running at a deficit of approximately £70k pa and to explore opportunities for alternative uses of the Wells site. Also, to consolidate and improve its community services provision through the Community & Wellbeing Centre.
- 2.3 In February 2018, Strategy & Resources Committee approved; *"the residential redevelopment of the Wells site, including the provision of a community facility of up to 1,500 sq ft (to be operated and managed by the community)."* At this time the Committee agreed that a planning application should be prepared for submission together with the establishment of a community led group to refine the community facility design and management arrangements.
- 2.4 On 9 July 2020, the Council's Planning Committee considered the planning application (Ref: 19/00929) for 23 flats (including 40% affordable housing), 27 parking spaces, 26 cycle spaces, a community facility of 1,625 sq ft, a new children's play area and the retention of the public right of way.
- 2.5 The debate at Planning Committee indicated that the submitted scheme could not be supported and it was agreed to defer the matter; *"to give Officers the opportunity to discuss concerns raised by the Committee."*

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3 Reimagining The Wells Centre

- 3.1 Recently, a local charitable community group, the Epsom Wells Community Association (EWCA), has been working on a proposal to reopen the centre as a community run venue.
- 3.2 To explore the proposal, Council officers have held several meetings with EWCA and provided their surveyor with access to the Wells Centre. EWCA's surveyor has prepared a condition report to estimate the initial investment required to operationally open the Wells Centre.
- 3.3 EWCA has produced a business case for a community run proposal for a "reimagined centre" which will mix community group use, private hire, business hub and hot desk space with a community café.
- 3.4 EWCA argue that this facility will attract residents from the immediate area and across the county, as well as offering something for local businesses, tourists and community groups. It is proposed that this will attract users, regardless of age, ethnicity, gender or political affiliation.
- 3.5 The business case produced by EWCA is the first time a viable business case has been received by the Council since S&R made its decision in February 2018, to establish a community led group to refine the community facility design and management arrangements. The Council has worked with EWCA to understand their offer, ambition, and the viability of their business case.
- 3.6 EWCA's ambition is to:
 - *Reinvigorate the offering on the premises to deliver a modern, forward-looking, multi-generational community centre. The centre will support Epsom & Ewell's "Future 40" plans, helping to make the borough an even better, brighter place.*
 - *Reflect the needs of a 21st century, post-COVID community, delivering social, educational and health-focused services that appeal across age, race, gender and socio-economic boundaries. Reducing or removing these boundaries will be a key ambition.*
 - *Create a pro-active and responsive establishment in the heart of the community and with the community at its heart.*
- 3.7 EWCA's confidential business plan (including financial model) is attached at Appendix 1 and briefly comprises the following:
 - EWCA would be responsible for all running costs associated with the Wells Centre and fund the refurbishment of the centre to enable the community facility to be reused. EWCA has had a condition survey undertaken to access the initial investment required in the building.

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- The building would provide rooms for rent to the community and run a range of community led activities from the site.
- A café would form the heart of the proposal and provide the community with the opportunity to meet and bring people together.
- A modest membership fee would apply.
- EWCA propose to lease the site from the Council and pay a rent reflecting a percentage of operating profit.

3.8 As a charity, EWCA has access to progress the following funding routes:

- **Your Fund Surrey** - Surrey County Council's community projects fund. EWCA has met Your Fund Surrey on site and subject to the preparation of a full bid, EWCA has indicated the proposal is supported in principle. As part of the funding criteria, Your Fund Surrey will require the Council to grant a long lease of the site.
- **The National Lottery** – The National Lottery would require EWCA to hold a long lease of the site in order to support any funding bid. The National Lottery previously supported the funding of the children's play area at the site.
- **The Community Foundation for Surrey** – EWCA is approaching this foundation to assist with the purchase of replacement equipment throughout the centre.
- **My Community** – There is potential access to smaller grants for staff training and other smaller, but essential costs.
- **Generous benefactor** - (who wishes to remain anonymous) has pledged to finance the running costs of the centre initially for its first year and perhaps longer
- **Local fundraising events** – EWCA propose that this will form an on-going part of the new Wells Centre.

3.9 EWCA propose to be responsible for the Wells site in its entirety and release the Council from any ongoing financial responsibility. In addition, the Council would receive rental income from the commencement of the third year of the lease.

4 Proposal

4.1 To support EWCA to deliver the Wells Centre as a viable ongoing multi-generational community centre, it is proposed the Council progresses a disposal of the site (via a long lease) on the terms in Appendix 2, the key provisions of which are outlined below.

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- A lease term of up to 125 years would enable EWCA to comply with the requirements of Your Fund Surrey and / or National Lottery bid criteria.
 - A two year rent free period from the grant of the lease to provide EWCA the opportunity to secure their funding arrangements, undertake the initial works and open the Wells Centre.
 - The income from the lease reflects a percentage of EWCA's forecasted operating profit. This basis was proposed by EWCA and is considered appropriate as it allows EWCA to grow the Centre's cash flow in the early years and provide the Council with an income stream in subsequent years.
 - The lease will be granted on an FRI (Full Repairing & Insuring) basis. This means that EWCA will be fully responsible for the maintenance and repair of the Wells Centre and site.
 - The permitted use will be for the purpose of operating a community use for the benefit of the community. Ancillary commercial activities will be acceptable to support the overarching community use.
 - In the event that the centre becomes financially unviable and / or closes for a continuous period of 6 months (excluding the initial 2 year rent free period), the lease will terminate and the site will revert back to the Council.
- 4.2 The Council and EWCA will each be responsible for their own legal fees in this matter and the Council should allow a budget of up to £7,500 for its external legal costs.
- 4.3 As detailed in Appendix 2, officers are satisfied that the above proposed terms allow the Council to dispose of the site in compliance with section 123 of the Local Government Act 1972 and the General Disposal Consent Order (England) 2003. This provides for local authorities to dispose of any interest in land held by them for less than the best consideration reasonably obtainable providing the undervalue does not exceed two million pounds, where the authority considers that this will help it to contribute to the promotion or improvement of the economic social or environmental well being of its area.
- 4.4 The proposal allows the Council to support the site's community use by offering appropriate lease and rent commitments. The Council remains protected in the event that community use ever ceases as the lease terms enable the site to revert back to the Council.
- 4.5 It is recommended the outlined terms of the lease are approved by Committee to allow the Council and EWCA progress the necessary legal documentation.

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5 Risk Assessment

Legal or other duties

5.1 Impact Assessment

5.1.1 Not applicable.

5.2 Crime & Disorder

5.2.1 Not applicable.

5.3 Safeguarding

5.3.1 Not applicable.

5.4 Dependencies

5.4.1 Not applicable

5.5 Other risks:

5.5.1 Not applicable

6 Financial Implications

6.1 The proposed lease provides the Council with the opportunity to receive a rental stream, based on a percentage of EWCA's forecasted operating profit.

6.2 The Council currently incurs basic annual running costs of circa £14,000 at the Wells, on utilities, insurance and business rates. The proposed lease will remove this liability from the Council and generate a modest income instead.

6.3 The proposal, if agreed, would mean that council tax money is no longer being used for the maintenance and security of the Wells Centre.

6.4 **Section 151 Officer's comments:** Financial implications are included in the body of the report.

7 Legal Implications

7.1 The long lease would in effect be a disposal. Local Authorities are given powers under section 123 of the Local Government Act 1972 and the General Disposal Consent Order 2003 to dispose of land at an undervalue provided it contributes to the promotion or improvement of the economic social or environmental well-being of its area. It is considered that the proposal satisfies this requirement.

7.2 The proposals outlined in paragraph 4 and Appendix 2 have been assessed and are considered to represent best value.

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- 7.3 The proposed terms of the lease are considered to be sufficient to protect the Council's interests
- 7.4 **Legal Officer's comments:** Legal implications are included in the body of the report.

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Opportunity and Prosperity, Effective Council, Cultural and Creative. The community facility would support the principle that enhances the 'Cultural and Creative' opportunities in the Borough "*where people work together for the benefit of the community*".
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** None arising from this report.
- 8.4 **Sustainability Policy & Community Safety Implications:** The proposal will encourage greater community cohesion and could help to support community safety objectives.
- 8.5 **Partnerships:** The Council are working in partnership with Epsom Wells Community Association to facilitate the site for community use.

9 Background papers

- 9.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Strategy & Resources Committee, 27 October 2000
The Wells Redevelopment
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=1046>
- Planning Committee, 9 July 2020
The Wells planning application reference: 19/00929/FUL
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=145&MId=1020>
- Strategy & Resources Committee, 27 November 2018
Future Use of The Wells Site
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=601>

Other papers:

None