

DELEGATED DECISION REPORT TO:	Cllr Simon Hall, Cabinet Member for Finance and Treasury
AGENDA ITEM:	
SUBJECT:	Community Asset Transfer of Stanley Halls
LEAD OFFICER:	Stephen Wingrave, Head of Asset Management and Estates
CABINET MEMBER:	Cllr Simon Hall, Cabinet member for Finance and Treasury
WARDS:	South Norwood
CORPORATE PRIORITY/POLICY CONTEXT: Delivering high quality public services and improving value for money	

FINANCIAL IMPACT The proposed transfer will provide revenue savings of at least £75,000 per annum after 12 months, when the Stanley People’s Initiative will be responsible for all costs arising from the lease.
FORWARD PLAN KEY DECISION REFERENCE NO.: This is not a key decision

The Leader of the Council has delegated to the Cabinet Member for Finance and Treasury the power to make the decisions set out in the recommendations below.

1. RECOMMENDATIONS

That the Cabinet member having carefully read and considered the report:

1.1 Agrees a 35 year lease of Stanley Halls to The Stanley People’s Initiative as part of the Community Asset Transfer of the premises subject to the terms detailed in para 4.1.

2. EXECUTIVE SUMMARY

2.1 This report recommends a 35 lease under Community Asset Transfer of Stanley Halls be granted to the Stanley People’s Initiative (SPI).

3. BACKGROUND

- 3.1 Stanley Halls (the property) is a Grade II* listed Edwardian concert hall, consisting of a main concert hall with a capacity of 312; two smaller halls each with a 100-seat capacity; a gallery/bar; and a range of smaller meeting rooms, kitchens, office and storage space. There are also two former flats which are currently unfit for residential use.
- 3.2 The Council owns the freehold of the majority of the building which is subject to a community use covenant.
- 3.3 The property has recently benefitted from a refurbishment to replace all essential mechanical and electrical services, and external maintenance and repair work. Part of the cost of the work was funded from a s106 contribution specifically for repairs to the building.
- 3.4 Stanley Halls was identified in 2012 as a candidate for Community Asset Transfer (CAT). A public consultation was held in July 2012 and 3 detailed applications were received from PJ Management Services, Above All Property Management and the Stanley Peoples Initiative. Based on these initial applications, Stanley Peoples Initiative (SPI) was invited to submit a full business case. This was reviewed by the Council's Voluntary Sector and Assets and Finance teams and was considered to offer a sound proposal. Formal Heads of Terms were subsequently agreed and solicitors instructed to document the long lease.

4. DETAIL

- 4.1 The lease is proposed on the following terms:

Term: 35 years subject to Council break after year 5 if £250,000 funding has not been achieved.

Rent: Peppercorn

Outgoings: After the initial 12 months the tenant is responsible for all outgoing

Service Charge: The tenant will be liable for the cost of the Statutory testing undertaken by the landlord (unless it can prove it can supply alternative provision acceptable to the Council) and for the building insurance.

Repairs: Tenant is responsible for all interior and exterior repairs. The landlord will undertake all statutory testing but the tenant will be liable for any remedial work.

Insurance: The Council will insure the buildings but reserve the right to recharge the cost

Alterations: No alterations to be undertaken without the Council's prior written consent (not to be unreasonably withheld) and subject to all necessary statutory consents including but not limited to Listed Building consent

Alienation: The tenant will only be permitted to assign the lease in specific circumstances, but will be permitted to enter into hire agreements

Use: Community Use for the main halls together with ancillary café, licensed bar and the displaying and retail sale of local art and office/studio/workshop use for the flats and ancillary accommodation or other activities and uses that are contained within the agreed Policy. The SPI will hire out the main hall and assembly hall to Community Organisations, local residents and other groups, bodies or organisations with the aim of benefitting the Borough of Croydon and surrounding areas and may also hire out the Halls for non-community use provided that this is for no more than 15% of the total bookable time for any one year.

Hours of Use: 7am to 00.30am Mondays to Thursday and 7.00am to 1.00am on Friday to Sunday (including clearing of the premises).

4.2 The SPI have proposed some major improvements that they are looking to undertake to the Halls including the conversion of the flats to provide office and studio accommodation, a foyer and a cafe, new toilets and improved access. These plans have been costed out at around £3m and they are actively seeking grant funding from a number of sources including the Heritage Lottery Fund. Based on these proposals it is likely that there will be a continuation of low level use over the first 2-3 years whilst funding is secured and then a phased development to retain some facilities on site.

4.3 The SPI's proposal is to create a varied use building to provide facilities for different groups utilising the existing enhanced facilities. The use will be centred around:

- Community use – primarily utilising the two smaller assembly halls.
- Enterprise use – based around the converted flats.
- Performance use – centred around the main hall and back of house areas.
- Social and arts use – using the entrance area, community café and gallery to the side of the main hall.

4.4 It is recommended that a long lease (35 years) be granted at a peppercorn with a break option in favour of the Council after 5 years if the SPI have not secured at least £250,000 in funding and if work has not commenced in line with the grant requirements.

4.5 To acknowledge that the community group need to develop the lettings at the centre to cover the running costs and given that the halls will have limited

income in the short term, it is proposed that the Council will fund the first 12 months building running costs, (excluding rates and any caretaking costs) once the lease completes. This will amount to £75,000. After this point the SPI will take on responsibility for all costs arising from the building.

- 4.6 The Council have granted the SPI temporary occupation since the completion of the refurbishment works. This has helped avoid any risks of having a vacant building as well as helping to re-establish the local community use as soon as possible whilst the draft lease is finalised. It is anticipated the lease will complete before the end of the financial year.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue and Capital consequences of report recommendations

Medium Term Financial Strategy – 3 year forecast			
	2015/16	2016/17	2017/18
	£'000	£'000	£'000
Revenue Budget available			
Expenditure	75	75	75
Income			
Effect of decision from report			
Expenditure	75	0	0
Income			
Budget saving	<u>0</u>	<u>75</u>	<u>75</u>

2 The effect of the decision

The Council will continue liability for maintenance for the first 12 months of the lease. After this the SPI will be responsible for all costs arising from the lease.

3 Risks

There are no inherent risks from agreeing this transaction. If at some point in the future the SPI is unable to continue with the lease, then the property will either be assigned or revert to the Council.

4 Options

The Council could choose to manage Stanley Halls directly but it is recognized that a local community group is better placed and able to access funding that the Council is unable to. The property could also be sold but a sale would be challenging given the community use designation and would be widely opposed given Stanley Halls' status as a valued local heritage asset.

5 Future savings/efficiencies

A transfer of this asset to the SPI under a long lease will save the Council future costs of at least £75,000 per annum in maintaining, securing and where necessary repairing the property.

(Approved by Richard Simpson, Assistant Chief Executive (Corporate Resources) and S151 Officer)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Solicitor to the Council comments that Section 123 of the Local Government Act 1972 requires that any disposal should be on the best terms that can reasonably be obtained. Based on the advice from the Council's Head of Asset Management and Estates, the disposal on the terms outlined in the report would appear to satisfy that requirement.

(Approved by: Gabriel MacGregor, Head of Corporate Law, on behalf of the Council Solicitor & Director of Democratic & Legal Services)

7. EQUALITIES IMPACT

7.1 A full Equality Analysis was undertaken to assess the potential positive or negative impact on protected groups compared to non-protected groups. The analysis found that the CAT should significantly help in terms of opening up the halls on a full time basis to all potential groups, including protected groups. The analysis recommends that usage of the halls should be monitored once the SPI have taken the lease to enable the Council to ensure that the Halls are accessible to and used by community groups, including those that share a protected characteristic.

8. ENVIRONMENTAL IMPACT

8.1 The lease will not lead to any material changes

9. CRIME AND DISORDER REDUCTION IMPACT

9.1 The completion of this transfer will ensure that the Halls are more fully utilised and will attract significant additional investment, which may benefit security at the site.

10. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

The transfer will provide significant annual revenue savings for the Council, and the proposed occupier is better placed to both manage and promote this valued local heritage asset. The SPI will also have the ability to access grant funding for the site that the Council is unable to.

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BACKGROUND PAPERS

1. No additional papers