

Report to Cabinet

23 January 2020

By the Cabinet Member for Leisure and Culture

DECISION REQUIRED



**Horsham
District
Council**

Exempt Appendix 4 & 5 under Paragraph 1 and 3 of Part 1 of Schedule 12A to the Local Government Act 1972

Highwood Community Centre Development proposal and Denne Ward Community Asset review

Executive Summary

The Council wishes to build a new and enhanced community centre at Highwood as part of the Land West of Horsham 2008 Master Plan on land transferred to the Council from Berkeley Homes. The Council also wishes to build much needed affordable homes in Horsham Town Centre on the site of the old Drill Hall with some of its current users transferring to the brand new and specially designed community centre at Highwood. In addition the centre will be a new home for Horsham Amateur & Operatic Drama Society, (HAODS), the local 12th Horsham Scout Group, a new nursery as well as other local community groups.

It is acknowledged that there will be some loss of space from the centrally placed Drill Hall but this will be more than adequately compensated for by a brand new purpose built community centre and the provision of much needed Town Centre Affordable homes.

As part of this proposal, a review has been undertaken to establish how existing Council owned community facilities in Denne - the Drill Hall and the 12th Horsham Scout Hut in Hills Farm Lane - are used, being mindful of ease of access and changing population patterns resulting from major new housing developments. The primary objectives are to maximise community benefit from a facility, to reduce existing annual running costs and to help lower the Council's carbon footprint.

The review shows that the buildings are old and that they have high running costs and poor thermal efficiency and for the Drill Hall to have any extended life major capital expenditure is needed. In addition, the inherent inflexible design of the building greatly limits its attractiveness for more users and thus the ability to reduce its annual deficit cost to the Council.

Analysis shows that most of the Drill Hall current users could be accommodated at the Highwood site in an enhanced new purpose-built facility, with a sprung floor. Such a building would also be attractive to the various ad hoc users of the Drill Hall who require a mid-size venue. The few large events undertaken at the Drill Hall, such as beer festivals would need to be accommodated elsewhere in the town and examples of other town centre locations are included in Appendix 6.

It is anticipated, subject to terms being agreed, that the 12th Horsham Scout Group can also be relocated to Highwood and the existing Scout Hut site be sold for a capital receipt.

Alternative uses for the Drill Hall have been considered as part of this review. In keeping with current thinking to bring more people to live in town centres, the possibility of redeveloping the site for affordable housing has been identified. It could accommodate 20 affordable flats. This would help meet the Council's objective of increasing the supply of affordable housing, as set out in the 2019-23 Corporate Plan.

The financial consequences of this proposal are explored in detail in this report and in summary the benefit would be an anticipated revenue saving of £110,000 per year compared to building and retaining two facilities as community buildings.

Cabinet is recommended to:

- i) Approve the decommissioning of the Drill Hall to release this site for affordable housing on completion of the Highwood Community Centre.
- ii) Commit to building an extended facility at Highwood with a 240m² hall and ancillary facilities including a nursery, subject to agreeing a pre-letting arrangement with a nursery operator.

Reasons for Recommendations

To rationalise the Council's community assets to maximise their usefulness, reduce running costs and to reduce the Council's carbon footprint.

Background Papers

24 January 2019 Cabinet budget report 2019-20 appendix E capital programme
Land West of Horsham Masterplan 2008

Wards affected: Horsham Denne, Trafalgar and Forest Wards

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Background Information

1 Introduction and Background

- 1.1 The purpose of this report is to outline the business case for the construction of an enhanced community facility at Highwood, west of Horsham, subject to the decommissioning of the Drill Hall.
- 1.2 The Berkeley Homes development at Highwood, east of the A24, includes a s106 obligation to transfer a parcel of land to Horsham District Council for the purpose of constructing a community centre. This is consistent with the Council's adopted Land West of Horsham Masterplan Supplementary Planning Document 2008. The transfer of the land is expected in spring 2020.
- 1.2 The building is to be funded by Horsham District Council and a budget of £2m is allocated for this purpose in the 2019/20 and 2020/21 capital programmes.
- 1.3 The strategic objective is to align the new community building with the needs of the growing population and develop a property that is efficient to manage and sustainable over time; this includes ensuring that the building is energy efficient with modern heating and cooling systems.
- 1.4 Preparation of the strategic business case included a review of other Council owned property, namely the Drill Hall and the 12th Horsham Scout Hut in Hills Farm Lane. As a result of this review, the Drill Hall and Scout Hut are recommended for closure, which will allow those sites to be used for alternative purposes, namely affordable housing for the Drill Hall and market housing on the Scout Hut site.
- 1.5 The future management of the new community centre was also considered. Often Parish Councils take on this role, but Denne Neighbourhood Council have advised that they do not have capacity to do this. Therefore a range of management options were considered, including working with permanent stakeholders, such as a church group or commercial entity as well as self-management by the Council.

2 Relevant Council policy

- 2.1 Highwood community centre is a key feature of the Land West of Horsham Masterplan Supplementary Planning Document 2008.
- 2.2 Redevelopment of the Drill Hall would support the following Corporate Plan Priorities 2019-23:
 - 3.2 We will increase the supply of affordable homes and reduce rough sleeping
 - 4.1 Prioritise protection of the environment and lower the Council's carbon footprint

3 Details

- 3.1 The site for the Highwood Community Centre is identified on the plan in Appendix 1. The site is fully serviced and ready for development, with road access through the housing estate. Site surveys have not been undertaken but will form part of normal due diligence prior to the transfer. The target transfer date is spring 2020 with an expected completion date for the development of the community centre of autumn 2021.
- 3.2 The following work was undertaken to develop a design brief:
- A review of the existing community buildings within Denne and surrounding area; and how they are used.
 - A review of the use of the Drill Hall and whether those users can be decanted into other community buildings, including a community centre at Highwood, with the objective of decommissioning the Drill Hall so that it is available for redevelopment as affordable housing.
 - Consideration as to how Highwood Community Centre might provide a long term home for the Horsham Amateur and Operatic Drama Society (HAODS) which would fulfil a Council commitment to this group, who were displaced from the old Broadbridge Heath Leisure Centre. This would also provide an opportunity for HAODS to increase their membership from the new community at Highwood.
 - Consideration as to how to relocate the 12th Horsham Scout Group from Hills Farm Lane and free up the scout's existing building, which can be sold for a capital receipt. This would provide the scouts with an opportunity to expand their membership from the new community at Highwood.
 - A review of daytime users, including nurseries, with the objective of securing an income stream to help fund the community centre.
 - Initial consultations with key stakeholders.
- 3.3 The key outcomes from the design brief stage for the Highwood project are as follows:
- Stakeholder discussions with HAODS have confirmed that they are willing to be relocated to Highwood, subject to detailed terms being agreed, which meets the Council's commitment to find them a permanent home.
 - Stakeholder discussion with the Scouts have confirmed that they are willing to be relocated to Highwood, subject to detailed terms being agreed, which would free up their existing site for disposal as a residential development opportunity. The site is expected to realise a capital receipt of £150,000.
 - There is demand from established nursery providers for a nursery at Highwood to create a daytime 'anchor' use for the building and an on-site management presence. Out of hours management would be through a key holder with bookings and marketing achieved through IT solutions. This is a common arrangement for this type of facility. This arrangement may be supported or taken over by a nursery operator.

- A review of users of the Drill Hall indicates that it would be possible to consolidate the use of the Drill Hall with the new Highwood community centre. This would be rational from a financial perspective as it would be an efficient use of Council resources. Additionally, it would enable the Drill Hall to be redeveloped for affordable housing which is a key Council objective.
- We have had discussions with Horsham Churches Together and there appears to be no appetite from local churches or community groups to part fund/own the scheme.

3.4 The future of the Drill Hall is an important factor in the Highwood business case. The Drill Hall was acquired from the Ministry of Defence (MOD) in 2002 for £1m. A summary of the issues which impact the Drill Hall are set out below:

Factor	Comment
Revenue	<ul style="list-style-type: none"> • For the year ended 31 March 2018 the net revenue deficit of the Drill Hall was c£45,000 and this is expected to be a similar figure for year ending 31 March 2019.
Use	<ul style="list-style-type: none"> • Attractive to some users because of the large space and sprung floor, which is suitable for dancing. The alternative but smaller dance venue is the double studio at the Bridge or the Sports Hall at the Bridge for a much larger space. • Aspire, who provide adult education services occupy offices in the Drill Hall at a rent of £17,000 pa. • An audit of the current use (see appendix 2) indicates that the majority of users could be accommodated at alternative venues, including Highwood. Further consultation with users is required. A schedule of neighbouring venues is included in Appendix 6
Condition	<ul style="list-style-type: none"> • The building is +90 years old and was built for a different era and a specific use. • The building is in need of significant maintenance expenditure, costed in 2015 by an external building surveyor at £419,000 plus VAT and Fees. With inflation, this is now likely to be around £0.5m. Works have been restricted to essential maintenance during the last few years. • Upgrades are required to improve the usefulness of the building, for example sound insulation, air cooling systems and insulation. These requirements are expected to add an additional £50 per square foot to the aforementioned sum, which would be an additional £0.6m. The total expected capital cost of bringing the building into good order is therefore £1m+. • The space is inflexible which limits optimum intensity of use. The inflexibility would be difficult to address, owing to the design of the building, even with a substantial refurbishment programme. • The building would need to be closed for the duration of any refurbishment contract which would mean that the existing users would be displaced and would have to find alternative accommodation to meet their needs.
Energy	<ul style="list-style-type: none"> • The building has poor thermal performance because a large

Efficiency	proportion of the roof is glazed. The EPC rating of the building is D. This is an average rating and the effect of the offices helps to increase the overall rating. Modern community buildings have an A rating.
Title issues	<ul style="list-style-type: none"> • There are restrictive covenants which restrict the use of the building and permitted disposals. • The intention of the restrictive covenants is to ensure that the building continues to be used for social purposes (including temporary housing accommodation) and to prevent the Council from gaining a windfall by selling the Drill Hall for market housing. This will need to be extended to allow the building of affordable housing (for which there is a precedent) and the MOD have confirmed that this can be agreed. • There have been two disposals of part of the original title purchased from MOD, one to a registered provider for affordable housing and the other to a charity.
Other uses	<ul style="list-style-type: none"> • The site of the Drill Hall has the potential to be developed as affordable rental accommodation, which could be undertaken by Horsham District Homes Limited.

- 3.5 An analysis of the use of the Drill Hall shows that the majority of users can be relocated to the proposed community centre or other alternatives. This would maximise the use of the proposed community centre and would enable the decommissioning of the Drill Hall, which has an annual net revenue cost of £45,000 to the Council.
- 3.6 The recommendation to decommission the Drill Hall is a key element of the Highwood proposal as it informs the scope of the brief for Highwood and optimises the use of property by the community in Denne Ward.
- 3.7 Following preparation of the design brief, architects were instructed to prepare concept plans, to show a range of size options. These were reviewed and discussed with stakeholders and broad areas agreed, although the final layout is subject to detailed design development and further stakeholder input. The key attributes of the proposed new building are set out below. An illustrative plan, subject to further design development, is set out in Appendix 3.

Building attribute	Comments
Community centre facility	Hall, office, WCs, kitchen and relaxing area. Hall to be 240m ² , with sprung floor. Suitable for dance groups.
Space for HAODS and Scouts	Private space for HAODS to operate providing a permanent home. Scouts to have storage to allow them to operate from this facility.
Nursery	A 67 space nursery operation. A process is underway to select an end user. The proposal to build a nursery will be contingent on a pre-letting to a nursery operator.

- 3.8 Other users will be drawn from the area and from the Drill Hall. It is not expected that all of the Drill Hall user groups would be accommodated at Highwood Community Centre but there are sufficient other facilities in the District to accommodate the majority of users, as shown in Appendix 6. The majority of users are commercial operators and it is expected that they will want to manage their own needs through this process, but Council support can be provided to non-commercial operators, if required, to ensure that their space requirements needs are met.
- 3.9 There are two variables in the final design: (a) removal of the nursery element in the event of the marketing campaign not being successful and (b) development of a smaller hall in the event of the Drill Hall not being decommissioned.
- 3.10 With regard to variable (a) in 3.9, a marketing exercise has been undertaken to the nursery sector to gauge the appetite for a nursery in this location. The campaign indicated strong interest, which has been narrowed to a smaller group of experienced operators with strong financial standing. A selection process exercise is being undertaken to choose the operator, which will be on qualitative criteria. This is being undertaken in conjunction with the procurement team in an open and transparent way. The nursery element of the centre will only be built if a pre-letting agreement has been completed with the successful bidder; this will not be a speculative development. If this proves unsuccessful the building will need to be reduced in size to remove this use.
- 3.11 Concerning variable (b) in 3.9, it would be possible to develop a smaller hall, which would reduce the capital cost of construction, however this would mean that c£1m would need to be spent on the Drill Hall and there would be a duplication of facilities in the Ward, which would impact on the viability of both centres. The effect of retaining the Drill Hall alongside a basic sized hall at Highwood would increase the annual operational running costs from £45,000 at present to c£100,000, an increase of 122%. As well as the increase in cost of providing community facilities in Denne Ward, there would be a consequential increase in the carbon footprint of the Council by having two buildings rather than one. The detailed cost breakdown is set out in Appendix 4 (exempt).
- 3.12 In addition to the above there is a risk that two buildings would ‘cannibalise’ each other and that users would spread themselves between two competing buildings.
- 3.13 It can be seen from comparing the figures set out in Appendix 4 that the most beneficial option in financial terms would be to build an expanded version of Highwood in order to accommodate users from the Drill Hall and to decommission the Drill Hall on completion of this building. The case for closing the Drill Hall is strengthened by the following points:
- (a) The building has poor thermal performance and thus is difficult to cool and heat
 - (b) A new purpose built building at Highwood would target an A rating.
 - (c) A detailed analysis has been undertaken on the various users within the Drill Hall and subject to stakeholder engagement, the analysis suggests that the majority of users can be accommodated, including at Highwood and elsewhere. The details of this analysis are set out in Appendix 2.

- (d) The Drill Hall could be redeveloped for affordable housing. A concept scheme suggests that 20 units could be built, which would comprise 9 x 1 bedroom units and 11 x 2 bed units. These are the type of units that are in the highest demand on the affordable housing list and in the highest demand location. The affordable housing would provide an income to Horsham District Homes (Holdings) Limited of c£137,000 per annum net of management costs.
- 3.14 For the reasons set out above, the proposal to develop Highwood Community centre and decommission the Drill Hall and the 12th Horsham Scout Hut is the recommended option. Other options were also considered and dismissed as being too costly or impractical. These options are set out in paragraph 6, together with the reasons why those options are not recommended.
- 3.15 The resource consequences of the recommendation to decommission the Drill Hall are set out in section 7 below.
- 3.16 The programme anticipates a start on site date of August 2020. A professional team will be appointed in accordance with procurement rules. The process for procurement of the contractor will be addressed later in the programme and approval by Cabinet to both the appointment and the contract sum will be sought in the usual manner at the appropriate time.

4 Next Steps

- 4.1 The next steps are to procure a professional team, including an architect, to develop the design beyond the current concept design. Further engagement with users and other stakeholders will be required to ensure that the facility meets current user requirements. A contractor will need to be appointed which is a Cabinet decision and will be reported to Cabinet at the appropriate time.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 Market engagement has taken place with nursery users to identify their optimum requirements and detailed discussions have taken place with HAODs.
- 5.2 Local members and Denne Neighbourhood Council have been consulted on the proposal.
- 5.3 The monitoring officer and Director of Corporate Resources have been consulted and their comments included in the report.
- 5.4 Leisure PDAG comments will be reported to Cabinet at its meeting.
- 5.5 There are staffing consequences to the decommissioning of the Drill Hall. A note on this is set out in Appendix 5 (exempt).

6 Other Courses of Action Considered but Rejected

- 6.1 Retaining the Drill Hall has been considered. There are two possible scenarios:

- Retain the Drill Hall and build a smaller Highwood Community Centre
- Retain the Drill Hall and do not build Highwood Community Centre – this is not possible as it was a planning requirement to provide a community facility in Highwood.

The third option of retaining the Drill Hall and building a larger facility at Highwood has been rejected as it would be a poor use of public resources.

6.2 The scenarios set out in 6.1 above are not considered viable because:

- The Drill Hall was built in 1927. It is costly to run and in need of substantial capital investment to extend its useful economic life. Its inflexible design makes finding additional regular use difficult
- Investing £1m+ to repair and refurbish the building and upgrade the facility to address thermal performance and also build Highwood, would result in two assets providing similar accommodation within the same ward. This would be inefficient from both a capital and revenue perspective. A review of current usage of the Drill Hall indicates that it is hired out less than 25 per cent of the available time.
- Decommissioning the Drill Hall optimises the use of Council property assets. The additional opportunity to provide up to 20, one and two bed, units of affordable housing in a central urban location where demand is extremely high, would be lost.

6.3 The additional option of not building Highwood has been discounted because this would be contrary to the Land West of Horsham Master Plan 2008 and is likely to be viewed as an act of bad faith by the emerging community.

7 Resource Consequences

- 7.1 The Drill Hall currently has annual running costs of approximately £90,000 and income of £45,000 leaving a net revenue cost to the Council of £45,000 p.a. Decommissioning the Drill Hall will therefore save the Council £45,000 pa in revenue costs.
- 7.2 Should the Drill Hall not be decommissioned, an additional revenue cost of capital of approximately £45,000 pa would be caused by a c£1m increase to the capital programme to repair, refurbish and upgrade the Drill Hall.
- 7.3 Not all current users of the Drill Hall may wish to relocate to the purpose built Highwood Community Centre, but we anticipate that some will. Therefore, some of the existing user income, together with brand new users of the Community Centre, will help return a net revenue income at the Community Centre site. The anticipated net revenue income position of £45,000 pa is also helped by the lower running costs on a purpose-built new building.
- 7.4 Approving the decommissioning of the Drill Hall now will enable Horsham District Homes to work up detailed plans for affordable housing on the site. Indicative estimates are that a mix of 20 one-bed and two-bed units on the site could generate a net income of around £137,000 pa. for the housing company, which is beneficially owned by Horsham District Council.

8 Legal Consequences

- 8.1 The use of land at the Drill Hall site for affordable housing would be subject to both the removal of the restrictive covenant mentioned in paragraph 3.3 and the grant of planning permission.
- 8.2 It is noted that the Drill Hall is listed as an asset of community value and the appropriate route regarding this will be followed.

9 Risk Assessment

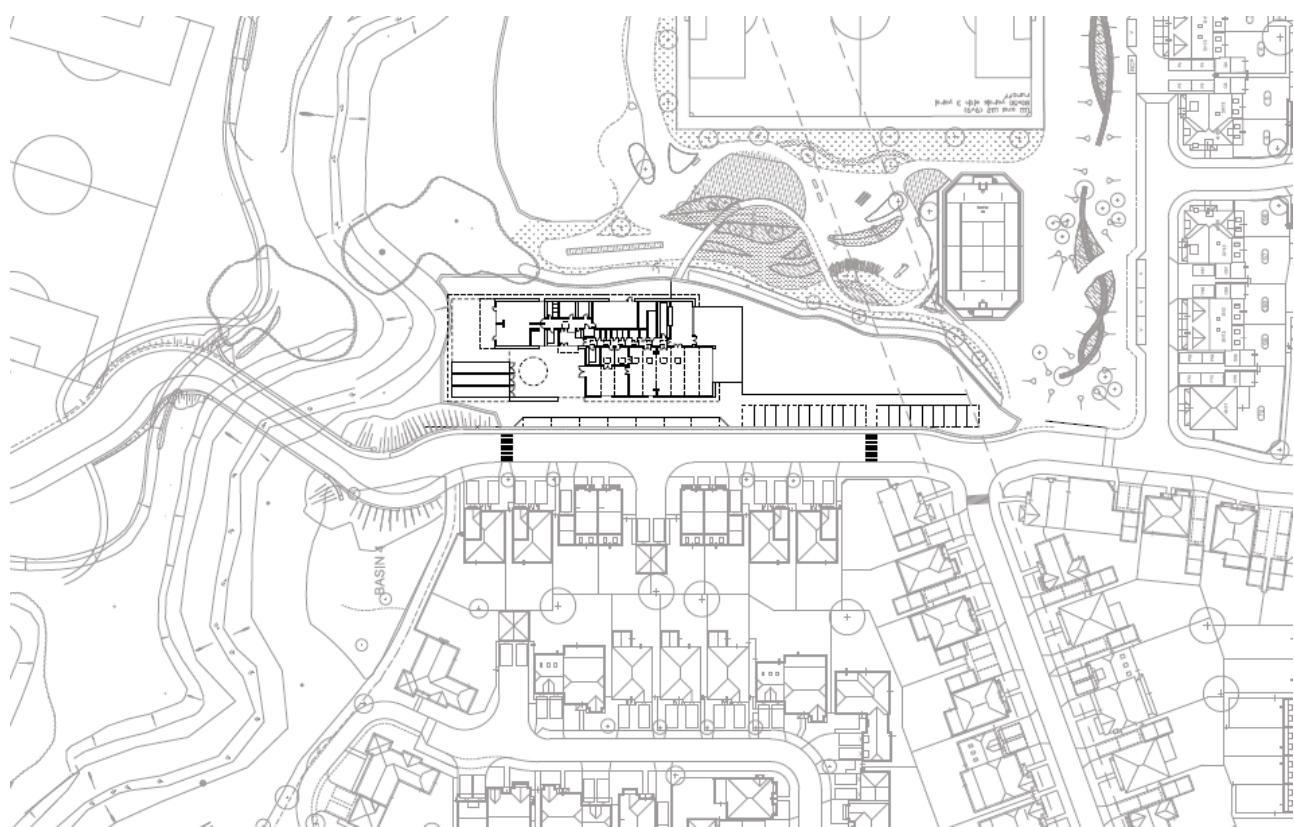
- 9.1 Users do not transfer to Highwood. The Council will consult all current regular and occasional users to gauge future requirements and to promote the new facility.
- 9.2 Normal planning and construction risks that are associated with large projects and can impact on budget and programme.
- 9.3 Securing a nursery operator of the right covenant profile and quality. If this cannot be achieved the new building will be built without such a use.
- 9.4 Legal risk for agreeing a technical alteration to the covenant on the Drill Hall to allow affordable housing in addition to temporary accommodation. Preliminary discussions with the MOD, who benefit from this covenant indicate that this is a low risk that can be managed.

10 Other Considerations

- 10.1 Please include in this section as a minimum a brief statement to demonstrate that you have actively considered the consequences of any action proposed in respect of Crime & Disorder; Human Rights; Equality & Diversity and Sustainability. Where necessary provide more detailed information and/or supporting appendices.

Appendix 1

Site plan



Appendix 2 – Audit of current uses of Drill Hall

Type of use	Users	Frequency	Options	Impact
Offices	Aspire	Daily	Aspire have said they will search for alternative accommodation	Low impact
Large Dances	Age UK, Horsham Dance Club Max 200 dancers	4 x year (2 users total 8)	Quarterly dances. Ought to be ok for larger hall	Low use – Low impact
Events	Elections; Jobs Fairs; Trainings; Art Shows; Blue Oasis (night club for disabled); Horsham Music Circle, Trade Shows	Infrequent throughout the year	Alternative venues identified. <ul style="list-style-type: none">- Parkside- The Bridge- Highwood Community Centre- Capitol Studio- Rec Rooms at The Rec, Horsham Park	Controllable consultation required
Dance	FI Steps (120-130 children)	4 x year	<ul style="list-style-type: none">- Children dance school - Highwood	Controllable
Dance	Marion Fenton (30-50)	Weekly	Commercial organisations <ul style="list-style-type: none">- Highwood sprung floor essential	Controllable
Dance	Rocsters (Worthing based) (80-150 dancers)	13 x a year	<ul style="list-style-type: none">- High energy jive- Highwood- further consultation required	Controllable consultation required

Appendix 3 – illustrative layout

