

**Heather House and Pavilion Building**

<b>Final Decision-Maker</b>	Communities, Housing and Environment
<b>Lead Head of Service</b>	John Foster, Head of Regeneration and Economic Development
<b>Lead Officer and Report Author</b>	Andrew Connors, Housing Delivery Manager
<b>Classification</b>	Public
<b>Wards affected</b>	Parkwood

**Executive Summary**

Following the results of the condition survey of Heather House, which was reported to this Committee in October 2018, a further report was submitted to the Committee in December 2018 outlining an alternative redevelopment option for the site. The report included information on the initial feasibility study work undertaken by ON architects to assess the initial concept design of a new community centre facility and residential housing on the Heather House and Pavilion Building sites.

Indicative financial summaries for a redevelopment of Heather House to provide a new multi-use community centre and residential housing were provided. It was demonstrated that a comprehensive redevelopment of the site cannot be delivered without significant subsidy (£2,035,756). The income from the residential housing would not be sufficient to cross subsidise the development as a whole and the delivery of a new multi-use community centre.

The Council would therefore need to either provide the level of subsidy required to help finance the project or explore a number of other subsidy sources to reduce the reliance on the Council. It was also noted that there are no existing s106 contributions that have been identified which could go towards the funding of a new community facility.

It was recommended that a procurement process be undertaken to identify a suitable partner, or partners, to contribute to the design, investment and management of a new facility. With a follow up report being submitted to the Committee outlining the high-level findings from the procurement process and the exact subsidy required from the Council to complete a comprehensive redevelopment.

It was pointed out that, following a procurement process, the subsidy requirement might be too onerous. In which case, the Committee would be invited to choose between the alternative options of closing the facility or to refurbish and retain Heather House in its current building and location.

Resident and Stakeholder surveys have also been undertaken to seek views into the usage, facilities and importance of Heather House to the local community and those who use it. The results of the consultations with residents and stakeholders were reported to the Committee in April 2019.

### **Purpose of Report**

As previously reported, due to the age and construction of Heather House it has now reached the end of its useful life and a decision is required as to whether significant investment is made to give the property a further life-span, close the building or demolish and pursue a redevelopment of the site.

This report outlines the findings from the procurement and stakeholder/resident survey process undertaken to enable the Committee to make an informed decision in accordance with the recommendation proposed.

### **This report makes the following recommendations to this Committee:**

1. That the Committee endorses that a follow up report is presented to Policy and Resources Committee to consider the business case for Maidstone Property Holdings Ltd to develop the Pavilion Building site for residential housing and to approve the final scheme costs and necessary financial commitments associated with the development and management of the Heather House and Pavilion Building sites, subject to the necessary planning consent and tenders for the works contracts being received for both schemes.

### **Timetable**

<b><i>Meeting</i></b>	<b><i>Date</i></b>
Communities, Housing and Environment Committee	18 <sup>th</sup> June 2019

# Heather House and Pavilion Building

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> <li>• Embracing Growth and Enabling Infrastructure</li> <li>• Safe, Clean and Green</li> <li>• Homes and Communities</li> <li>• A Thriving Place</li> </ul> <p>The project described in this report supports the Council's strategic plan objectives, most notably Embracing Growth and Enabling Infrastructure and Homes and Communities.</p>	Head of Regeneration and Economic Development
<b>Cross Cutting Objectives</b>	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> <li>• Heritage is Respected</li> <li>• Health Inequalities are Addressed and Reduced</li> <li>• Deprivation and Social Mobility is Improved</li> <li>• Biodiversity and Environmental Sustainability is respected</li> </ul> <p>The report recommendation(s) supports the achievement(s) of the cross cutting objectives by helping to reduce health inequalities and social mobility in a deprived area.</p>	Head of Regeneration and Economic Development
<b>Risk Management</b>	Already covered in the risk section.	Head of Regeneration and Economic Development
<b>Financial</b>	The investment required to refurbish or re-provide the facilities at Heather House would not meet the Council's criteria for capital projects, if presented as a stand-alone project. However, contributing the land value from a related residential development on the Pavilion Building site would help to close the funding	Section 151 Officer & Finance Team

	<p>gap.</p> <p>Detailed financial analysis, setting out the anticipated return on investment for the residential housing will be included as part of the business case to Policy &amp; Resources Committee.</p>	
<b>Staffing</b>	We will need access to extra expertise to deliver the recommendations and preferred option, as set out in section 3.	Head of Regeneration and Economic Development
<b>Legal</b>	<ul style="list-style-type: none"> <li>• The Council has a general power of competence pursuant to Section 1 of the Localism Act 2011 which enables it to do anything that individuals generally may do.</li> <li>• The Local Government Act 1972 (LGA 1972) section 111(1) empowers a local authority to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to the discharge of any of their functions.</li> <li>• Acting on the recommendations is within the Council’s powers as set out in the above statutory provisions.</li> <li>• The procurement processes referred to in this report for the refurbishment and extension and subsequent management of Heather House and the redevelopment of the Pavilion Building should be in accordance with the Council’s Contract Procedure Rules and the Public Contract Regulations 2015.</li> <li>• All necessary legal documentation arising from the recommendations in this report should be approved by Legal Services before completion.</li> </ul>	Principal Solicitor - Commercial
<b>Privacy and Data</b>	No implications.	Policy and Information

<b>Protection</b>		Team
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact assessment.	Policy & Information Manager
<b>Public Health</b>	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	No implications.	Head of Regeneration and Economic Development
<b>Procurement</b>	On accepting the recommendation, the Council will then follow procurement exercises to appoint the necessary partners to facilitate the delivery of the project. We will complete those exercises in line with financial procedure rules and applicable public contracts regulations and principles if applicable.	Head of Regeneration and Economic Development & Section 151 Officer.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 Heather House is a community facility owned and directly managed by the Council. It is located on Bicknor Road backing onto the Parkwood Recreation Ground providing facilities to enable indoor sports and leisure activities.
- 1.2 Due to the age and construction of Heather House it has now reached the end of its useful life and a decision is required as to whether significant investment is made to give the property a further life-span, close the building, or demolish and pursue a redevelopment of the site.
- 1.3 A report was taken to this Committee on the 16th October 2018, following the instruction of Faithorn Farrell Timms (FFT) to carry out a condition survey of Heather House, to assess the building and estimate costs of keeping the building open for the next 15 years.
- 1.4 The report by FFT described Heather House as being in a 'fair condition' for its age, but has identified the roof as being beyond economic repair. There are other components that were recommended for replacement within the next 12 months, and these include external cladding, doors and windows. To carry out all the works that have been recommended within the next 12 months would have an estimated cost of £395,386. To keep Heather House open for the next 15 years, FFT have estimated the cost to be £765,148.

- 1.5 Following the results of the condition survey of Heather House, a further report was submitted to the Committee in December 2018 outlining an alternative redevelopment option for the site. The report included information on the initial feasibility study work undertaken by ON architects to assess the initial concept design of a new community centre facility and residential housing on the Heather House and Pavilion Building sites.
- 1.6 Indicative financial summaries for a redevelopment of the site to provide a new multi-use community centre (approx. 691m<sup>2</sup>) and residential housing (36 dwellings) were provided. The stand-alone indicative financial summary for the residential element (based on a market rent tenure) demonstrated a financially viable scheme that meets our minimum financial criteria.
- 1.7 The indicative estimated total scheme cost for a new-build community centre (691m<sup>2</sup>) is £2,539,756. It was indicated that if a residential scheme of 36 dwellings for market rent was delivered via Maidstone Property Holdings or indeed another developer, a land receipt/income of £504,000 (£14k per plot) could be generated for the residential land. This could go towards the total scheme cost for a new community centre and would leave a subsidy gap of £2,035,756.
- 1.8 It was therefore demonstrated that a comprehensive redevelopment of the site cannot be delivered without significant subsidy. The income from the residential housing will not be sufficient to cross subsidise the development as a whole and the delivery of a new multi-use community centre. In order to reduce the reliance on the Council and help finance a comprehensive redevelopment of the site, there were a number of funding subsidy sources that were identified which the Council could pursue if the Committee decided to pursue this option. It was also noted that there are no existing s106 contributions that have been identified which could go towards the funding of a new community facility.
- 1.9 It was recommended that Officers run a procurement process to identify suitable partner or partners that would contribute towards the formulation of the design brief, contribute capital to minimise the financial commitment from the Council, manage the facility and steward it on an arms-length basis from the Council. A follow up report would then be presented to Committee so that it can make an informed decision whether to proceed with a comprehensive redevelopment or choose between just closing the facility or refurbishing and retaining Heather House in its current location and building.
- 1.10 In addition, a Parkwood Resident and Stakeholder survey was carried out in February and March 2019. Both consultations sought to establish how the facility is used, its importance to the local community and to understand what support stakeholders and residents are willing to give to the project going forward. The full consultation reports setting out the results for both consultations were presented to the Committee on the 16<sup>th</sup> April 2019.

## **Procurement Exercise Responses**

- 1.11 Officers have undertaken a procurement process to identify suitable partner or partners that would contribute towards the formulation of the design brief, contribute capital to minimise the financial commitment from the Council, manage the facility and steward it on an arms-length basis from the Council.
- 1.12 A Prior Information Notice (PIN) was advertised on the Kent Business Portal on 23<sup>rd</sup> January 2019 and distributed via an e-newsletter by Involve Kent and KCC Kent Sports during February 2019 to all voluntary and community group contacts. It was also directly emailed to community groups who had already expressed an initial interest in the Heather House project with final responses received on the 14<sup>th</sup> March 2019. The PIN gave some brief background information regarding Heather House and invited responses to a set number of questions. The PIN used is attached at Appendix 1. A total of 12 responses were received which are set out in Appendix 2. A summary of the procurement responses is set out below.
- 1.13 Of the 12 respondents, 5 responded by saying they would be interested in participating in the project. The other respondents were just specifically interested in being given the opportunity to provide consultancy services, tendering for any future construction works, with one enquiring as to whether the Council would be interested in considering an offer for the freehold acquisition of the building.
- 1.14 There were 3 respondents who indicated they would be willing to manage and steward a new or improved facility without long term support from the Council. None of the respondents could directly contribute monies to fully or part-fund either a new or improved facility, but 4 respondents could assist with support for fundraising bids. One respondent (National Pride) were happy to act as facilitators and project enablers to find partners to contribute towards the design and finance.
- 1.15 National Pride, is a Community Interest Company of which has a network hub of 500 like-minded professionals and industry sectors all willing to make a difference in the provision of housing, health and social care in projects that directly benefit the local community. National Pride identifies and co-ordinates the 'local delivery partners' to design, finance and deliver the projects. The core service of National Pride is to act as 'facilitator' and 'project enabler' establishing and coordinating the project. National Pride does not seek to own the final project. Any projects they participate in must be commercially viable.
- 1.16 The Stones Community Trust (SCT) in particular has expressed initial interest in managing and stewarding the existing or any new community facility that is built on the Heather House site as a potential base for the newly created SCT to relocate to. They view this as potentially an ideal location to relocate to due to the community outreach work they could do and the close proximity to the open space/recreational ground and the existing sports pitches there. They are interested in considering either a long lease or freehold option of the existing or any new facility.

## **Resident and Stakeholder Survey Responses**

- 1.17 In April 2019 the Committee considered a report outlining the results of the Resident and Stakeholder Surveys into the usage and importance of Heather House. It was reported that the Park Wood resident survey was distributed via post to all households in Park Wood ward (3,566), a freepost envelope was included in the mailing. The Resident survey opened on 11th February and closed on 24<sup>th</sup> March 2019. A total of 320 responses were received. The Stakeholder survey was opened on 11th February and closed on 22nd March, there were six responses from the eight stakeholders contacted.
- 1.18 It was agreed that the results of the consultations with residents and stakeholders on Heather House be included in the evidence base to inform the decision on whether to make any further investment in the facility, excluding the summary of findings. The full consultation report, excluding the summary of findings is attached at Appendix 3.
- 1.19 Whilst it is clear that only a small number of respondents to the resident survey currently visit and make use of Heather House, the most common reason why respondents have never visited Heather House was because they were unaware of it. Other common responses were they were not aware of the clubs and activities held at Heather House and they were new to the area.
- 1.20 This raises the question as to whether the Council could do more to promote and publicise the facility to the local community in order to raise awareness and interest in hiring it. It cannot be ignored either, that the Parkwood area has undergone a significant demographic and household change in the last few years due to the regeneration of the area and new households moving into the area may not be familiar with Heather House.
- 1.21 It is interesting to note also that when respondents were asked what activities they would attend if available at Heather House, the majority of the respondents replied that they would visit if keep fit/fitness classes were available including yoga, aerobics, pilates and zumba. Heather House is located in an area where there are concerns such as health inequality and well-being, so the offer of such activities could help to address this and also raise interest and usage of the facility.
- 1.22 It is clear that the respondents to the stakeholder survey who currently use the facility regard it as very important and a valuable resource to them. All respondents indicated that Heather House meets their groups needs and rated it as being a very good, or good facility and they did not have an alternative venue if Heather House was unavailable.

## **Business Case Proposal**

- 1.23 It is clear that there is some value placed to the Community Centre and what it offers to Parkwood and the local community. The potential loss of a community centre could pose a significant and negative impact on the existing users and surrounding neighbourhood and lose the opportunity to

bring about social change and improve the quality of life in the local area. It is recognised also that the Council has a duty of care to the residents and users of Heather House to provide a facility that helps enable social cohesion and health and well-being.

- 1.24 Unfortunately the procurement exercise did not identify any potential partners who could directly contribute any capital investment to fully or part-fund either a new or improved facility, but 4 respondents could assist with support for fundraising bids. National Pride are willing to participate in the project and act as a 'facilitator' and 'project enabler' to find local delivery partners via its network hub to help design, finance and deliver the project. But the project needs to be commercially viable for funding partners to invest. There are a number of potential funding subsidy sources that the Council could pursue to reduce the reliance on the Council some of which were identified in the report to the Committee on the 11<sup>th</sup> December 2018.
- 1.25 Although a collaborative multi-use partnership type approach is likely to lever in more external financial resources and strengthen the support for any funding application, there is no guarantee that the Council will be successful and the timescales associated with the application and decision making process could hinder the timely delivery of any new facility.
- 1.26 It is therefore considered risky to pursue the option of a new-build community centre facility as a stand-alone project, as the potential funding reliance on the Council of £2,035,756 is too onerous.
- 1.27 The Council could pursue a straightforward refurbishment of the existing facility, the cost being previously reported as £765,148. This however will not allow fully for future flexibility and long term future sustainability and cater for the needs of the community and existing stakeholders. The existing buildings layout and internal structure remains dated and therefore limits its use and ability to attract new users. The current building is considered to be under-used and is unable to generate sufficient bookings to meet its financial target.
- 1.28 It is considered that a better option would be for the Council to pursue a refurbishment of the existing facility, but also look into the feasibility of incorporating an extension to the current building (potentially around 97m<sup>2</sup>) to cater for changing room facilities. Using the same build rates and cost per m<sup>2</sup> applied for the option of a new-build community centre, this would generate a cost in the region of £194,000.
- 1.29 There is also a need to upgrade the fire alarm at Heather House if it is to remain open. This is an additional cost of around £25,000 to the previously reported cost of £765,148. Giving a total refurbishment with extension indicative cost of £984,148, rounded to £1m for simplicity. Adding a further 10% (£100k) for project "on costs", gives a likely Total Scheme Cost of £1.1m.
- 1.30 Adjacent to Heather House is a skate-park, games court and play equipment; and next to this is the Pavilion building. It was previously reported that the Royal British Legion Social Club (RBLSC) has a 125 year

lease of the Pavilion Building with the Council under which RBLSC has full repairing obligations. Consequently no rent was payable to the Council. The lease had an unexpired term of 96 years with no break clause in the agreement. The Pavilion Building comprises a social community facility with a licensed bar and changing room facilities used by the Weaving Warriors Rugby Football Club who also use the recreation ground for their pitches.

- 1.31 A risk was therefore identified that a comprehensive redevelopment of the site was dependent on RBLSC and their willingness to surrender their existing lease in favour of relocating to a new multi-use community facility or alternative premises.
- 1.32 RBLSC subsequently advised the Council in February 2019 that it would cease trading later this year and therefore wanted to surrender their lease and vacate the building. The RBLSC will be vacating the building very soon and the Council will be entering into a short-term lease with the Rugby Football Club to enable them to continue to operate from the Building. This has therefore removed the risk previously identified and simplifies any redevelopment plans for the Pavilion Building.
- 1.33 As previously reported, the indicative financial summary for a redevelopment of the Pavilion Building site for residential (based on a market rent tenure) demonstrated a financially viable scheme that meets our minimum financial criteria.
- 1.34 If a residential scheme of 36 dwellings for market rent was delivered via Maidstone Property Holdings or indeed another developer, a land receipt/income of £504,000 (rounded to £500,000 for simplicity) could be generated for the residential land. This could be put towards the total scheme cost for a new community centre. It is therefore recommended that the Council pursue a redevelopment of the Pavilion Building site for residential (market rent) housing and use the land/receipt income generated to contribute towards the indicative cost (£1.1m) of the refurbishment/extension. It should be noted that Park Wood is in a lower value residential area compared to other parts of Maidstone so is not ideally placed to deliver any residential housing for market sale.
- 1.35 Should the Committee decide that the Council should pursue the recommended option of a redevelopment of the Pavilion Building site for residential housing and the refurbishment/extension option for Heather House, this would reduce the subsidy gap and reliance on Council funding for the work on Heather House to £600,000. Policy and Resources Committee will need to consider this in the context of the qualifying criteria for the fund and any other suitable projects that the Council may opt to prioritise.
- 1.36 The new changing room facilities would provide for the lost facilities within the Pavilion Building and enable the Rugby Football Club and other sports clubs to continue to utilise the sports pitches and recreational ground from Heather House.

- 1.37 The Pavilion Building site is not allocated within the Local Plan, but lies within the development boundary of the urban area for Maidstone and thus planning consultation advice received is that its redevelopment is acceptable in principle having regard to the policies particularly relating to community facilities and open space
- 1.38 Policy DM23 for example seeks to protect community facilities. The relevant part here being: 'Proposals which would lead to a loss of community facilities will not be permitted unless demand within the locality no longer exists or a replacement facility acceptable to the council is provided'. As a redevelopment of the Pavilion Building site would suggest a loss of existing community facilities, it would be required to demonstrate that any new or refurbished community facility incorporates the existing facilities and these are sufficient to mitigate the loss of the Pavilion Building including meeting the needs of the additional occupiers in the new residential development.
- 1.39 Other policies will need to be considered also such as affordable housing and whether the redevelopment of the Pavilion Building site will be able to sustain an Affordable Housing contribution.
- 1.40 The Council has already started its Local Plan Review, following the adoption of the Maidstone Borough Local Plan in 2017. An important early step in the process is a 'Call for Sites'.
- 1.41 The Call for Sites is an open request for information about land and sites which may have development potential in the future. It is particularly aimed at landowners (which includes local authorities) , developers and their agents but it is open to anyone to submit a site. A key proviso is that the person submitting the site can confirm that the landowner is willing to make the land available for development should it prove suitable. The Call for Sites opened on Thursday 28th February 2019. The deadline for submitting sites was Friday 24th May 2019. As the Pavilion Building site has redevelopment potential and would also help to unlock funds for the refurbishment of Heather House, the site has been submitted as part of this Call for Sites process.
- 1.42 Now the deadline has passed, the Council will spend time comprehensively assessing the planning merits of the submitted sites. In due course the outcomes of the assessment will be compiled into a single report called a Strategic Land Availability Assessment which will be one of the evidence documents underpinning the Local Plan Review.
- 1.43 As previously reported to the Committee, the Council has approved £34m of capital investment, over a five year period to invest in market rented housing. This investment will increase the overall supply of housing in the borough as well as deliver a commercial return to the Council.
- 1.44 Any redevelopment of the Pavilion Building site for residential housing would however not simply deliver a commercial return, but will provide a number of social and economic benefits by promoting housing and economic growth in an area of deprivation. The Council would need to carefully consider the viability of any proposals put forward as part of a

planning application and how this may affect the delivery of planning obligations and policy requirements such as affordable housing due to the indicative subsidy gap that still exists as referred to within section 1.34 above.

- 1.45 Should the Committee decide to pursue the option of a refurbishment/extension of Heather House, it is vital that the development of the brief and design needs to be community not officer led. Hence a detailed design is not pivotal at this stage. Sufficient time will need to be allowed to get the building brief right and reflect the care that needs to be taken to produce a quality facility capable of meeting the evolving needs of the community and the services it needs.

### **Planning and Construction Programme**

- 1.46 It is likely that a redevelopment of the Pavilion site for residential housing would require a 24 month construction period and the refurbishment/extension of Heather House would require at least around 4 months depending on the nature of the work. A simultaneous closure of both buildings would be required in order to deliver the build programme as cost effectively and quickly as possible. Prior to this, appointment of the various professionals for the project team, further detailed design work, consultation, planning consent, committee approval and appointment of a contractor is likely to take around 18 months. So a start on site would not be envisaged at the earliest until early 2021.
- 1.47 It is envisaged that we will procure a single contractor to build both projects, to enable maximum efficiency to be gained from running both schemes concurrently. The submission of the planning application and tender for the works contract will be managed by the Council's appointed Architects and Employers Agent who will oversee the whole process, in consultation with the project team.
- 1.48 Closing both facilities in the short-term is likely to generate frustration, particularly for the various clubs and people that use the facilities. The Council will need to consider the resource implication to enable assistance to be given to find alternative venues if required. It will be important that existing user groups are fully engaged during the project from start to finish so that they feel a sense of ownership and commitment to the refurbished /extended facility.
- 1.49 The Council can also explore the use of mobile/portable changing room facilities with the Rugby Football Club, so that they can continue to operate and make use of the sports pitches once construction work has started on the Pavilion building site, and until such time as the refurbishment/extension of Heather House has been completed.

### **Future Management**

- 1.50 The future management and operation of the community centre also needs to be carefully considered. Heather House is the only remaining community facility owned and directly managed by the Council. Best practice adopted elsewhere by local authorities has been to go through

Community Asset Transfer. Community Asset Transfer is the transfer of management and/or ownership of public land and buildings from its owner (usually a local authority) to a community organisation (such as a Community Trust, a Community Interest Company or a social enterprise).

- 1.51 As previously mentioned, the Stones Community Trust in particular has expressed initial interest in managing and stewarding Heather House via the procurement exercise undertaken. Structured independently of Maidstone United Football Club and supervised by independent trustees, the SCT is a charitable trust and will take over responsibility for setting up, organising and delivering community events designed to provide sports, football and social activities to local people including disadvantaged and disabled adults and children. The SCT activities will be complementary to those of the football club and are currently based at the Gallagher Stadium.
- 1.52 SCT view this as potentially an ideal location to relocate to due to the community outreach work they could do and the close proximity to the open space/recreational ground and the existing sports pitches there.
- 1.53 The Council can continue these discussions with SCT along with any other interested parties as part of the procuring of an appropriate organisation to undertake the future management and stewardship of the Heather House facility. It will be important that any future management arrangement is set up to ensure that there are no further calls on financial support from the council. Freehold or long lease-hold options can be explored with full repairing/maintenance obligations so there are no future cost implications to the Council. This would coincide with existing arrangements the Council has in place with other community facilities.

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### **3. AVAILABLE OPTIONS**

- 3.1 The first option is to decide to close Heather House and not carry out any refurbishment work or provide a new replacement facility with the future of the site to be determined at some point later in time, which might involve disposing of the asset and land to another party. This is not recommended as there would continue to be uncertainty as to the future of the building and site. The potential loss of a community centre could impose a significant and negative impact on the existing users and surrounding neighbourhood and lose the opportunity to bring about social change and improve the quality of life in the local area. The building would also still need to be insured, secured and looked after.
- 3.2 Option 2 would involve demolishing both Heather House and The Pavilion. This option would enable a new multi-purpose community facility to be established on the Heather House site and release the land on which the Pavilion Building is situated to become available for residential housing. This in turn could be purchased by Maidstone Property Holding Ltd to provide much needed housing and the cost of the project could be partially offset from the income generated by the indicative land receipt (£500k) for

the residential housing.

- 3.3 If option 2 is adopted, there would be a significant indicative subsidy requirement of £2,035,756 and if the Committee were to consider making savings in other areas of revenue spend this would equate to £101,750 revenue savings per annum in perpetuity. Following the procurement process, no organisations were identified that could directly contribute any capital investment towards the funding of a new facility in order to reduce the Council's subsidy contribution. Organisations were willing to lend support for fundraising to help finance the scheme and act as 'facilitators' and 'project enablers' to find partners to contribute towards the design and finance. The project would however need to be commercially viable and there is no guarantee that any approaches or funding bids would be successful. The timescale associated with the funding application and decision making process could hinder the timely delivery of any new facility. It is therefore considered that this option is too risky to pursue due to significant subsidy requirement that is required.
- 3.4 Option 3 is to refurbish and retain Heather House in its current location and building. The comprehensive survey carried out by FFT estimated the cost of carrying out the refurbishment to be £765,148, with an additional cost for a fire alarm upgrade of £25,000. This option would increase the useful life by a further 15 years and if the Committee were to consider making savings in other areas of revenue spend this would equate to £38,250 revenue savings per annum in perpetuity. This option is likely to cause disruption to the current users of the building, as it is unlikely that the building could be used during the refurbishment, particularly if this involves disturbing the roof with its hazardous materials.
- 3.5 This option would not fully allow for future flexibility and long term future sustainability and cater for the needs of the Rugby Club by providing changing room facilities. It might also prove difficult to demonstrate compliance with Policy DM23 which seeks to protect community facilities as the Council would be required to demonstrate that any new or refurbished community facility building incorporates facilities that are sufficient to mitigate the loss of the facilities at the Pavilion Building.
- 3.6 Option 4 would involve the refurbishment of Heather House, but also look into the feasibility of incorporating an extension to the current building (around 97m<sup>2</sup>) to cater for changing room facilities. This would generate a likely Total Scheme Cost of £1.1m.
- 3.7 If a residential scheme of 36 dwellings for market rent was delivered via Maidstone Property Holdings (MHP) or indeed another developer, a land receipt/income of £500,000 could be generated for the residential land. This could go towards the total refurbishment/extension cost for Heather House and would reduce the indicative subsidy gap and reliance on Council funding for the work on Heather House to £600,000.
- 3.8 The Committee is being asked to endorse that Policy and Resources Committee considers the business case for MPH to develop the Pavilion Building site for residential housing and that any land value generated by

MPH should be payable to the Council and pledged towards the cost of the refurbishment and extension of Heather House.

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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is Option 4 as outlined in Paragraphs 3.6, 3.7 and 3.8 above. This option permits the assembly of land in the general locality to help provide a refurbished and extended community centre facility. This option rationalises the two dated buildings situated on Bicknor Road to create a better resource that could provide a wider range of activity and potential outreach work to serve the local community. It will also upgrade facilities at Heather House and increase the size to make the space more flexible to users' needs.
- 4.2 This option would enable the land on which the Pavilion Building is currently located to be used for residential purposes in harmony with the existing residential accommodation on Bicknor Road. The replacement of both Heather House and The Pavilion would also enhance an area of deprivation that has recently benefitted from major regeneration programmes by Golding Homes and new developments in the surrounding areas.
- 4.3 The land receipt/income of £500,000 that could be generated for the residential land could go towards the total refurbishment/extension cost for Heather House and would reduce the subsidy gap and reliance on Council funding for this element to £600,000.
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#### **5. RISK**

- 5.1 The risks of pursuing a redevelopment of the Pavilion Building site for residential housing and a refurbishment/extension to Heather House were detailed in the Heather House report dated 11<sup>th</sup> December 2018. Since that report the risks identified have changed as detailed at paragraphs 1.29, 1.30 and 1.31.
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#### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 Previously the Committee made the decision that Heather House should remain open, but requested further information on the condition of the building. That information was presented in the report to Committee on the 16th October 2018. The report also made a recommendation that a follow up report would be presented to committee outlining a redevelopment option.
- 6.2 Following the results of the condition survey of Heather House, which was reported to this Committee in October 2018, a further report was submitted to the Committee in December 2018 outlining an alternative

redevelopment option for the site. It was agreed that a procurement process be undertaken to identify a suitable partner, or partners, to contribute to the design, investment and management of a new facility. With a follow up report being submitted to the Committee outlining the high-level findings from the procurement process and the exact subsidy required from the Council to complete a comprehensive redevelopment.

- 6.3 In April 2019 the Committee considered a report outlining the results of the Resident and Stakeholder Surveys into the usage and importance of Heather House.
- 6.4 It was agreed that the results of the consultations with residents and stakeholders in respect of Heather House be included in the evidence base to inform the decision on whether to make any further investment in the facility, excluding the summary of findings. The Committee felt that the summary of findings had the potential to misconstrue the results of the surveys if it was read in isolation.
- 6.5 Whilst considering the report in April (which outlined the results of the Resident and Stakeholder Surveys), the Committee agreed that the petition against the closure of Heather House presented to the Committee on the 14<sup>th</sup> November 2017 should be included in the evidence base to inform the decision on whether to make further investment in the facility.
- 6.6 The petition was presented to the Committee with the following wording: "We the undersigned ask that Maidstone Borough Council commit to maintaining Heather House Community Centre, Park Wood as a useable community facility until such time as concrete plans are confirmed for a replacement facility to be built. Further to this, we the undersigned ask that Heather House remains open to the public for as long as possible during this replacement development period". The petition had 783 signatories and the Committee noted the value that the Community Centre brought to Parkwood.

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## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 The approval of the recommendation will enable officers to procure the appointment of the various professionals for the project team, undertake further detailed design work with a view to obtaining planning consent and tendering for the works contract.
- 7.2 Those organisations who have also expressed an interest in providing management and stewardship of Heather House can also be approached and invited to submit invitation to quote proposals for the future management arrangements of the facility.
- 7.3 Continued communication and consultation with the local community, existing users and the appointed management organisation will need to be undertaken, to ensure the project is owned and valued by them. It will be important to ensure that communication and consultation with existing user groups and the community is continuous from the initial design

concepts and planning stages through to completion and the ongoing development and running of the building.

- 7.4 A further report will then be presented to Policy and Resources Committee in due course to consider the business case for MPH to develop the Pavilion Building site for market rented housing and approve the final scheme costs and necessary financial commitments associated with the development and management of the schemes, subject to the necessary planning consents and tenders for the works contracts being received for both schemes.
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## **8. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- *Appendix 1: Heather House Community Centre PIN*
  - *Appendix 2: Heather House PIN Responses*
  - *Appendix 3: Heather House Full Consultation Report*
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## **9. BACKGROUND PAPERS**

**None.**