



## Report of the Director of Environment and Neighbourhoods

### Inner North West Area Committee

Date: 18<sup>th</sup> October 2007

Subject: Headingley Community Centre

#### Electoral Wards Affected:

Headingley

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Council  
Function

Delegated Executive  
Function available  
for Call In

Delegated Executive  
Function not available for  
Call In Details set out in the  
report

### EXECUTIVE SUMMARY

The report updates the Area Committee about progress with the business case from Headingley Development Trust seeking the transfer of the former Headingley Primary School, at less than best consideration. The Trust has previously been offered a six month period to develop its business plan and funding arrangements in connection with its proposal to establish the Headingley Enterprise and Arts Centre (HEART).

The Trust is now seeking an in principle agreement that the Council will transfer the ownership (by granting a long lease) of the building at nil premium with a peppercorn rent. It is also asking the Council to support a request for funding, towards the cost of refurbishment of the property, to the Community Asset Transfer Fund. Details of the HEART scheme are attached at Appendix 1.

A report is due to be submitted to Executive Board in November outlining the Trust's proposal and asking Executive Board to decide whether to support the request. Over the last two months officers have been working closely with both the Trust and ward Members to prepare a proposal which enables the Trust to move forward, whilst safeguarding the Council's capital programme, which is reliant on the generation of a capital receipt from the disposal of the school site.

The proposal which will be submitted to Executive Board relies on the closure of the current Headingley Community Centre and the transfer of community centre activities to the proposed HEART development, once refurbishment works have been completed in approximately two years.

Should Members of Executive Board support the request, the Trust would be required to enter into a legal agreement with the Council to take on the responsibility for providing, at the Trust's expense, all local community centre functions currently provided from the Headingley Community Centre for a period of 25 years. The consequent revenue saving to the Council will facilitate unsupported borrowing by the Council equivalent to the market value of the former primary school, ensuring the delivery of the capital programme in the area and planned Council investment in other local assets, hence making the proposed transfer of the Headingley Primary School cost neutral to the Council.

In addition, the Council will be able to generate a capital receipt from the subsequent disposal of the current community centre.

Without the savings to the Council that could be generated through the closure of the community centre building, the Trust's proposal could not be implemented because of the capital programme implications for the Council.

An initial meeting has been held with the users of the community centre informing them of the possible changes. Centre users are listed at Appendix 2.

## **1. PURPOSE OF THIS REPORT**

- 1.1 This report updates the Area Committee on the progress made by the Headingley Development Trust in the transfer of the former Headingley Primary School to the Trust, at nil consideration so that it can be developed as an enterprise and arts centre.
- 1.2 The report seeks to brief Members and obtain their views and comments on a key element of the proposal that has been developed. It also seeks to ensure the successful implementation of the Trust's HEART proposal which centres on the closure of the current Headingley Community Centre and the transfer of activities to the proposed HEART scheme. The proposal would be subject to certain legal, funding and service delivery agreements being satisfactorily concluded **by the Trust by 30 June 2008.**

## **2. BACKGROUND INFORMATION**

- 2.1 The former Headingley Primary School closed at the end of the 2005/06 academic year following public consultation on a proposal to close Headingley and St Michael's CE Primary Schools and to establish a one form entry primary school on the St Michael's site.
- 2.2 In reporting to Executive Board (21 October 2005), when seeking approval to the closure of the school, Education Leeds did note the view expressed by community representatives and those associated with the school that the building should be retained for some form of community use.
- 2.3 However, capital programme assumptions have been made about the funding required for the decanting and temporary remodelling works required at the St

Michael's (now Shire Oak), estimated to cost over £1m, coming from the sale of the Headingley Primary School site

- 2.4 A proposal was received from the Trust seeking a period of exclusivity during which the property would not be disposed of, allowing the Trust time to prepare a case for the transfer of the former school and its subsequent refurbishment as a centre for social and community enterprises, as well as private businesses. It should be noted that the former superintendent's house does not form part of the HEART business plan and will be sold separately to support the Council's capital programme.
- 2.5 The Area Committee has received a number of updates/progress reports on the Trust's proposals at previous meetings. It has also supported the Trust financially by allocating up to £100K well-being capital towards the proposed refurbishment for the HEART scheme.
- 2.6 Executive Board agreed to a period of exclusivity to be granted to the Trust, to allow it to work up a business case. The six month period of exclusivity came to a close in July. A summary of the Trust's business plan is attached at Appendix 2.
- 2.7 The period since July has been used for a detailed consideration of the Trust's proposals and to develop a mechanism that would permit the transfer of ownership of the school at nil consideration, but without impacting adversely on the Council's financial position. A series of meetings have taken place between the Trust, ward Members and Council officers, with a view to developing and appraising options that would achieve both the Trust's vision for the site and the nil consideration transfer. Options identified include, involvement of a third party developer, the Trust securing the market value of the property through a mixture of funding streams and the Trust to take over the running of the community centre activities within the existing building. For various reasons each of the above were considered unviable by the Trust and/or officers.
- 2.8 The proposal from the Trust also reflects the creation of the Community Asset Transfer Fund and the opportunity that this offers to secure grant funding towards the programme of refurbishment it proposes for the building. The Area Committee gave in principle support to the Trust in securing these funds in partnership with the Council at its last meeting in September 2007. It should be noted that this grant funding is only available to the Trust if there is a firm and settled agreement that the Council is willing to transfer either the freehold or a long leasehold interest in the property.

### **3. THE PROPOSAL TO CLOSE HEADINGLEY COMMUNITY CENTRE**

- 3.1 The Headingley Community Centre was constructed in the early 1920s as a police station. It was converted to a library and then more recently to a community centre in 1985, comprising 2 larger rooms and 2 smaller rooms over two storeys. The Council has established a backlog maintenance requirement for the building of approximately £70,000. Whilst the centre provides satisfactory facilities further work is required to comply with the Disability Discrimination Act.
- 3.2 For the Council to forgo some or all of the planned receipt from the disposal of the former primary school would mean a shortfall in the capital receipts programme.

However, this shortfall could be made up through the unsupported borrowing generated by the Council being relieved of the revenue costs of maintaining and servicing the Headingley Community Centre. These savings could be capitalised to replace the capital receipt that would otherwise arise from the disposal of the former school. Additionally, the Council would then be in a position to generate other capital receipts from the disposal of the Community Centre.

- 3.3 The grant of a long lease, for a term to be agreed between the Council and the Trust, could protect the Council's position through ensuring that it had first call, by imposing a charge on the primary school property, in the event of a business failure on the part of the Trust.
- 3.4 A separate legal agreement, which would last for 25 years, between the Trust and the Council could safeguard the delivery and charging of community centre services from the HEART scheme. This would need to be agreed by 30 June 2008, prior to the proposed grant of a licence to the Trust to allow it to undertake the necessary refurbishment and conversion works to the school. The grant of the long lease would follow the completion of those works and the relocation of services from the community.

#### **4. RISKS**

- 4.1 There is a risk that the Trust will not be able to achieve all of the funding support that it is seeking for the refurbishment of the school. With the Trust, officers have established a date of 30 June 2008 by which time all realistic funding sources will have been explored by the Trust. There is an acceptance by the Trust that if the required funding package has not been secured by this time, it will withdraw its application to the Council. The former school would then be sold on the open market and the operations of the Headingley Community Centre would continue as at present.
- 4.2 There is a risk that the users of the community centre may be concerned that their access to community facilities is not guaranteed to continue. The Area Committee is asked to note that the transfer of services to the HEART scheme is being presented as an operational decision, no reduction in amenity and facility to users is foreseen on the basis of the approach that has been outlined.
- 4.3 There is a risk that the Trust will fail, at some future date, to meet the terms of the agreement reached in respect the delivery of the community centre services. This risk can be addressed through the establishment of a monitoring report to the Area Committee. A 25 year legal lease/framework will be established for the delivery of these services by the Trust.
- 4.4 There are some significant risks to the Council and Area Committee in agreeing in principle support for this proposal. Should the business plan fail, then the Council would be left with a building from which a third party had been providing services but was less than fully utilised. To dispose of the building at that stage, it might be necessary to relocate these services once again and other premises would have to be acquired. However, it is proposed that the Council should take a first charge against the Trust's interest in the property for a period of 25 years. This would allow

the Council, once again, to take on the cost of providing the services of the community centre. The Council would also have had the benefit of the capital receipt from the disposal of the current community centre.

## **5. CONCLUSIONS**

- 5.1 The Trust argues that key benefits of the HEART scheme include the retention of a well remembered building in and for the community, the potential for contributing to the economic well-being of the area and the creation of exhibition and arts facilities in the area. Officers can advise that this would be in line with Council policy objectives for the area.
- 5.2 The previously envisaged capital receipt, required to fund the current capital programme, can be made up through capitalising the revenue savings achieved from the transfer of services currently provided from the Headingley Community Centre.
- 5.3 Works proposed by the Trust to the former primary school building would almost certainly add to, or protect the value of the building. These will undoubtedly provide improved and better community centre facilities to those currently available in Headingley.
- 5.4 When viewed overall, the Trust's proposals, based on the approach outlined above, do not require the Council to face a significant reduction in its capital receipts programme or the level of services currently being delivered through local community space, nor is the Council or Area Committee exposed to an unduly high level of financial risk either in the short or long term given the safeguards and risk control strategies being pursued.
- 5.5 Further, if the request from the Trust is supported by Executive Board, it is suggested that the Directors of Environment and Neighbourhoods and City Development should establish an officer group. The group would work with the Trust during the period prior to any lease being granted, to ensure that proper progress is being made and in particular, to finalise the arrangements for the future delivery of services currently provided from the community centre. On this basis, no transfer will take place if these conditions are not met by 30<sup>th</sup> June 2008.
- 5.6 It should be noted that, without the closure of the community centre, the loss of the potential receipt originally envisaged from the disposal of the school could not be made up if the grant of a lease at nil premium and a peppercorn rent were to proceed.

## **6. RECOMMENDATION**

- 6.1 The Area Committee is asked to give its views and comments on the proposal to close Headingley Community Centre and transfer services currently being delivered there to the new HEART building once refurbishment has taken place.