

Report to Cabinet

24th March 2022

By the Cabinet Member for Leisure and Culture

DECISION REQUIRED



Not Exempt – Exempt Appendix 3 under Part 1 of
Schedule 12A to the Local Government Act 1972

Highwood Community Centre Development proposal

Executive Summary

During negotiations in 2009 for the grant of an easement by the Council in favour of Berkeley Homes, it was agreed that the community centre at Highwood would be constructed and funded by the Council on a site provided by the developer. The s106 agreement commits the developer to the transfer of land for the community centre and a financial contribution to the scheme. The intention at the time was that the balance of the cost of funding the development would come from the consideration paid by Berkeley to the Council for the easement.

The Highwood development has now reached the point where the housing around the proposed community site is being built and it is the right time for the community centre development, if it is to proceed, to go ahead.

The Council has undertaken a survey of existing community centres in Horsham Town to assess the appropriate size of the new facility and has also consulted with local residents, by way of a consultation exercise which included a virtual town hall presentation and Q&A session. Following this work, it is recommended to proceed with a 300m² community centre, which will include a 100m² hall and a 30-35 space car park. To maximise the potential of the site and to create daytime activity, it is also recommended to build a 300m² nursery as part of the scheme. This would be retained by the Council as a commercial property investment, delivering a financial return.

The community centre would focus on local use and dance. It would not offer sport facilities because of the close proximity of The Bridge Leisure Centre, which is within walking distance and which provides the full range of sport activities.

The total cost of the proposal is expected to be £2.75m, which is split £1.26m for the community centre, £1.36m for the nursery and a budget contingency of £0.13m. The nursery would provide a 6% return on capital. The balance of the capital would not produce an income and would therefore be a revenue cost to the Council owing to depreciation and loss of interest.

The proposal is not recommended on financial grounds because it has a revenue cost to the Council. The recommendation is made on social grounds as a community centre will be important to this large new community of 1000+ homes, as it grows and develops over time.

If the recommendation is approved, the professional team will be appointed, and a planning application prepared for the project. If planning permission is granted, the development would be opened in late 2023.

Cabinet is recommended to:

- i) Approve the building of a community facility and nursery at Highwood.
- ii) Recommend to Council the approval of a capital budget of £2.75m for this purpose allocated £2.5m in 2022/23 and £250,000 in 2023/4.

Reasons for Recommendations

To provide community facilities in accordance with the Land West of Horsham Masterplan 2008.

Background Papers

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

[Districtwide Community Facilities Assessment 2021](#)

Wards affected: Horsham Denne, Trafalgar and Forest Wards

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Background Information

1 Introduction and Background

- 1.1 This report sets out the business case for the construction of a community facility and nursery at Highwood, west of Horsham. Community centres are an important aspect of community development as they provide a public space for the community to gather for group activities, social support and other purposes.
- 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, at nil consideration, for the purpose of constructing a community centre. The land is available for transfer but at this stage the transfer has not been completed.
- 1.3 It is normal practice for developers to be responsible for the delivery of community buildings on strategic developments, secured under a s106 agreement when planning consent is granted. However, in this instance the s106 was varied by agreement between the Council and the developer, so that the developer would provide the land only, and the Council would fund and construct the community centre.
- 1.4 This was agreed as part of a negotiation between the Council and the developer when the Council granted an easement over land to help facilitate the broader development. The easement was valuable and a sum was negotiated with Berkeley on a commercial basis. This impacted viability and it was agreed that the s106 package would be adjusted to take this into account. The minutes of the Council meeting held on the 16th September 2009 confirm this arrangement:

... the Council was required to grant the easements on a commercial basis and, in view of the cap on funding from the development, it would be necessary to accept that whatever was charged would be taken from the s106 fund. In order to ensure that the costs of the easements did not further reduce the total funds available for community facilities etc., it was proposed that the money received in this respect should be ring fenced and used only to replace the equivalent sum from the proposed s106 fund.

And it was resolved as follows:

That the premiums valued by the District Valuer and payable to Horsham District Council in respect of the above-mentioned easements, be used to offset S106 contributions of equivalent value in order to facilitate the development and that a capital budget in the same amount be agreed.

The capital budget may have been set up in 2009 but it needs to be allocated and therefore a new capital budget will be required if the development is to proceed.

- 1.5 The s106 agreement includes an obligation by the District Council to take a transfer of the site, but the Council is not contractually obliged to build the community building. The transfer does however state that the land may only be used for the provision of community facilities, therefore the land could not be used for alternative

purposes without a variation of the transfer terms, which would require Berkeley's consent.

- 1.6 This project was previously considered by Cabinet on 30 January 2020 in conjunction with the possible decommissioning and redevelopment of the Drill Hall. However, the Drill Hall is now expected to be transferred to the Horsham Branch of the Royal British Legion following Council approval on 13 October 2021 and retained for community purposes. The hall at Highwood can therefore focus on local needs only.
- 1.7 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; this includes ensuring that the building is energy efficient. As well as the community centre, it is proposed to build a nursery which will be pre-let to Little Barn Owls, who are an outstanding local multiple nursery group. This letting will be on commercial terms and will provide the council with an investment return, as detailed in Appendix 3 (exempt). This proposal has been costed and the budget requirement is set out in paragraph 3.8 below.
- 1.8 Community buildings are important. Academic research has shown that we gather in community far less than we used to historically. Instead, people gather on the internet and in social media, where personal contact and complex discussion is often limited. Gathering in a community space encourages collaboration, communication and conversation across communities. Community centres help unite communities, provide volunteer opportunities, help combat loneliness, positively impact on younger lives, encourage creativity and culture, the sharing of valuable information and offer education opportunities.
- 1.9 A public consultation exercise has been completed, the results of which are set out later in this report.

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 Corporate Plan – A Great Place to Live: 1.1.4 Provide new community facilities that can be used by all residents. Improved facilities will be provided at new community centres in Highwood, West of Horsham and at Kilnwood Vale.
- 2.3 The building will be low carbon which will meet the Council's Net Zero 2030 objectives.

3 Details

- 3.1 The site is identified on the plan in Appendix 1. It is fully serviced and ready for development (subject to planning), with road access through the housing estate. Normal legal and site survey due diligence will be undertaken prior to the transfer. The target transfer date is mid-2022.
- 3.3 The following work was completed during the preparation of a design brief:

- A review of existing community buildings within Denne and surrounding areas.
- Consideration whether Highwood Community Centre might provide a long-term home for the Horsham Amateur and Operatic Drama Society (HAODS); this would fulfil a Council commitment to this group, who were displaced from the old Broadbridge Heath Leisure Centre.
- A review of daytime users, including nurseries, with the intention of securing an income stream to add daytime vibrancy and create a commercial investment.
- Consultation with local residents.

3.4 The key outcomes from the work detailed in paragraph 3.3 are as follows:

- The Council commissioned a review of existing community hall facilities in Horsham Town which revealed that there are sufficient larger community buildings to meet demand. Therefore, it is not necessary to provide a facility that would serve the wider community beyond the Highwood development and a small hall design is therefore appropriate.
- Officers have consulted with HAODS to understand their user requirements. It is clear from those discussions that HAODS are not suited to a small facility as they would need exclusive use of the hall for about a month, twice a year. A small hall would not have the flexibility to house both HAODS and local community needs, therefore the option to rehouse HAODS into Highwood is not recommended. Discussions will continue with HAODS to find them other suitable alternative premises.
- There is strong demand for high quality nursery facilities in Horsham town and it is recommended to build a nursery on the site which would create a daytime 'anchor' use for the facility and potentially an on-site management presence.
- A consultation process with stakeholders and local residents has been completed, which indicated very few objections to the proposal. The results are summarised in paragraph 3.5 and graphs illustrating the feedback are shown in Appendix 2.

3.5 The public consultation was carried out by a specialist company, who sent letters to 1775 local residents living within a 1km radius of the site. The letter invited residents to a virtual exhibition, which gave information setting out the Council's proposals and invited comments. A total of 245 unique visits were made to the website, showing a response rate of 14% and 32 feedback forms were completed.

In summary, 50% of the respondents who submitted feedback forms were in favour of the community centre and 60% agreed that a nursery should be provided. There was a clear preference for a smaller community centre with an emphasis on dance and adequate parking.

Key concerns highlighted by residents were as follows:

- Parking must be adequate
- The proposal should not create congestion at the exit/entrance to the Highwood development.
- Congestion within the estate

- Noise and opening hours

The traffic and parking issues will be dealt with as part of the planning application process in the normal manner. Noise and opening hours will need to be addressed as part of a management strategy and will also be a planning consideration.

The Council has committed to consulting further with those residents who live immediately adjacent to the site to ensure that the design minimises the potential for disruption, particularly at the entrance/exit to the car park. Officers also noted feedback from local members and the neighbourhood council during this process, which included the request to make sure that the design of the community centre works with the adjoining open space, which will also be transferred to the Council by the developers.

- 3.6 Regarding the nursery, the advantage of this aspect of the offer is that it would create vibrancy during times when demand for the community centre would be weaker, i.e. during weekdays. The nursery provider has also expressed a desire to hire the hall for ancillary aspects of their operation, namely gatherings and classes for parents. The nursery operator could also provide an on-site management presence during these times.

A potential operator, Little Barn Owls (LBO), has been selected through a qualitative selection process. The nursery will only be built if LBO commits to a pre-letting; this will not be a speculative development. Details of the financial proposal and the business operation of LBO are set out in Appendix 3 Exempt.

The nursery use will need to be approved by Berkeley as part of the land transfer. Preliminary talks have taken place with Berkeley who are in favour of a nursery.

The nursery provider has agreed in principle to adopt a local policy so that children from the Highwood estate would have spaces at the nursery without having to join the waiting list. This arrangement has been agreed in principle but the details are still to be settled.

- 3.7 Architects and a quantity surveyor have created a schedule of areas for a small community building and the nursery. The community hall would have a main hall, office, WCs, kitchen, smaller hall, storage and a reception/relaxation area. The hall would be c100m², which Sport England Village and Community Halls design document indicates is the smallest operationally acceptable hall size. Because of the ancillary areas, the building would have a gross floor area of c300m². The nursery building would have a gross floor area of c300m², which would accommodate a maximum of 62 children. The car park serving both buildings would provide 30 to 35 car spaces.

Although the design is still to be agreed, it is likely that there will be two buildings, the nursery and the community centre, with shared parking.

- 3.8 The budgeted costs for each element are as follows:

Building element	Budget cost
Community hall and car park	£1.26m
Nursery	£1.36m
Additional budget contingency 5%	£0.13m
Total budget	£2.75m

If the project is approved by Cabinet, it is recommended that Council be asked to create a capital budget of £2.75m, split £2.5m in 2022/23 and £250,000 in 2023/24.

3.9 The source of funds for this development is as follows:

£0.34m of section 106 (community facility) See note 1 below
£2.41m reserves
£2.75m total cost

Note 1: Part of the s106 contribution is payable by Berkeley on completion of the 600th dwelling. If the money is not used for this purpose it would need to be repaid.

3.10 The community hall is expected to be used as a typical small community hall and would normally attract the following types of use:

- Dance, yoga and other group physical activities
- Regular Scout's sessions
- Children's parties and other social gatherings
- Meeting spaces

Given that The Bridge Sports Centre is located just across the A24 and easily accessible, it is proposed that the community hall should focus on dance rather than traditional hall sports, such as badminton.

The future management of the community centre will need to be determined. Often Parishes take on this role, but Denne Neighbourhood Council do not have the resource capacity. Alternative options will therefore need to be explored, which are (a) passing management to local residents, (b) transferring the management to the nursery provider or (c) self-management by the Council. The latter is the default option.

The expected revenue from the community hall is nil on the assumption that costs will be met from income irrespective of the management arrangements finally agreed.

3.11 The resource consequences of the recommendation are set out in section 7 below.

3.12 The programme anticipates a start on site in the autumn of 2022. 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 Next steps are to procure the balance of the professional team. Further engagement with users and other stakeholders will be required to ensure that the facility meets user requirements and is accepted by the local community. A contractor will need to be appointed; this 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 other stakeholders including the local community. The feedback is set out in Appendix 2.
- 5.2 Local members and Denne Neighbourhood Council have been consulted on the proposal and are supportive.
- 5.3 The Monitoring Officer and Director of Corporate Resources have been consulted and their comments included in the report.
- 5.4 Leisure and Culture PDAG have been consulted and they are supportive of this proposal.
- 5.5 We have also consulted with Horsham Scouting who are supportive of the scheme as they see this as a platform for building a scouting base in Highwood.

6 Other Courses of Action Considered but Rejected

- 6.1 The decision could be made not to build the community centre at Highwood. The Council is not under a legal obligation to build the community centre, the s106 Agreement merely states that the land is to be made available to the Council at nil cost for the Council to build the centre. This course of action would be contrary to how the Council approached the matter in 2009 as set out in paragraph 1.4 above and to the Land West of Horsham Master Plan 2008.

7 Resource Consequences

- 7.1 The Districtwide Community Facilities assessment 2021 indicates a surplus of community facilities in Horsham town centre. The Cabinet meeting on 7 October 2021 recommended that the Drill Hall be leased by the Royal British Legion rather than be turned into affordable housing and in doing so ensured that this building will also remain available for community activities and events.
- 7.2 The best financial option in capital terms is not to build the Highwood community facility. Whilst not spending the Section 106 may result in £188,000 of Section 106 being returned to the developer and a further £150,000 due on completion of the 599th house not being paid over to the Council, the £338,000 cost of this is significantly less than the additional £1m capital expenditure that is required to fund the hall element of the Highwood building.

- 7.3 Furthermore, with the developer's approval, it may be possible to spend the Section 106 within the Highwood community to avoid it being returned to the developer.
- 7.4 The rental from the nursery will meet the 6% return threshold criteria on property investment for that part of the development only and should not therefore be seen as a means of cross-subsidising the community hall.
- 7.5 In the light of this, building a community facility at Highwood does not make the best financial use of the Council's assets. If the Government goes ahead with the changes to the Council's finances that create the £1.7m financial gap, this will put more financial pressure on other Council-supplied services to close in the next few years.

8 Legal Consequences

- 8.1 Under section 111 Local Government Act 1972, the Council has the power to enter contracts to discharge local authority functions.
- 8.2 The Council has a duty to consider best value under section 3 of the Local Government Act 1999 by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 8.3 The Council has power to provide such recreational facilities as it thinks fit including to provide buildings pursuant to section 19 Local Government (Miscellaneous Provisions) Act 1976.
- 8.4 The legal work associated with this proposal will be conducted by the Council's internal legal team.

9 Risk Assessment

- 9.1 Normal planning and construction risks that are associated with large projects and can impact on budget and programme.

10 Other Considerations

- 10.1 It is proposed to construct the building with regard to the Government's Net Zero Estate Playbook, which promotes a net zero emissions and buildings that run more efficiently, use less energy through their lifetime and with integrated renewables.