

Heather House and Royal British Legion site

Timetable	
Meeting	Date
Communities, Housing & Environment Policy Advisory Committee	11 th April 2023
Executive	18 th April 2023

Will this be a Key Decision?	Yes
Urgency	Not Applicable
Final Decision-Maker	EXECUTIVE
Lead Head of Service	Phillip Morris, Head of New Business & Development
Lead Officer and Report Author	Alison Elliott, Development Project Manager
Classification	<p>Public Report with Exempt Appendices (1&2) – The information contained within those appendices has been considered exempt under the following paragraph of part 1 of schedule 12A to the Local Government Act 1972:-</p> <p>3 = Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p> <p>Public Interest Test</p> <p>It is in the public interest that the report and appendices be taken in private because it relates to commercially sensitive information and releasing the information could jeopardise the financial position of the Council and third parties.</p>
Wards affected	Parkwood

Executive Summary

In 2021, the Policy & Resources Committee approved the Council pursuing a comprehensive redevelopment of the site (including Heather House and the Pavilion Building). This has led to a successful planning application for a new community centre on the Heather House site and a new-build residential scheme of 11 dwellings on the Pavilion Building site.

To help finance the new community centre, Officers are seeking approval for a CIL Community Contribution of £956,420.

The scheme is included in the capital programme, Officers are seeking approval for the works cost and to appoint the contractor to deliver the scheme, as per the planning application.

Officers are also seeking approval to proceed with a tender exercise to procure a management provider for the proposed new community centre.

Purpose of Report

Decision

This report makes the following recommendations to the Executive:

1. That the works costs for Heather House and the Pavilion building sites be approved, in accordance with the approved planning application.
 2. That the Head of Mid Kent Legal Services, in consultation with the Lead Member, be authorised to negotiate and complete all necessary deeds and agreements arising from or ancillary to the application for planning permission.
 3. That the Director of Finance, Resources and Business Improvement, be given delegated authority, to appoint a contractor to carry out the necessary building works for the community centre and residential units.
 4. That the Director of Finance, Resources and Business Improvement, be given delegated authority, to approve the tender exercise for the procurement and appointment of an operator of the new community centre.
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1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Accepting the recommendations will materially improve the Council's ability to achieve: <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure; • Homes and Communities. 	Head of New Business & Development
Cross Cutting Objectives	The project will support the cross-cutting objectives: <ul style="list-style-type: none"> • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected. 	Head of New Business & Development
Risk Management	Already covered in the risk section.	Head of New Business & Development
Financial	Funding for this project is included within the capital programme.	Section 151 Officer & Finance Team
Staffing	We will deliver the recommendations with our current staffing within the New Business & Development Team and Mid-Kent Legal Services.	Head of New Business & Development
Legal	Accepting the recommendations will fulfil the Council's duties including under the Public Contract Regulations 2015. Acting on the recommendations is within the Council's powers.	Team Leader Contracts & Commissioning

Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council Processes.	Information Governance Team.
Equalities	We recognise the recommendations may have varying impacts on different communities within Maidstone. Therefore, we have completed an Equalities Impact Assessment responding to the needs of the community.	Equalities & Communities Officer
Public Health	We recognise that the recommendations will have a positive impact on population health or that of individuals.	Public Health Officer
Crime and Disorder	No implications	Head of New Business & Development
Procurement	On accepting the recommendations, the Council will then follow a standard procurement & appointment exercise. We will complete that exercise in line with financial procedure rules.	Head of Service & Section 151 Officer
Biodiversity and Climate Change	The implications of this report on biodiversity and climate change have been considered and; <ul style="list-style-type: none"> This aligns with action(s) (number and quote action) of the Biodiversity and Climate Change Action Plan 	Biodiversity and Climate Change Officer

2. INTRODUCTION AND BACKGROUND

- 2.1 Heather House is the only community facility still owned and directly managed by the Council. It is located on Bicknor Road backing onto the Parkwood Recreation Ground, providing facilities to enable indoor sports and leisure activities. It is currently only used by Maidstone Boxing Club. Adjacent is the Pavilion Building, currently on a short short-term lease to the Weaving Warriors Rugby Club, that can be ended at any time, by either party, on giving two months' notice.
- 2.2 Planning permission has been agreed for a new community centre on the Heather House site, and a new-build residential scheme of 11 houses on the Pavilion Building site. Comprising of 4 First Homes and 7 private

rented houses, giving the best financial return. Whilst the initial approval is for 7 x private rented houses, Officers will use best endeavours to secure grant from Homes England in due course, at a level that would allow the delivery of those homes for Affordable Rent.

- 2.3 First Homes are discounted market sale housing, meeting the definition of 'affordable housing'. These units must be discounted by a minimum of 30% against the market value. After the discount the First Sale price must be no higher than £250,000. First Homes are the government's preferred discounted tenure and should account for at least 25% of all affordable housing delivered.
- 2.4 The proposal for the Pavilion Building site is a mixed tenure scheme of 11 houses (7 for private market rent and 4 for First Home). The following table shows the schedule of new accommodation:

Type of Unit	Unit Size	Number	First Home Market Sale per unit	Market Rent per unit (PCM)	Market Rent per unit (annually)
3 Bed 5 Person	93m ³	4	£250,000	-	-
3 Bed 5 Person	99m ²	3	-	£1500	£18,000
3 Bed 5 Person	93m ²	1	-	£1325	£15,900
4 Bed 7 Person	121m ²	3	-	£1850	£22,200
Totals	1125m²	11	1,043,000	£8225	£136,500

The Scheme

- 2.5 Full scheme information is detailed within the Design and Access Statement that was submitted with the Planning Application. Appendix 4.
- 2.6 This project will significantly improve the image, visual appearance and public perception of the community centre and contribute towards the regeneration of the area. This scheme will see the delivery of much needed new, high-quality housing and a new modern multi-purpose community facility within the existing footprint of the Heather House & Pavilion sites.
- 2.7 The new 580m² community centre, is designed to accord with the latest accessibility and energy efficiency standards, resulting in lower long-term maintenance and running costs. The facility will appeal to many clubs and organisations, providing opportunity for local community involvement of all ages. It will include one court sports/community social use hall, the height of which will be capable of accommodating badminton, a kitchen, storage, bar and social lounge area, as well as further ancillary areas that will provide for field-based sports. The community centre has been designed in accordance with guidance produced by Sports England for

community halls, together with Rugby Football Union design guide for changing rooms and clubhouses. The scheme will increase more usable open space provision by repositioning the new community centre further away from the area of ancient woodland on the southern/western boundary. Establishing the required buffer zone of 15m and giving back areas of existing small underused open space taken up on the Pavilion Building development site area.

- 2.8 The housing is within close proximity of local facilities and transport services. The development will contribute to the surrounding built environment. The high-quality family homes all meet Nationally Described Space Standards, providing well-designed active frontage with plenty of green spaces, private parking and rear gardens. Natural daylight has been a key consideration, which has informed the orientation of the homes, position of the gardens and location of glazing. An energy consultant was appointed to provide guidance on achieving the necessary thermal requirements and energy efficiency measures. The residential scheme will benefit from 4 photovoltaic panels per home, these will provide renewable energy from sunlight.

Financial Commitments

- 2.9 The financial summaries for both sites are shown at Exempt Appendix 1 & 2. There is a negative NPV of -£756,223 on the new community centre, however a high NPV of £1,412,927 on the residential element of the scheme. The amalgamated scheme for both the community centre and residential site is positive, based on a private market rent and First Homes sale. This demonstrates a financially viable scheme and meets our minimum financial criteria.
- 2.10 The procurement exercise has provided a scheme cost for the entire development, details of the costs from the preferred contractor are detailed in the exempt appendix.
- 2.11 The Council have submitted a successful bid for Land Release Funding, for the proposed redevelopment of the entire site totalling £100,000. This will go towards the demolition costs of both buildings. The Land Release Fund is a cross-government initiative between the Ministry of Housing, Communities and Local Government and One Public Estate which is delivered in partnership by the Local Government Association and the Cabinet Office.
- 2.12 The financial model assumes a successful CIL bid of £956,420; that won't be determined until the summer. In the event that this is unsuccessful, monies from the £5m Infrastructure funding in the recently adopted capital program, will be utilised to provide subsidy to the community centre.
- 2.13 The Policy & Resources Committee report from February 2021 (attached background paper) detailed that income from the new housing, could provide cross-subsidy for the new community centre. However, this will no longer be the case as the profitability of market sale has been eroded by build cost inflation. Meaning that private sale is no longer the most attractive tenure for the non-First Homes units.

Contract Procurement

- 2.14 A procurement exercise has been undertaken to source a single contractor, to enable maximum efficiency to be gained from running the community centre and residential builds concurrently.
- 2.15 The tender documentation was issued via the Kent Business Portal as an open tender invitation on 31 October 2023. Completed tender documentation was returned by three contractors. The final analysis of the tender return was carried out by FFT in February.
- 2.16 Based on the tender submission, Officers have a preferred contractor they believe is the most competitive and advantageous of the three tenders received.
- 2.17 The preferred contractor submitted a build programme estimating start on site in November 2023, completion of the new community centre in November 2024 and houses in June 2025.
- 2.18 A tender exercise to procure an operator for the community centre is the next step. Officers are looking to grant a 25-year lease (contracted out of the landlord and tenant act 1954) on a fully repairing and insuring basis, to an organisation to operate and manage the facility, for the benefit of the local community. The Council would expect that the facility would be available to hire at reasonable rates to the wider community, for example private parties through to community activity groups.
- 2.19 Officers intend to proceed via a formal tender approach, contacting potential interested parties to inform them of the tender exercise and encouraging them to make an application. The tender exercise would seek interest from suitably experienced organisations who can manage and maintain the building in a way that will benefit the whole community. Officers will require that the tender bids show detailed information regarding the day-to-day operation of the building, planned activities / use and included details of opening hours. The submissions will need to show an understanding of compliance with Health and Safety and all other statutory regulations. It is anticipated that the tender pack will be published on the Kent Business Portal in the summer of 2023, with an estimated period of eight weeks from tender start to the lease being awarded.

3. AVAILABLE OPTIONS

- 3.1 Option 1: the preferred option, to appoint a contractor to build out the entire scheme, comprising of the new community centre and 11 houses, as per the planning application and to procure a managing agent for the operation of the community facility.
- 3.2 Option 2: Do nothing, leave Heather House community centre and the Pavilion building site to slowly decay. Whilst keeping the Rugby club on a

short-term lease. This is not recommended as there would continue to be uncertainty as to the future of the building and site.

- 3.3 Option 3: Demolish both Heather House and the Pavilion building. The potential loss of a community centre could impose a significant and negative impact on the existing users and surrounding neighbourhood and lose the opportunity to bring about social change and improve the quality of life in the local area

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is Option 1, outlined above in paragraph 3.1. This option will see the delivery of 11 new-build residential houses and new community centre fit for purpose, operated by a managing agent.

5. RISK

- 5.1 Maidstone Boxing Club currently operates from Reed Hall (the existing smaller hall within Heather House). The loss of the existing community provision could be viewed negatively, as the new facility cannot cater for their future space needs. The Pavilion Building is currently on a short short-term lease to the Weaving Warriors Rugby Club.
- 5.2 Officers will need to terminate the leases of both the afore-mentioned clubs to enable the development. Both clubs are aware of the Councils plans and that they will have no alternative accommodation whilst the new facility is built. There is currently no budget provision to provide temporary accommodation or changing facilities, for the clubs that will be displaced by the redevelopment.
- 5.3 It is the intention of the Council to make these clubs (along with others) aware of the tender exercise and encourage them that if they feel it suitable, to prepare and submit a tender response.
- 5.4 The Council could struggle to gain support from the local community. However, Officers will ensure appropriate and effective community engagement throughout the project.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Ward Councillors have been consulted and are supportive of the scheme design proposals and consultation has already taken place with stakeholders and residents of which their feedback has been incorporated into the scheme design proposals

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 The Executive will be informed by the Communities, Housing & Environment Policy Advisory Committee consideration of this report at its meeting on the

11 April 2023, the Executive will make the final decision regarding the recommendations.

- 7.2 The approval of the recommendations will enable the project team to appoint the contractor to commence works. Also, to proceed with the tendering for the management/operator for the new community centre.

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- *Exempt Appendix 1: Heather House - Financial Summary*
- *Exempt Appendix 2: RBL Housing – Financial Summary*
- *Appendix 3: Design & Access Statement – Written by Calfordseaden, submitted with the Planning Application, October 2021*

9. BACKGROUND PAPERS

Heather House and Pavilion building, Policy and Resources Committee February 2021. (Please note that this report is restricted. To view the report, please contact Democratic Services)