

Cabinet – 6 September 2017

Leasing of Darlaston Town Hall

Portfolio:	Councillor Ian Shires – Community Leisure and Culture
Related Portfolio:	Councillor Lee Jeavons – Deputy Leader and Regeneration Councillor Keith Chambers – Personnel and Business Support/ Agenda for Change
Service:	Communities and Partnerships
Wards:	Bentley and Darlaston North
Key Decision:	Yes
Forward Plan:	Yes

1 Summary

- 1.1 At its meeting on the 26 April 2017 Cabinet made a decision to approve the negotiation of a lease to Murray Hall Community Trust and agree a supporting Memorandum of Understanding. Details of final arrangements were to be reported back to Cabinet for final approval.
- 1.2 During the negotiation Murray Hall Community Trust withdrew their bid for Darlaston Town Hall. After receiving advice from Legal Services a decision was made to discuss a potential lease with the second-place bidder, Darlaston All Active.
- 1.3 Darlaston Town Hall remains an under-utilised asset at the heart of the Darlaston community. The council, through this Community Asset Transfer, is seeking to deliver both an improvement in local services and the increased use of a key community facility.

2 Recommendations

- 2.1 That Cabinet approve the grant of a 25-year lease of Darlaston Town Hall to Darlaston All Active at a rent of £12,000 per annum.
- 2.2 That Cabinet delegates authority to the Executive Director for Economy and Environment, in consultation with the portfolio-holder for Regeneration and the portfolio-holder for Community Leisure and Culture, to enter into an agreement as set out in recommendation 2.1, including an agreed start date, and to subsequently authorise the sealing of any deeds, contracts or other related documents for such services.

3 Report detail

- 3.1 The council recognises that voluntary and community sector (VCS) organisations are best placed to manage facilities in their local communities, make extensive use of volunteers and their local knowledge, and hands-on management of the asset is likely to result in lower overheads and better value for money, as well as a more intensive use of the asset. VCS organisations can also offer innovation in service delivery. Better use of its assets can also help the council achieve improved outcomes and efficiencies.
- 3.2 Officers were instructed to pursue the potential for a Community Asset Transfer of Darlaston Town Hall to a VCS organisation.
- 3.3 Any proposed community transfer of the asset would need to meet the following characteristics:
- Community-led to meet community demand
 - Supports the council's aims and priorities
 - Sustainable in the long term
 - Has positive financial implications for the council
- 3.4 Accordingly, in July 2016, the property was marketed to the VCS on the basis of a lease of 25 years, subject to a satisfactory business plan, under the Community Asset Transfer process. The marketing exercise was a two-stage process which initially sought expressions of interest from community groups followed by an assessment of detailed business cases prepared by the bidders.
- 3.5 The process envisaged the consideration of a concessionary rent from organisations which met the following eligibility criteria:
- Must have a charitable status and be a registered company, or hold an appropriate legal status i.e. Charitable Incorporated Organisation, Community Interest Company, Co-operative or Community Benefit Industrial & Provident Society.
 - Non-profit-making and exist for community, social, environmental and economic benefit. The council recognises that community organisations may have a business element to how they operate, such as a community cafe.
 - Open to and demonstrate an inclusive approach to members of the wider community.
 - Have robust systems, governance and policies.
- 3.6 In addition to the lease, the successful party will enter into a Memorandum of Understanding which will set out the social, economic or environmental benefits that will be generated by the use of the property. This Memorandum of Understanding with the lease will create a legally binding mechanism to ensure that the building is used for purposes that support the council's corporate plan priorities.
- 3.7 Expressions of interest were received from three parties: Gazebo, Murray Hall Community Trust and Darlaston All Active. Following the evaluation of the expressions of interest, Murray Hall Community Trust and Darlaston All Active

were invited to prepare and submit a business plan in order to demonstrate that the initial proposals submitted were viable, sustainable and had been competently developed. These business plans were evaluated against agreed criteria and the evaluation panel recommended that the proposal submitted by Murray Hall Community Trust provided the best fit with the council's requirements and scored highest in the evaluation.

3.8 Murray Hall Community Trust is a Sandwell-based charity serving the Black Country and Birmingham areas. The charity was set up in 1994 by local people in Sandwell to promote health and wellbeing and was the successful bidder. However, Murray Hall Community Trust withdrew from negotiations prior to completion.

3.9 Consideration was given to the next steps and conversations have commenced with the second place bidder Darlaston All Active.

3.10 Darlaston All Active is a community-based organisation that operates from Darlaston currently. They are keen to transfer their activities to the centre of Darlaston and negotiations have commenced on a possible lease.

3.11 The outline lease terms are as follows:

Term	25 years (the term of the lease will allow the DAA to secure external grant funding) with a break clause after 10 and 20 years
Rent	£12,000 per annum Bi-annual rent review
Repairing obligations	Open book arrangements Internal repairing obligations with the exception of the memorials and the organ
User	The primary use of the building will be community use; however the organisation will be permitted to generate income through the hire of the hall to help to sustain the community activities and overheads.

3.12 With the current pressures on council budgets the relationship with the VCS has taken on a new significance. The Social Return on Investment is a key determinate when looking at this type of facility. The mix of services offered by Darlaston All Active has created an opportunity to maximise the Social Return on Investment in this building and contributes towards the Marmot objectives which are:

3.12.1 Giving every child the best start in life: Darlaston All Active will provide various self-defense and exercise classes aimed at young people. This type of activity helps give confidence, tackles obesity and reduces anti-social behavior.

3.12.2 Enabling all children, young people and adults to maximise their capabilities and have control over their lives: Darlaston All Active provides a wide range of services to the population of Darlaston around

welfare support and advice, to exercise and employment training, creating a central facility for both children and adults.

- 3.12.3 Creating fair employment and good work for all: Darlaston All Active provides employment training and have committed to supporting the local economy in Darlaston.
- 3.12.4 Ensuring a healthy standard of living for all: A wide range of advice and guidance will be provided by Darlaston All Active as well as classes for all ages.
- 3.12.5 Creating and developing sustainable places and communities: Darlaston as a regional centre has struggled. A new tenant in Darlaston will have an impact on the local economy and Darlaston as a “place”. It is hoped that the additional footfall in Darlaston will have a positive impact.
- 3.12.6 Strengthening the role and impact of ill-health prevention: Fitness clubs and health and welfare support strengthens the role and impact of health prevention.

Negotiations with Darlaston All Active have been undertaken using the following guiding principles:

- Our support for and investment in the voluntary and community sector should be driven by the Marmot objectives.
 - We need residents to have less reliance on the State and be self-sufficient as much as possible
 - The VCS has an important role to play in building self-reliance within communities
 - We need to move to commission more services rather than grant-fund them
 - We need to replace historical organic and sometimes political relationships relating to buildings and assets between the council and the third sector with professional and business-like arrangements that are transparent and fair
 - We need to get out of buildings and consolidate into a smaller number (and sell them as quickly as possible wherever appropriate)
- 3.13 Given that the proposed lease term is in excess of 21 years and also at a rate below market value, so less-than-best consideration, Cabinet approval is required.
 - 3.14 The council’s external valuer has undertaken a rental valuation of the property and has confirmed that the market rent of the property is £20,000 per annum. Consideration has been given to the social and economic benefits derived from Darlaston All Active moving to the district centre. Darlaston All Active delivers activities focusing on a wide range of user groups of all ages including:
 - Adults’ wrestling classes
 - Children’s wrestling classes
 - Karate
 - Aerobics/fitness/boxercise
 - Disability activity group
 - Elderly and disabled activity class
 - Employment training

- Line-dancing class
- Old-age pensioners' lunch club
- Ladies' zumba

In addition, there is a wide range of social events bringing the community together.

This arrangement will bring increased foot-fall into the area, thereby supporting local businesses. Darlaston All Active will support the local economy where possible and will seek to work in partnership with local businesses.

- 3.15 Currently a boxing club utilises a small part of the building and separate leasing arrangements will be put in place to accommodate them on a longer-term basis in line with the arrangements for Darlaston All Active.
- 3.16 Arrangements will be put in place for the protection, maintenance and community access to key facilities such as the council chamber, organ, memorials, stained-glass and art-work, which will be displayed but will not form part of this asset transfer.

4 Council priorities

- 4.1 Pursue inclusive economic growth, Make a positive difference to the lives of Walsall people, Children are safe from harm, happy and learning well with self-belief, aspiration and support to be their best, Safe, resilient and prospering communities – the granting of a lease of Darlaston Town Hall to Darlaston All Active will ensure that the town hall facilities will be maintained, improved and made fully available to the community.

5 Risk management

- 5.1 In order to ensure that Darlaston Town Hall remains a predominantly community facility, the lease will restrict the primary use of the building to community use. A tenant for this important building will help support the centre of Darlaston as a strong regional centre.
- 5.2 As part of the Community Asset Transfer process, Darlaston All Active produced a business plan to show how they will provide the services to the community and that they will, on a financially independent basis, be able to fund and fully maintain the facility. The business plan has been appraised by the council and it is accepted that the business plan provides the necessary assurances.
- 5.3 In addition to the lease, Darlaston All Active will be required to enter into a Memorandum of Understanding with the council which will provide the council with the ability to terminate the lease in the event that the trust does not deliver the community benefits detailed in the business plan.

6 Financial implications

- 6.1 If a tenant is not found for the town hall the obligations for the ongoing repair and maintenance of this locally-listed building will remain with the council.

- 6.2 In the event that Darlaston All Active is not able to meet its financial liabilities after the grant of the lease, this will be managed through Landlord and Tenant legislation.
- 6.3 The council's external valuer has undertaken a rental valuation of the property and has certified the market rent to be £20,000. As it is proposed that the lease will be granted at a rental of £12,000 per annum, the council is foregoing a potential rental income of £8,000 per annum for the term of the lease.
- 6.4 As the external maintenance of the building remains the responsibility of the council, no additional capital requirement will be required by the lessee. Responsibility for internal repairs will be transferred to Darlaston All Active. There will be potential financial implications for the council with respect to external repairing obligations to protect this important Darlaston district centre asset.

7 Legal implications

- 7.1 The lease and any other related documents will be prepared by Legal Services.
- 7.2 The General Consent (2003) allows for the grant of a lease at an undervalue if it provides social benefit.

8 Property implications

- 8.1 The leasing of this building will transfer the obligations for internal repair and maintenance of the building to the tenant.
- 8.2 The grant of the lease will help to maximise the use of the asset.

9 Health and Wellbeing Implications

- 9.1 Darlaston Town Hall in recent times has been used less and less for community activities. The involvement of a new partner in the area will kick-start a broader health and wellbeing push which will be aligned to the priorities as set out in the Marmot principles and the council's corporate plan.
- 9.2 During the negotiation phase of this contract we would expect focus on the needs of the area and on how we can work together to ensure the maximum impact of this initiative.

10 Staffing implications

- 10.1 Officers in Asset Management and Legal Services will be involved in the negotiation of the lease agreement and service agreement.
- 10.2 Transfers of any council staff will be covered by the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE).

11 Equality implications

11.1 It is considered that the maximisation of the usage of the town hall will benefit the citizens of the borough – in particular within the wards immediately served by the town hall.

12 Consultation

12.1 Consultation has been undertaken with ward councillors, Legal Services, Finance, Human Resources and Development, Planning and Building Control, Housing, Strategic Regeneration and Development and Delivery.

12.2 Legal Services have provided information on the council's freehold title.

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