

	London Borough of Hammersmith & Fulham CABINET 22 JULY 2013
RELOCATION OF HAFAD TO EDWARD WOODS COMMUNITY CENTRE AND RELATED REFURBISHMENT REQUIREMENTS	
Report of the Cabinet Member for Community Care – Councillor Marcus Ginn	
Open Report A separate report on the exempt Cabinet agenda provides exempt information regarding the specification and estimated costs of the scheme.	
Classification - For Decision Key Decision: Yes	
Wards Affected: Shepherds Bush Green; Palace Riverside	
Accountable Executive Director: Jane West, H&F Executive Director of Finance & Corporate Governance	
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1. EXECUTIVE SUMMARY

- 1.1. This report outlines plans for the proposed redevelopment of Edward Woods Community Centre to accommodate office infrastructure and accessibility requirements for HAFAD Hammersmith and Fulham Action on Disability (“HAFAD”). The proposed works will enable HAFAD to lease a portion of the community centre, while enabling the centre to continue to offer activity space to the community .
- 1.2. The project will enable HAFAD to relocate from their current Greswell Centre premises which were identified as suitable for disposal at Cabinet on 7 February 2011, subject to the sourcing of suitable alternative accommodation for HAFAD.
- 1.3. The report seeks approval for the works, the cost of the works and the source of the funding.

2. RECOMMENDATIONS

- 2.1. That approval be given to the works, at an estimated cost of between £333,500 and £457,930, to be funded from Section 106 or should this not be available from capital receipts.
- 2.2. That any further approvals be delegated to the Cabinet Member for Community Care in conjunction with the Executive Director for Finance and Corporate Governance
- 2.3. That accommodation be let to HAFAD at Edward Woods Community Centre for the duration of their occupation, at a rent (currently estimated at £20,000 per annum) and other terms of such lease that the Assistant Director Building Property Management and the Director of Law consider appropriate.
- 2.4. That approval be given to allow HAFAD to remain at Greswell Street at nil rent on the proviso that they move out within three months of the space at Edward Woods and the Lyric becoming available.
- 2.5. That approval be given for works to be undertaken through the Measured Term Contract for Non-Housing Projects.
- 2.6. That, in the event that HAFAD relocate to the Edward Woods Community Centre but the Greswell Centre is not immediately disposed of, approval is given for the site to be secured via a short term tenancy or through Camelot vacant property management.

3. REASONS FOR DECISION

- 3.1. Cabinet approval is necessary to approve the proposed plans, costs and source of funding.

4. INTRODUCTION AND BACKGROUND

- 4.1. The Edward Woods Community Centre and the Greswell Centre are both listed as community assets in the General Fund.
- 4.2. Cabinet on 7 February 2011 approved the disposal of Greswell Centre with vacant possession subject to alternative accommodation being offered to HAFAD. The Greswell Centre is already on the list of anticipated capital receipts.
- 4.3. The Greswell Centre is a large single storey building, previously a school, located in Fulham. The current occupants, HAFAD, have leased it from the Council since 1998 and are commissioned by Adult Social Care and by Children's Services departments to provide vital services for disabled residents. HAFAD is a third sector organisation, controlled by, and

representing disabled people living and working in Hammersmith & Fulham. HAFAD provides a broad range of invaluable services including information, advice and advocacy. It actively campaigns on disability issues supporting local disabled people to voice their views. Its work with young people focuses on integrating leisure activities and on supporting their education and employment aspirations. The organisation is unique in the borough as it offers broad based services that reflect the interests of all disabled local residents

- 4.4. The Greswell centre is currently occupied by HAFAD under a tenancy at will at a peppercorn, with market rent estimated at £76,000 per year. The centre has high maintenance costs and the land is of high value to the Council.
- 4.5. This project will redevelop the Edward Woods Community Centre to increase the amount of office space available on the ground floor by maximising under-used space such as storage etc. It will address essential accessibility improvements to make the building suitable for HAFAD. It will also address the need for ICT provision, electrics and heating to bring them up to standards compliant with current legislation. .
- 4.6. The adaptations will enable HAFAD to relocate to the community centre where they will pay market rent for office space. The group activity space at the Edward Woods community centre will remain under the management and staffing of H&F and will importantly allow the centre to remain as a community resource with rooms / halls for hire.
- 4.7. The relocation of HAFAD from the Greswell Centre will enable the building to be released for sale or alternative use. HAFAD's board members have provisionally approved the relocation.
- 4.8. This report provides costs for the necessary adaptations but also separately provides costs for routine maintenance works which have been identified in a recent condition survey, which we have been advised would be best undertaken at the same time. Potential risk costs have also been identified and estimated.

5. PROPOSAL AND ISSUES

5.1. Link to key priorities of the Council

- 5.2. The redevelopment of the centre would be planned to take place between April and August 2014, with HAFAD moving into the centre in the Autumn of 2014. This is dependent on the HAFAD youth services moving to the already agreed offices within the Lyric theatre development and the completion of those works on time. HAFAD need to ensure they move their services in their entirety and cannot split over 2 moves due to logistics of ICT / movement of servers, removal costs and also the increased distance they would need to travel from Edward Woods in the North of the borough

back to Greswell in the South of the borough when working between the 2 sites.

- 5.3. The project provides suitable accommodation for HAFAD, and continuation of the community services offered there including: fitness / dance / martial art classes, 50+ sports, school sports, seniors lunch and social clubs, crèche and children's play sessions linked to the Masbro children's centre, cookery classes and life coaching.
- 5.4. There will also be the added value of HAFAD disability support services for H&F residents operating from the centre which currently include: welfare support, advocacy, employment, career support and skills training.
- 5.5. HAFAD have also stated that they would be interested in renting the very under-used café space to run as a social enterprise, providing learning and integration opportunities for disabled service users and an important meeting space for local residents, which will further enhance the services offered to the community. It is expected that the increased use of the centre will contribute to making it a more vibrant part of the estate.
- 5.6. The above high quality, value for money services would contribute to the key Council priorities; health, wellbeing and education of local residents.
- 5.7. **Lease Terms**
- 5.8. HAFAD have had a lease for the Greswell centre since January 1998. They currently occupy the Greswell centre under a tenancy at will agreement since their lease expired and alternative accommodation was being sourced. They do not have security of tenure. They are occupying at a nil rent (peppercorn), by way of a comfort letter but the Council has previously been in negotiation with HAFAD to bring in market rent of £76K
- 5.9. HAFAD are reliant on funding from a number of different sources to cover their operational and running costs including rent. When they applied for their current funding they were not being charged rent and therefore did not include for the rent to be covered in the funding. They have requested that the Council bring in any market rent in line with when they apply for new funding and can budget for the rent to be included.
- 5.10. It is proposed that HAFAD are not asked to pay rent at Greswell if they agree to relocate to Edward Woods. Whether they remain at Greswell or move to Edward Woods Community Centre the Council would seek to bring in market rent in increments from 2014 / 15 in line with HAFAD's new funding dates.
- 5.11. HAFAD's youth service are relocating to the Lyric in Autumn 2014 so should they stay at Greswell they will be left with an under-used building with high rent. HAFAD will be unlikely to get sufficient funding to cover the rent for the services based there.

5.12. HAFAD would be offered a new lease for the designated office space at the Edward Woods Community Centre at a market rent, estimated at £20K.

5.13. **Long Term Plans**

5.14. It is expected that this project will produce a successful long term arrangement. HAFAD have stated that they may consider the option of taking over a lease for the whole of the community centre, continuing to run it as a community centre and paying full rent in the long term, which the Council may consider due to the likely cost savings.

5.15. If, for any reason, HAFAD choose to vacate in the future, the community centre will have benefitted from the increase in office space, accessibility and ICT infrastructure which will make it much more attractive to subsequent tenants, whether as individual offices or as a whole.

6. **FINANCE**

6.1 **Estimated Revenue Costs and Savings**

The proposals in the report will enable the Council to vacate the Greswell Centre and generate a capital receipt which will produce on-going annual revenue savings of between £80,000 and £160,000 associated with reduced interest payments.

The relocation also has the potential to deliver savings and/or increased income associated with reduced maintenance costs and the potential to let additional space.

The total annual revenue savings arising from vacating the Greswell Centre and relocating to Edward Woods, both debt reduction, are estimated at £149,000, assuming the midpoint.

6.2 **Estimated Capital Costs**

Table 6.2 (on the next page) shows the estimated capital costs of adapting the Edward Woods Centre to effect the relocation of HAFAD (A). Also included are priority maintenance works as identified in recent condition surveys (B) and potential risk items (C). Priority maintenance works have been included below because, although these could be deferred (for up to two years), it would be expedient to undertake them at the same time as any major adaptation or construction at the site.

Table 6.2 – Redevelopment, Maintenance and risk costs associated with the relocation of HAFAD to the Edward Woods Centre

One-Off Capital Items	Optimistic (£)	Worst case (£)	Notes
A) Full costs for construction, infrastructure and adaptations to make the centre suitable for HAFAD and continued community use:	£309,350	£340,285	The construction works are extensive and include the demolition and building of walls, installation of DDA compliant washrooms kitchens and lighting, creation of new office space and associated heating, lighting and infrastructure. Decant costs will be met by HAFAD.
B) Separate full costs for maintenance works identified in condition survey:	£24,150	£26,565	Flat Roof and window repairs
C) Separate full costs for potential risk items:	£0	£91,080	This will depend on detailed surveys (asbestos) and designs (heating). It is possible that they won't be required/spent in full, but the figures reflect the worst case potential risks:
Total	£333,500	£457,930	

The estimated costs could be between £333,500 and £457,930. Consideration should also be given to tendering the work via the measured works contract to obtain best value for money, provided this can be achieved and works completed by September 2014.

6.3 Funding

It is recommended that the total cost of £457,930 (based on the worst case) for the works should be funded from Section 106 contributions. Officers are engaged in the Section 106 board process and the project meets the criteria. It is requested that access to capital receipt funding be considered if Section 106 funding is not confirmed or to underwrite any risks or shortfall in the Section 106 funding.

7. CUSTOMER BENEFITS

Benefit	Metric
Relocation of HAFAD to Edward Woods community centre	Continuation and increase in community services at the centre. HAFAD service users would benefit from a modern accessible building with improved transport links and lower rent and running costs.
Release of the Greswell Centre	Sale would reduce Council debt or alternatively could accommodate priority services.

8. OPTIONS AND ANALYSIS OF OPTIONS

- 8.1 The alternative option of HAFAD remaining at the Greswell Centre has been considered. This would present a number of problems. HAFAD's youth services will be relocating to the Lyric at the end of 2014. If the remaining adult services and back office support were to continue at the Greswell Centre the building would be under-used. HAFAD would be expected to pay market rent, estimated at £76K. It is unlikely that HAFAD would have sufficient resources to pay this rent. The Council would therefore have to consider subsidising the rent. The Greswell Centre is also an old building and it is likely that maintenance costs which are the responsibility of the Council would also increase as the building deteriorates further with age.
- 8.2 Officers have explored alternative accommodation options for HAFAD e.g. Cobbs Hall and Fulham Cross Youth Project. However the Council had alternative priority use for these buildings. Had they been an option they would also have needed similar ICT and building redevelopment to make them suitable / accessible for HAFAD.
- 8.3 Officers have explored alternative options for redeveloping Edward Woods Community Centre; commissioning accessibility and feasibility reports on changes to the centre. Alternative options included accommodating HAFAD in the existing office space on the upper 1st floor only but this necessitated the replacement of the lift to one that could work in an emergency evacuation which was very costly and also presented restrictions on numbers of wheelchairs on the first floor for health and safety reasons. The proposed option retains 1 office on the 1st floor for HAFAD staff who are not wheelchair users (similar to how they operate at Greswell currently) but all other staff are accommodated on the ground floor and the current lift will therefore suffice .

9. EQUALITY IMPLICATIONS

- 9.1 The Cabinet report on 7 February 2011 approved the recommendation that HAFAD should only be asked to relocate if suitable alternative accommodation is found. To be suitable for HAFAD any alternative accommodation would need to address the increased disability and accessibility requirements of HAFAD's service users and staff.
- 9.2 An access audit report of Edward Woods Community Centre was commissioned and developed, together with input from HAFAD. The necessary DDA compliance works and costs have been identified to make the building suitable. HAFAD have approved the proposed works and HAFAD's board have committed to relocate, subject to approval of these works and subject also to the results of a residents' consultation.

- 9.3 HAFAD's current location at Greswell Centre, Greswell Street SW6 is not an easily accessible location, the building is not ideal in terms of access by public transport, as the site is located some distance from Fulham Palace Road which can be difficult for some disabled people to negotiate, impacting on the ability of disabled service users to visit the centre. Relocation to the Edward Woods Community would offer increased accessibility, with two bus routes serving the area and the Westfield transport hub of over ground, underground and bus routes.
- 9.4 HAFAD specifically promotes equality of opportunity between disabled persons and other persons and may benefit further by moving to shared premises – increasing exposure and integration and promoting positive attitudes and greater community cohesion. In particular they have stated they would be keen to run the café as a social enterprise internet café staffed by service users.
- 9.5 The Council Highways department have recently undertaken an accessibility audit to identify any areas where access routes may need to be improved. Items are still to be formally drafted, agreed and estimated in detail. The majority of the items were in the neighbouring Royal Borough Kensington and Chelsea. Initial estimates (based on similar scale interventions) for the works in both boroughs would be £10k. This consists of dropped kerbs, parking bay amendments and lighting.
- 9.6 The community centre will offer HAFAD a dedicated disabled parking space and a drop off area. There is additional disabled parking on the estate but we have sought to increase this for HAFAD and also for the Community hub on the estate by liaising with H&F and RBKC. Both are putting forward Cabinet reports including these requests in 2013.
- 9.7 HAFAD need to safeguard their vulnerable service users and therefore a recent residents consultation specifically asked whether residents agreed with the proposal to give HAFAD a long lease; to identify if residents have any concerns or issues with HAFAD relocating to the community centre. 85.11% of respondents agreed and 14.89% disagreed with the proposal. When analysed it was clear that the negative responses were due to the fact that respondents were either unaware of what HAFAD could offer or they were generally disgruntled with perceptions of cost cutting on the estate. HAFAD were sent the responses from the consultation. HAFAD stated that overall they were pleased with the consultation and even the negative comments or worries would be useful for their future work there. They stated they are committed to working with the local community on and around the estate and the Director is planning to attend the next Tenants Association AGM which should help inform the residents and help build relationships further.
- 9.8 A copy of the Edward Woods Community Centre Consultation Analysis and Response is available as an appendix to this report and was also sent to any consultation respondents who provided contact details and requested to be kept updated.

- 9.9 Part of the H&F Buildings Cabinet report in February 2011 included an assessment of the impact on residents should the Greswell Centre be disposed. As the decision is to offer HAFAD accommodation in the Edward Woods Community Centre, plus group services/activities at the Lyric, it was determined that the majority of HAFAD's service users would feel little impact of this decision – so long as the alternative site(s) offer good access.
- 9.10 The opportunities manager has therefore advised that an equality impact assessment is not deemed necessary for this report.

10. LEGAL IMPLICATIONS

- 10.1 As the works are conditional on HAFAD taking a lease at the Centre, a legal agreement will need to be entered into with HAFAD, prior to the commissioning of work, to ensure that they then move into the Centre. The terms for the new lease will need to be agreed by then.
- 10.2 Implications verified/completed by: (David Walker Principal Solicitor, 020 7361 2211)

11. FINANCIAL AND RESOURCES IMPLICATIONS

Revenue Implications

- 11.1 The proposals in this report will enable the Council to generate a capital receipt through the vacation and disposal of the Greswell Centre. This will support the debt reduction programme and will generate on-going annual revenue savings of between £80,000 and £160,000 associated with reduced interest payments. The report also cites potential service-orientated savings from reduced maintenance costs and the potential for increased income generation however it may be prudent to assume that, aside from debt reduction, the move will be revenue neutral.

Capital Implications

- 11.3 The capital cost of the proposed relocation is considered in section 6.2 of this report. Total costs, based on a worst-case estimate, are forecast at £457,930, inclusive of maintenance works and risk items. This report seeks approval to undertake these works and fund them from S106 contributions. The use of S106 funds is subject to confirmation from the Planning Department that such funds are available for use in this part of the Borough. In the event that S106 monies are not available, either as a consequence of external constraints or an internal decision, the report is seeking approval to use capital receipts.

- 11.5 From the point of view of the debt reduction programme, it would be preferable to use S106 contributions, if available, seeing that these cannot be used to repay debt (whereas capital receipts can be).
- 11.6 With regard to using capital receipts, it has not been uncommon since the adoption of the debt reduction programme for costs associated with relocating services (in order to generate a receipt) be funded from capital receipts. This is, of course, subject to works meeting standard capitalisation tests and costs being well within the size of the receipt being generated.
- 11.7 At present, use of receipts in this manner has not been factored into the capital programme. Therefore, any decision to use capital receipts to fund the works at Edward Woods would reduce debt reduction by a corresponding amount.
- 11.8 Not proceeding with the works would however have a much larger impact on debt reduction as this would likely jeopardise any receipt associated with the Greswell Centre (although this is said on the basis that no alternative location for HAFAD can be found).

VAT Implications

- 11.9 Given that works are being undertaken with a view to generating money from lettings there is a potential impact on the Council's VAT Partial Exemption Calculation. The precise impact would only be known once the terms of any let or lease were drawn-up as VAT rules in this area are both nuanced and complex. The Council has little-to-no headroom on its partial exemption threshold in the coming years due to the impact of other projects. In the event that the Council intends to make exempt supply from the refurbished Community Centre it may be necessary to opt to tax the building (and thus all future income generated by the building such as lettings or sale proceeds). Such an option would need to be lodged with, and agreed by, the HMRC prior to works taking place.
- 11.9 Implications verified/completed by: Christopher Harris, Head of Corporate Accountancy and Capital T. 020 8753 6440

12. RISK MANAGEMENT

<i>Risk Assessment</i>			
ID	Risk	Impact	Countering Action / Contingency
001	Lyric Theatre development not ready by September 2014	High	This would delay HAFAD moving – they need to move all services together. However it should not delay the building works to the centre and the centre would benefit in the interim
002	Asbestos Treatment	High	Potential risk identified, planned and costed for

003	Heating (possible need for additional LST radiators and controls).	Medium	Potential risk identified, planned and costed for
004	Drain to new toilets	Medium	Potential risk identified, planned and costed for
005	Repairs to mechanical distribution	Low	Potential risk identified, planned and costed for
006	External landscaping / parking bays on site	Low	Potential risk identified, planned and costed for

12.1 With regard to management of the project, all risks will be managed and assessed at the monthly project board meetings and, where necessary, will be included in the departmental risk register.

13 PROCUREMENT AND IT STRATEGY IMPLICATIONS

13.1 There are no IT implications. There are no procurement implications at this stage. When the project receives approval the Director will be represented on the Tender Appraisal Panel when the works are tendered.

13.2 Implications verified/completed by: Alan Parry, Procurement Consultant (TTS) 020 8753 2581

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	N/A		
2.			

LIST OF APPENDICES:

1. Edward Woods Community Centre Consultation Analysis and Response