

Committee: **Cabinet**

Date of meeting: **4th December 2024**

Report Subject: **Former Community Centre, Orchard Street, Brynmawr**

Portfolio Holder: **Cllr Helen Cunningham, Deputy Leader / Cabinet Member for Place & Environment/ Cllr John Morgan, Cabinet Member for Place & Regeneration and Economic Development**

Report Submitted by: **Ellie Fry, Corporate Director for Regeneration and Community Services**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Corp. Asset Management Working Group
29/10/24	21/11/2024	✓				04.12.24		✓

1. Purpose of the Report

- 1.1 To seek Cabinet approval for the preferred way forward for Orchard Street Community Centre. The extent of the property is shown edged red on the plan attached as Appendix 1.

2. Scope and Background

- 2.1 The building was formerly used as an Adult Learning Centre and housed the Brynmawr Town Council on an upper floor. It was transferred to Aneurin Leisure Trust when they were established but budget cutbacks in adult learning meant the building was handed back to the Authority in 2015.
- 2.2 Due to the high costs associated with the building, and obligations to Town Council, officers were asked to secure a Community Asset Transfer (CAT) of the building.
- 2.3 Discussions/ submissions were held with Storm Kick Boxing Academy, and they were allowed to take control of the building by letter of intent on 12/9/16. The letter confirmed that they were to complete registration as a Charitable Incorporated Organisation (CIO) to enable them to complete the CAT. At this point the Council were paying for the ongoing occupation of the Town Council and MIND – Phoenix Project who were running daytime activities in the building supported by Social Services. MIND later moved when they took on the former Social Services Offices in Worcester Street, Brynmawr.
- 2.4 The Kick Boxing Group were approached in March 2018 to confirm all was progressing in terms of the CIO, and at this point it became apparent that the organisation had not been properly established and only one of the

original directors was left trying to run the building. The individual was advised that they needed to establish an alternative group to operate the building and working with others set up AB Boxing Community Interest Company.

- 2.5 They submitted proposals to operate the building, and these were approved after submission in January 2020.
- 2.6 A draft lease was prepared following approval, but completion was delayed as Technical Services wished to address compliance issues as well as internal ceiling issues. AB Boxing also confirmed they would not sign a lease until ceiling issues had been resolved.
- 2.7 Since occupation by Storm / AB boxing – the Council had spent £15,000 on various repairs to the roof / parapet wall.
- 2.8 In December 2021, the Council were notified that AB Boxing, had carried out various unauthorised works. These works were undertaken during the Covid shutdown when there was an imposed, limited inspection regime by Council officers. It was determined that the works posed an immediate danger to occupants and members of the public and as a result the building was immediately closed.
- 2.9 A condition survey was undertaken on 8th December 2021, a copy of which is attached in Appendix 2. The key issues were the main toilets, (electrical and legionella issues) and the newly fitted toilet on the first floor being non-compliant with building regulations that left the building without adequate welfare facilities. Asbestos material had been damaged/disturbed and fire compartments had been removed both of which are significant issues to Health & Safety and fire safety regulators.
- 2.10 The Council carried out immediate priority works for asbestos removal (£5950) & Mechanical & Electrical services isolation works (£452.53) due to the significance of the damage incurred.
- 2.11 The Council has an obligation under a User Agreement to accommodate Brynmawr Town Council. As a result, working with the Town Council alternative accommodation has been sought with an external landlord at Brynmawr Institute. The council assisted with the fit out costs of the new accommodation and currently pays a yearly rent of £8,160 to the Institute.
- 2.12 The future of Orchard Street has been discussed by officers for some time with options for general sale/ auction and sale to Tai Calon (who own nearby land and buildings) considered. It was estimated that a sale would realise a capital receipt in the region of £50,000 +. Tai Calon were exploring options around demolishing the existing building and providing additional car parking. They have since confirmed that they are not interested in pursuing a sale.

- 2.13 Local Members have raised the prospect of a local martial arts group taking on the facility under community asset transfer (CAT) and to gauge the extent of the works required to bring the building back into compliance. The current estimated costs, excluding decoration, are circa £87,000, which is a 15% uplift on the original 2022 estimation of £75,000. Although the estimation is not fully costed, the building has been left without heat for three years and the fabric of the building would have started to fail, therefore these costs could be significantly higher. A detailed condition report would need to be procured by the group, at cost, to establish the full extent of the damage. The Council has no available funding to undertake or assist with the remedial works.
- 2.14 The martial arts group have submitted an application for a CAT and are working with ward members to identify funding sources albeit with an extensive cost to put in good order. The aspiration by ward Members is to allow the martial arts club time to make bids to funders to complete the necessary works under Council supervision although, currently, it is unclear where they would seek funding of the scale required or how long it would take to secure funding and undertake the works.
- 2.15 Consideration has been given to advertising the property generally, as an “opportunity” which will also have time and cost implications, (planning, building regulations approvals, procurement, insufficient parking on site, etc). It is felt unlikely that there would be a lot of interest from community groups taking the building with the estimated works cost of £87,000 (plus deterioration of building fabric works), requiring funding. Whilst funding is being sought, the Council have been bearing costs associated with holding the building including security, vandalism and rates.
- 2.16 A decision now needs to be made on a preferred way forward for the building.

3. **Options for Recommendation**

- 3.1 That the Cabinet consider the following options:
- 3.2 **Option 1** To allow the Martial Arts Group, supported by ward members, to take the building by agreeing to enter into an agreement for lease followed by a formal lease. This to be granted following completion of works estimated to cost more than £87,000 which the group would have to fund.

A schedule outlining the works that must be undertaken to make the building compliant is attached at Appendix 3. It is only on completion of the works will a formal lease be granted.

3.3 **Option 2** To seek the sale of the building.
Consultation has taken place with local members and the Cabinet Member concerning the building. Local members are keen to ensure the continued provision of a community resource in Brynmawr and are prepared to work with the applicant to bring the property back into use.

4. **Evidence of how this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The proposals within this report support the achievement of the priorities contained within the Corporate Plan 2022-2027, including:

To respond to the nature and climate crisis and enable connected communities.

An ambitious and innovative Council delivering quality services at the right time and in the right place.

Empowering and supporting communities to be safe, independent and resilient.

The proposal aligns with the Gwent Wellbeing Plan through the protection and enhancement of the natural environment and with the Marmot Principle to create and develop healthy and sustainable places and communities. In particular it encourages residents to take more responsibility for managing their own health and wellbeing.

5. **Implications Against Each Option**

5.1 ***Impact on Budget (short- and long-term impact)***

5.1.1 **Option 1**

The building is currently empty with the current holding costs estimated at £3,200+ per annum. In addition, there has been some vandalism and unauthorised access by rough sleepers.

The impact of leasing the property will remove the liability for the building from the Council but it is unclear how this would be funded and how long any application/ delivery would take. Whilst the funding bids move forward the liability for the building would ultimately rest with the Council.

The Council's Community Asset Transfer Policy sets out that any transfer of premises would usually be by way of lease or licence. It is proposed that the lease would be at nil consideration or one peppercorn. This would allow the applicant to devote resources to operating the building and growing the proposed activities as well as developing and submitting larger funding bids to deal with the backlog maintenance issues.

5.1.2 **Option 2**

Council would sell the site and realise a (reasonably significant) capital receipt. Disposal would result in the loss of a community building in the

locality albeit the building has not been open to the public for 3 years. Holding costs will continue to be incurred until such time as the building is sold.

5.2 ***Risk including Mitigating Actions***

5.2.1 **Option 1**

There are risks associated with the transfer, as Council will need to be satisfied that the works funded by the ingoing tenant are compliant, and that the community group has the necessary sustainability to operate the building under a lease. The risk is undoubtedly greater in this case due to the size of the building and its current state of repair.

This risk could potentially be mitigated by placing a timescale on any applicant to obtain funding and to undertake and complete works to the building within a specified time scale. The attached Schedule at Appendix 3 outlines the works that must be completed to the satisfaction of the Council. before a formal lease is completed. This will also assist the group in sourcing funding opportunities. The building requires a major investment and would need to be on the back of substantial grant aid. The applicant is working with ward members to identify potential grant funding bodies and opportunities which would need to be developed in the early months of occupation.

Timelines and milestones will need to be agreed and in place to ensure that the Council does not have the responsibility of holding costs indefinitely.

The current applicant has indicated that they would wish to seek a transfer of more than 21 years thus allowing for procurement of suitable grant aid to invest into the building and deal with backlog maintenance.

Should the Council be minded to dispose of the property at an undervalue, it will need to comply with the Local Government Act 1972, General Disposal Consent (Wales) 2003 – Disposal of Land in Wales for Less than Best Consideration, which came into effect on 31st December 2003 and removes the requirement for Authorities to seek specific consent for any disposal and undervalue where the Authority considers that the disposal is in the interest of the economic, social or environmental wellbeing of the whole or part of its area, or any persons resident or present in the area and the undervalue is £2,000,000.00 Million Pounds (two million pounds) or less.

As the proposed long term lease is more than 7 years, the Council will need to comply with these requirements. The amount of undervalue of the disposal being certified by a qualified valuer in accordance with the Royal Institution of Chartered Surveyors – professional standards, who has confirmed that the unrestricted market value of the site would be in the region of £50,000 given the location and proposed restrictions. The rental figure would be £1 p/a. By entering into the lease, this would become an opportunity cost to the Council.

The Council will also need to consider any Subsidy Control implications of the transfer under the Subsidy Control Act 2022 which has replaced the former State Aid rules. Further advice will need to be sought regarding this.

5.2.2

Option 2

If the building is not transferred as part of a CAT, then there would be holding costs until such time the building is sold. The risk could be mitigated by seeking disposal through auction which would be the quickest process.

5.3 **Legal**

5.3.1 **Option 1**

The Council will need to bear the legal costs of entering into an agreement with the community group, monitor the works to be undertaken by a third party and be satisfied that the building has been refurbished to a level that a new lease can be granted.

There would need to be an ongoing commitment from Corporate landlord to manage the process of refurbishment and ensuring ongoing statutory testing and health and safety responsibilities are met. There may be a requirement to outsource this work if there is limited capacity in house. There is no identified budget to meet this cost currently.

Consideration has been given to whether the scope of the adopted CAT policy provides for offering the building to one group without inviting other expressions of interest. Given the complexity of the case with a large building with significant renovation costs (let alone works to make the building fit for purpose) it is considered reasonable in this instance to consider the one unsolicited expression of interest that has been received.

5.3.2 **Option 2**

Cost of sale process.

5.3 **Human Resources**

Since December 2021 the building has been empty and is currently boarded up. There have been some minor vandalism issues which have been addressed by staff as they arise. If option 1 is agreed there will be staff time in processing this application, agreeing and drafting the legal agreements together with the ongoing supervision of the proposed works until such time as the building is suitable for transfer.

5.4 **Health and Safety**

5.4.1 **Option 1** – continued responsibility whilst process/ works are funded/ undertaken.

5.4.2 **Option 2** – responsibility until building is sold.

6. **Supporting Evidence**

Local members have provided the following information in support of the applicant.

- 6.1 The applicant is working with an architect to advise on the prospective works and draft the architectural plans, which have now been completed. No change of use would be required for the associated works within the plan as they fall under the former remit of the centre. Also, WDS are due to visit the site to generate costs and ideas in terms of carbon neutral energy and heating. It should also be stated that having been in the building in the aftermath of the major storm front's we've experienced, that there has been no water ingress to the structure whatsoever. This is particularly good news in terms of the roof area the Borough re-laid prior to the COVID pandemic.

From an incorporation perspective, the applicant has decided to set up a brand-new Community Interest Company/Social Enterprise to develop/run the centre, rather than utilise their former business. We fully endorse this move as it makes perfect sense from a community development perspective. As previously stated, positive conversations have taken place with potential funders & partners, but formulating the applications are completely dependent on the council's model of disposal. For example, if an asset transfer was to be approved, The National Lottery and Paul Hamlyn foundation would be immediately pursued alongside various subsidiary pots to fund the redevelopment in tandem with project work. If an alternative model or course of action is decided upon, then an application 'The Community Ownership Fund could be submitted, but please note that the deadline for round three of this funding tranche is the 31st of January. Therefore, an expedient decision would need to be forthcoming if the expression of interest for this funding is to be formulated.

Further evidence of support is shown at Appendix 4.

6.2 ***Expected outcome for the public.***

6.2.1 **Option 1**

The Council has no long term requirement for the building and prior to the occupation by AB Boxing, the building was considered suitable for a CAT. The transfer of the property under a CAT will allow the restoration of a community building and provide continued use and community benefit.

6.2.2 **Option 2**

The sale of the property would provide a capital receipt for Council and eliminate any further holding costs.

6.3 ***Involvement (consultation, engagement, participation)***

Officers have worked closely with ward members who are keen to see collaboration with a third sector group. The applicant has had the opportunity to view the building and is working closely with ward members to identify funding opportunities.

6.4 ***Thinking for the Long term (forward planning)***

6.4.1 **Option 1**

The proposal will remove a building from the responsibility of maintenance and holding costs whilst allowing a local sporting group with ties to the community to establish a permanent base in Brynmawr. The proposal could support elements of the Council's Corporate Plan which sets out long term intentions for the Borough.

6.4.2 **Option 2**

Removal of a liability from Council ownership and realisation of capital receipt.

6.5 ***Preventative focus***

The proposal will have the benefit of bringing back into use a large empty building for a community use. This is one of the few community led buildings in the area and the undoubted benefits of such a use to the local community are acknowledged.

6.6 ***Collaboration / partnership working.***

Whilst no formal partnership is envisaged the group will be looking to maintain and extend the range of activities, they provide by working with all sections of the community.

6.7 ***Integration (across service areas)***

Not applicable

6.8 ***Decarbonisation and Reducing Carbon Emissions***

Either option would remove the property from Council ownership and contribution towards carbon emissions.

6.9 ***Integrated Impact Assessment (IIA)***

Human Rights, Equality of Opportunity, the Council's Welsh Language Scheme and other relevant legislation have been considered but have no obvious implications.

7. **Monitoring Arrangements**

7.1 **Option 1**

During the proposed works and before the formal grant of the lease there will be a requirement for Technical staff to monitor the quality of the works undertaken by the applicant to ensure repairs are undertaken in a compliant manner.

On the grant of a lease, there is no formal monitoring, but the Council will retain contact with the group in relation to compliance/ testing to ensure the building remains safe and where resources allow ask the group for periodic updates on use and funding.

Option 2

7.2

No monitoring required.

General Conclusion

8.

This is a large building that is surplus to requirements of the Council. Whilst the intended use by a community organisation is welcomed, the scale of the works required should not be underestimated. If successfully achieved, the building will remain an asset to the locality and taken with the benefit of removing ongoing liability for the Council, on balance the proposal is supported.

However, the success of the project is subject to factors beyond the control of the Council. External funding is required to bring the building back into a state where it can be re-opened let alone used beneficially.

It is proposed to allow the community group reasonable time to develop their project, but this must be time limited as the Council is incurring costs on this vacant building. If the project fails, it is proposed to market the property for sale to realise a capital receipt.

Background Documents /Electronic Links

- Appendix 1 –Orchard Street Plan
- Appendix 2 – Condition Report
- Appendix 3 - Schedule of Works to be Undertaken
- Appendix 4 – Ward members Support