

READING BOROUGH COUNCIL

REPORT BY INTERIM MANAGING DIRECTOR

TO:	POLICY COMMITTEE		
DATE:	18 JULY 2016	AGENDA ITEM:	8
TITLE:	THE FORMER CENTRAL CLUB BUILDING - REPORT OF THE FEASIBILITY STEERING GROUP		
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To report back on the work of a Steering Group established to consider ways of bringing the former Central Club building back into community use. The review is attached as Appendix A of this report.
- 1.2 This report considers the options set out by the Steering Group and proposes a bidding opportunity in accordance with the Third Sector Policy Statement.

2. RECOMMENDED ACTION

- 2.1 That Policy Committee notes the contents of the report of the Steering Group as set out in the Appendix to this report and commends them for their work.
- 2.2 That the Policy Committee notes the analysis of the different options as set out in paragraph 4 of this report.
- 2.3 That the Policy Committee notes the extent of current arts, cultural and community provision as set out in paragraph 6.1 of this report
- 2.4 That the Policy Committee delegates responsibility to the Director of Environment and Neighbourhood Services, in consultation with the Leader of the Council for arrangements for the disposal of the asset as set out in Section 6 of this report. Conditions of the release of the asset to include the retention of the mural.

3. POLICY CONTEXT

- 3.1 Reading Borough Council's Corporate Plan 2015-2018 states that we need to:

- change our service offer to ensure we deliver core services within our reduced budget so that the Council is financially sustainable and can continue to deliver services across the town
- Provide our services from appropriately located, safe and energy efficient buildings and seek to maximise the potential for underused council property
- Co-locate our services with partners to have better joined-up neighbourhood services and 'Community Hubs' so that residents have better access to services

3.2 Reading Borough Council's Corporate Asset Management Plan 2015-18, which was agreed in July 2015, aims to use property as a corporate resource to support and shape the delivery of appropriately located core services whilst driving efficiencies to help close the budget gap.

The document records the achievements to date and the key principles for the period 2015-18. The Plan recognises that the scale of the challenge means that the size of the Council's property portfolio will reduce; the cost of managing properties will reduce; and the nature of the council's estate will change.

3.3 In 2008, a Cabinet decision was made to grant a lease to the African & Caribbean Community Group (ACCG), subject to the successful outcome of a Capacitybuilders¹ capital bid for £200,000 that would be matched with a capital contribution of £220,000 from Reading Borough Council. This decision was amended on 14 April 2009 to grant ACCG a license to carry out works on the building subject to an appropriate amount of funding being raised to complete the building works, and including a capital contribution from RBC of £220k. The period was further extended to December 2013 via a report to Cabinet on 1 October 2012.

Ultimately ACCG was unable to raise sufficient funds to deliver the project and the agreement ended in 2014.

¹*Capacity Builders was part of the Government's Change Up programme to help improve capacity in the third sector*

3.4 On 16 March 2015, Policy Committee agreed with a proposal prepared by Reading Voluntary Action (RVA) that a Steering Group should be established to direct the next phase of a proposal to bring the former Central Club building back into community use and to report back to the Policy Committee. RVA continued to provide ongoing support and advice on management and governance; and 2 nominated councillors from Reading Borough Council ensured that appropriate advice and support was made available from Council officers. The remaining 7 members represented a number of voluntary organisations who had expressed an interest in the project.

3.5 Reading Borough Council's Third Sector Policy Draft Statement states that when a Council asset is declared surplus in accordance with Corporate Asset Management Plan criteria and is therefore not required for operational or service delivery purposes by the Council or a partner organisation, it will be advertised for disposal usually on a freehold basis.

Third Sector organisations can bid for a surplus property and all bids received will be considered by Policy Committee. Additionally, Third sector organisations will also be able to bid for a leasehold interest rather than the freehold of the premises, subject to certain criteria.

4. RVA UPDATE REPORT AND OPTIONS APPRAISAL

4.1 The full RVA report is attached and sets out 4 options for consideration, with advantages and disadvantages of each option.

4.1.2 Option 1 Partnership development with a social housing provider- unviable

While this option is closest to meeting Reading Borough Council priorities, the complexity of the building and site as it currently stands means that it is unlikely to be pursued:

- Potential community building users do not favour residential accommodation above the centre because it limits community use
- A reputable Housing provider has considered the site too complex and expensive to develop because of the costs of retaining the mural, the complexity of the attached overhang from a neighbouring property, and the lack of parking available for a mixed use community/residential building.

4.1.3 Option 2 Partnership development with a student accommodation provider - unviable

The report advises that the site is considered to be small, and only one developer has expressed a tentative interest in taking this forward

This option offers less potential added social value for Reading Borough Council, nor does it offer immediate solutions to the problems of maintaining an appropriate environment for residents combined with community use. The complexities of using the current building and site as set out in Option 1 would also apply.

4.1.4 Option 3 Raising the loan finances to develop the site under a community property organisation - unviable

There is currently no local organisation that could take on this level of risk.

4.1.5 Option 4 Raising grant funding from an arts funder for stand-alone arts centre - unviable

While Arts Council England (ACE) is currently showing a high level of interest in Reading as a regional centre for the arts, they generally have a priority for funding improvements to existing facilities rather than new provision. Reading Borough Council has recently been awarded a grant of £500k from ACE to renovate South Street Arts Centre to enable the Centre to continue and expand a lively programme of events. The Centre has attracted widespread support from Reading residents during a recent campaign where government imposed budget cuts had forced the Council to review the future of the centre as part of the process of identifying necessary savings.

As part of the Year of Culture, there has also been ACE funding to support a number of activities based at the nearby Rising Sun Arts Centre which is this year celebrating its 25th anniversary as a local arts venue with a mixed programme of events with an emphasis on support for local artists.

Given the extent of local arts and cultural provision in the immediate area around the Central club building and existing funding commitments from ACE it is highly unlikely that they would support significant investment in another venue in close proximity.

6. PROPOSAL

- 6.1 The Council has recently committed to making capital improvements to both the South Street Arts Centre and the MAPP Centre community facility, both of which serve the local area. Combined with the further facilities for community activity at the Reading International Solidarity centre (RISC) and the Rising Sun Arts centre, the council is satisfied that the local community is relatively well- served for such spaces. Notwithstanding, there continues to be interest from the community in the use of this building.
- 6.2 Therefore, given the unique history associated with this property, it is recommended that, in the spirit of the Third Sector Policy, voluntary and not for profit groups are given the opportunity to make an informed bid for the freehold or leasehold of the Central Club building.
- 6.3 In this instance, due to the building's condition, it is recommended that a 5 month bidding period commencing 1 August 2016 and ending 31 December 2016 should be allowed for this purpose, with a report considering the future of building at the Policy Committee by February 2017.
- 6.4 This protected bidding period will be available to voluntary and community groups, registered charities, Charitable Incorporated Organisations, and not for profit groups including housing associations and Industrial & Provident Societies. Commercial developers or 'for profit' organisations will not be allowed to bid during this period.
- 6.5 Bids should be accepted on the basis of either a refurbishment of the current building to current standards, or a new-build on the site with due consideration to the retention of mural.
- A capital contribution of £220k is available for bidders that wish to refurbish the building on the basis that market rent would be payable when the building is occupied
 - For bidders proposing new build, the freehold is offered in exchange for an appropriate sum
- 6.6 As part of the 1st stage Protected Third Sector bidding, Bidders should be made aware of the following:
- It has been identified by developers investigating the options on behalf of the Steering Group that the likely added cost of retaining the mural is approximately £100,000.
 - The attached overhang from the neighbouring property, together with its orientation and light implications is an additional expensive complexity in retaining the existing building.
 - A detailed survey is available that identified refurbishment costs in the region of £650,000. This survey is now dated - the building has further deteriorated and building costs have escalated in the region.
 - That bids must contain an element of community provision

- That the mural is an important aspect of the building and bidders must include proposals to retain the mural.

6.7 It is therefore proposed that bids from the 3rd Sector must be received by 31 December 2016 (a 5 month bidding period). All bids received will be considered at a meeting of the Policy Committee in February 2017. If no suitable bids have been received, then the property will be disposed of on the open market, with a revised set of sales criteria, including consideration of the mural.

7 The Mural

It should be noted that there is a legal agreement from 1990 with the mural artist where we must inform him of any instances where we reproduce the mural, although property of the mural is assigned to and vested in the Council.

A consultation held in 2004 expressed the view that the mural continued to have a strong spiritual significance for the community

“The mural was painted which tells a story from the early days to the present and describes the struggles that Black people have faced. This mural continues to have a strong spiritual significance for the community today. Central Reading Youth Provision symbolises for many in the community their own struggles to find a place of belonging and continues to be a significant focal point for sections of the Black Community in Reading.”

The consultation held in 2008 was mixed in its opinion about whether or not the building should be retained as a resource, or a new build option explored. However, the majority expressed a view that the mural should be retained in any option. The bid from ACCG won the support of a substantial majority at the consultation meeting.

Reading Borough Council invites bidders to propose solutions that retain and protect the mural within their overall project.

8. CONTRIBUTION TO STRATEGIC AIMS

- 8.1 This contributes to the strategic aim in the Corporate Plan 2015- 2018:
- Remaining financially stable to deliver our service priorities

9. COMMUNITY ENGAGEMENT AND INFORMATION

9.1 The Steering Group has a list of 42 stakeholders and has held 4 open meetings and a further ‘mural’ drop in workshop.

9.2 The Steering Group reported that the wider community do not want to be consulted until there is a realistic plan in place; that there are concerns that the arts organisations would dominate the community space, leaving little space or time for community activity; and that there are some concerns about mixing the building with residential units.

Despite this, the report notes that the wider community and stakeholders continue to show a need and enthusiasm for the centre, with some voluntary organisations and community groups independently looking for ways of raising the funding required to develop a centre for their own purposes.

- 9.3 The original Steering Group comprised 9 members, with 2 Reading Borough Council nominees. The report notes that 4 of the steering group members have maintained their commitment to finding a solution, with others have switched their focus to retaining existing arts provision rather than developing new.

10. EQUALITY IMPACT ASSESSMENT

- 10.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 10.2 The proposed method of developing plans for the building would ensure that Reading Borough Council takes an informed view of the impact on the diverse communities in Reading.
- 10.3 The MAPP Centre in Mount Pleasant has recently completed an extensive programme of repairs with support from Reading Borough Council, and there is a strong commitment from Apollo as one of the three partner agencies to explore the provision of space for cultural activities for the African-Caribbean community in order to generate income. This has the potential to meet the community's aspirations with regard to the former Central Club building in a different way.

11. LEGAL IMPLICATIONS

- 11.1 Any proposals for use of the building or site would be considered on their own merits and any legal implications thereof brought to the attention of the appropriate decision making body.

12. FINANCIAL IMPLICATIONS

- 12.1 The market rental value of the building for community purposes, in tenable condition is considered to be in the region of £20,000 per annum.
- 12.2 The redevelopment value of the site is limited due to the constricted nature of the site and its relationship to the conservation area.
- 12.3 There is £200k in the approved Capital programme.

12. BACKGROUND PAPERS

- 12.1 Cabinet 14 April 2009 - Lease of Central Club Building
Cabinet 1 October 2012 - Extension to Lease of Central Club building
Policy Committee 3 November 2014 - The former Central Club Building
Policy Committee 18 March 2015 - The former Central Club building - consultation and review by Reading Voluntary Action

APPENDIX A

Update for RBC Policy Committee By Central Building Steering Group

MAY 2016

Background information

On the 16th March 2015 the Policy Committee endorsed the proposal that a Feasibility Steering Group be set up to consider how the Central building in London Street could be bought back into community use.

The first phase of the project was to complete the following and report back to the Policy Committee in October 2015.

- Commission an engineer's report to consider how the mural can be restored and maintained.
- Carry out a feasibility study to include consideration of how the mural can be incorporated in the proposal.
- Develop a building brief for the centre that can be shared with potential developers.
- Produce an outline business plan.
- Make a funding application that will support the development of a detailed business case for potential investors and funders.
- Make appropriate governance arrangements for the future development of the project.

The steering group membership

The steering group includes the following stakeholders:

- The Reading Sustainability Centre
- Reading Cultural Partnership
- Culturemix
- Readipop
- The Reading Arts & Culture Centre
- Reading Community Culture Group
- Hogarth Productions
- Reading Voluntary Action
- African and Caribbean Community Group
- 2 nominated members of Reading Borough Council

Outcome of the actions

The Mural

Peter Brett Associates LLP, Chartered Structural Engineers - inspected the property in June 2015 to ascertain whether the existing external mural wall could be retained if the site was redeveloped. In summary, they concluded it would be possible to demolish the majority of the building while retaining the original northern external mural wall, provided appropriate temporary bracing is first installed to the mural wall to provide stability while it is a free standing wall.

Sources of capital funding

The biggest barrier to developing the centre is identifying a source of capital funds. The governance and business model have been discussed and outlined but will need to be adapted to the final approach. The steering group have been considering 4 possible options:

- A partnership with a social housing provider.
- A partnership with a student accommodation developer.
- Raising loan finance to develop the site under a community property organisation.
- Raising grant funding from an arts funder.

Option 1 - Partnership with a social housing provider

The steering group have approached the social housing providers active in Reading and asked if they could develop the site to provide a centre on the ground and first floor with social housing above.

One Housing Association was very interested and undertook a feasibility study. They are a large national provider with experience of developing community buildings as part of developments. They have several buildings in Reading and need to rehouse a number of Reading's young people who are currently living in unsuitable accommodation.

The feasibility considered:

- Ground floor - 2 multi-functional venue spaces plus café/open reception area.
- First floor - workshops, training rooms and office space [anticipate a curfew of about 6pm].
- Two floors of residential accommodation.

They are not taking the option forward at this stage. They along with other raised the following complexities:

- The plot is small and tight and there is no parking space.
- Although it would be possible to preserve the mural through a development it will add a considerable expense [estimated at £100,000].
- The attached overhang from the neighbouring property is an additional expensive complexity.

Advantages

Could provide much needed social housing units.

The HA can see the potential of their tenants getting involved in the community activity in the building - a social enterprise café, training & workshops, volunteering & work experience. The tenants have become very isolated in their current accommodation.

Unlike a grant maker the HA would not have expectations on how the building would be used. This would make it easier to develop an arts and community centre with a particular focus for the African Caribbean community.

Disadvantages

Having residential accommodation above could restrict the activity of the centre and is not a popular solution with the potential building users.

Option 2 - A partnership with a student accommodation developer.

Six student accommodation providers have been approached to establish interest in the centre. All but one of the providers said the site is too small for them. One local provider has expressed tentative interest in finding out more about the site.

Advantages

Student accommodation provision has been profitable in Reading. It is possible that the developer would provide an annual income for the centre.

Additional student accommodation frees up other private rental property in the town.

The developer has a property development team and they would manage the building project until completion. The design of the building would be jointly agreed.

Disadvantages

Having residential accommodation above could restrict the activity of the centre and is not a popular solution with the potential building users.

Option 3 - Raising loan finance to develop the site under a community property organisation.

The steering group considered the option of raising loan finance to develop the site. Members of the group put together 'informed' figures and there was general agreement that developing the site with student accommodation has potential to generate enough income to develop a sustainable centre.

At the moment there is no local organisation that could take on the level of risk involved.

Option 4 - Raising grant funding from an arts funder.

Members of the steering group met with Arts Council England to discuss the likelihood of feasibility and capital funding for the Central building.

It is unlikely ACE will fund a feasibility study for a capital grant due to limited budgets.

However ACE is more positive about possible capital funding in the future, preferring to invest in refurbishment rather a new build.

ACE is also more positive about a standalone arts centre, possibly with offices / shops, but is not keen on a centre mixed with residential due to conflicts between residents and noise which has caused the closure of venues and centres in London and the UK.

ACE would want to see RBC support the feasibility alongside a strong case for sustainability from the resident organisations.

Advantages

Grant funding could provide a standalone centre without the need for development above.

Disadvantages

It continues to take a long time to acquire the level of funding required.

Community engagement

Open meetings - the steering group has held 4 open meetings and has a list of 42 stakeholders. Meeting attendance has been mixed from 5 people to 38. There remains a strong desire for a cultural centre in Reading that reflects the African Caribbean community in the town. It became clear through these meetings that:

- The wider community do not want to be consulted until a realistic plan is in place.
- There are concerns the arts organisations would over dominate leaving little space or time for community activity.

- Concerns about mixing the building with residential units.

Thoughts on a 'mural' drop in workshop - the steering group held a drop in workshop on the 3 October 2015. Public invited to contribute to a shared mural:

What does the mural mean to you? Who or what would you put on a mural today?

The steering group

The original motivation of the steering group was to develop additional space in the town. This motivation was lost following the announcement of the potential closure of South Street Arts Centre and 50% cuts in funding to the voluntary sector. The steering group members switched their focus to trying to retain existing provision rather than developing new.

Four of the steering group members have maintained and continue to maintain commitment to finding a solution. The wider community and stakeholders continue to show a need and enthusiasm for the centre.

Other voluntary sector and community groups are independently looking for ways of raising the funding required to develop a centre for their own purposes.

The issues raised by potential developers have challenged the economic value of the plot.