

Report of:	Richard Horniman, Director of Regeneration Cllr Mick Thompson, Executive Member for Culture and Communities Cllr Nicky Walker, Executive Member for Finance and Governance Cllr Lewis Young, Executive Member for Economic Development and Infrastructure
-------------------	--

Submitted to:	Executive Sub Committee for Property, 26th September 2018
----------------------	---

Subject:	Southlands Next Steps
-----------------	-----------------------

Summary

Proposed decision(s)

That the Executive Sub Committee for Property:

- a) notes the outcome of the recent community engagement exercise and approves the option to build a new fit-for-purpose community facility for East Middlesbrough on the Southlands site;
- b) approves the retention and refurbishment of the existing artificial grass pitch on the Southlands site;
- c) approves the demolition of the existing buildings on the Southlands site; and,
- d) receives a further report in December 2018, setting out development options for the site as well as fully costed proposals in respect of the fit-for-purpose community facility, and the refurbishment of the artificial grass pitch.

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision	Yes, as over the financial threshold	No	No

Contribution to delivery of the 2018-22 Strategic Plan

Business Imperatives	Physical Regeneration	Social Regeneration
The proposed fit-for-purpose community facility and associated redevelopment of the Southlands site is an	The proposed fit-for-purpose community facility and associated redevelopment of the Southlands site will	The proposed fit-for-purpose community facility and its location was part of an extensive consultation

effective use of resources to deliver physical and social regeneration of the immediate locality and the wider East Middlesbrough Area	create a high quality facility which would both support the local community in East Middlesbrough and contribute to the wider built environment.	exercise with local groups and partners. The proposed facility will deliver a range of local community activities with a view to improving community cohesion and associated benefits.
--	--	--

Ward(s) affected
The proposals directly affect the Park End & Beckfield ward. Ward Members from this ward, and the neighbouring wards of Brambles and Thorntree, and Berwick Hills and Pallister have all been consulted on the potential for new facilities which are intended to serve the wider community of East Middlesbrough. Their feedback has been included within the overall summary provided.

What is the purpose of this report?

1. The purpose of the report is to set out the future options for community provision, the artificial grass pitch and the existing building, in light of the previous decision to close the Southlands Centre and provide a new fit-for-purpose community facility in East Middlesbrough.

Why does this report require a Member decision?

2. The previous decision to close the Southlands Centre included a requirement for a further report to this committee regarding the options for community provision. The implications of these decisions would also constitute a key decision, on financial grounds.

Report Background

3. The Executive Sub Committee for Property on 20th April 2018 agreed the closure of the Southlands Centre over a six month period, with a consultation process required regarding a new fit-for-purpose community facility on or near the Southlands site. The decision was subsequently called in, with Overview and Scrutiny Board deciding on 11th May 2018 not to refer the decision back to the Executive Sub Committee for Property.
4. The report of 20th April noted that a further report would be prepared for September, setting out the future options - hence the production of this report.
5. An officer project group was therefore set up to consider:
 - a. decanting of existing licensees / community groups;
 - b. community engagement on a future fit-for-purpose community facility;
 - c. future of existing current artificial grass pitch;
 - d. potential demolition of the existing Southlands buildings; and,
 - e. future development options for the Southlands site.
6. This report covers the outcomes of the work undertaken on b), c) and d). Each of these is considered in turn below.

Community Facilities

7. A consultation process was established in July, encompassing a broad range of voluntary and community groups, Council partners, ward councillors and local residents. The focus of the consultation was the potential need for community space in the area, and the uses it would enable. Nearly one hundred consultees (both individuals and groups) provided feedback, which is included within Appendix I, but can be summarised as:
 - a. access to services e.g. health & social support;
 - b. digital access e.g. PC's;
 - c. social groups e.g. bingo;
 - d. sport & Fitness e.g. keep fit / team games; and
 - e. provision for young people e.g. youth club.
8. Consultees were also asked about the future location of any community provision, resulting in the following responses:
 - a. current Southlands site (50);
 - b. Park End (28);
 - c. Neptune (20);
 - d. Stewart Park (18);
 - e. UCA (15); and,
 - f. Pallister Park (13).
9. A high level site appraisal was undertaken in respect of the most popular sites in the immediate area, including:
 - a. existing Southlands site;
 - b. Park End; and,
 - c. Berwick Hills / Pallister Park.
10. Based on the initial feedback it is clear there is a need for fit-for-purpose community facilities in the area, and the Southlands site represents the best option in terms of providing a range of both indoor and outdoor activities. A new build would also offer the greatest potential to meet the definition of 'fit for purpose'. The appraisal therefore concluded that the Southlands site provided the best location for community provision. This appraisal is included as Appendix III.
11. In terms of potential costs, it is estimated that a new build community facility would cost around £1.2m, with a significant refurbishment of an existing building costing around £600,000. These figures are clearly indicative, and would obviously vary based on designs etc. but have been used for the purposes of comparing the overall cost of options. It is anticipated however that the running costs of a purpose built facility would also be lower than for a refurbishment, and that the design process would minimise these where possible.
12. In summary, although it would cost more than refurbishing an alternative facility elsewhere, the option to provide the facility on the Southlands site would be more in line with community aspirations.

Future of Current Artificial Grass Pitch

13. The current artificial grass pitch was funded through a grant from the Football Foundation as part of an overall £800,000 financial package which also included improvements to a changing pavilion at Unity City Academy. This grant was secured through a charge on the entire Southlands site and the Council cannot dispose of any part of this site until 2032 without the Football Foundation's approval. However such approval cannot be unreasonably withheld. Therefore provided that the pitches remain in place, or are re-provided elsewhere on a 'like for like' basis, it is not anticipated that the Football Foundation would have any cause to withhold permission for redevelopment.
14. Initial findings from the emerging Playing Pitch Strategy have also identified a shortfall in playing pitches across the borough. As with the Football Foundation conditions noted above, the artificial grass pitch would therefore need to either remain on site, or be reprovided at an alternative location. Simply removing the pitch is not an option.
15. As the likely cost of re-providing the artificial grass pitch is likely to be in the order of £1,000,000 (inclusive of any ancillary requirements such as car parking and access), the cost of re-providing it at an alternative venue would significantly outweigh the benefits that are likely to be derived from the land it would free up at Southlands. The existing pitch will require refurbishment in the next few years anyway, and this is estimated to require up to £300,000 of investment, which would clearly represent a more cost effective option than re-provision elsewhere.
16. Potential sites considered for relocation were Pallister Park or Unity City Academy, where it may be possible to reduce the infrastructure costs associated with any relocation, but the cost of moving the pitch itself would still outweigh the benefits of doing so.
17. In summary, the option to refurbish the existing pitch at Southlands would appear to be the most cost effective solution. The case for retaining and refurbishing the pitch is strengthened further if the proposal to develop a fit for purpose community facility on site is taken forward, as the ancillary facilities required for the pitch could be fully integrated into the design.

Summary of Options

18. To summarise, the estimated costs for the different options are as follows:

	New playing pitch off-site	Refurbished playing pitch on-site
New community facility on-site	£1.2m + £1.0m = £2.2m	£1.2m + £0.3m = £1.5m
Refurbished community facility off-site	£0.6m + £1.0m = £1.6m	£0.6m + £0.3m = £0.9m

Potential Demolition of the Existing Southlands Centre

19. Once the building is vacated and closed on the 16th November 2018, it is proposed that the buildings are demolished as soon as possible in order to mitigate the costs of empty business rates, ongoing maintenance and security costs. In addition the early demolition would also avoid further anti-social behaviour on the site and associated health and safety risks due to people trespassing on the site and gaining access to the building.

20. There is no demand or potential use for the building, as demonstrated by previous marketing exercises for the site and the need for significant investment in what is essentially a 50 year old former secondary school. Alternative uses were originally proposed, considered and despite genuine efforts over a two-year period, there was a lack of a viable business plan for the continuation of the facility as outlined in the April report. No further alternative uses have subsequently been identified.
21. Work is already underway to survey the building to determine the level of asbestos present, ensure service contracts are cancelled, utilities are terminated and the demolition work is specified and tendered. A draft programme (Appendix II) for the demolition of the Southlands Centre has an indicative start on site of the 3rd December 2018 with a view to all of the works being completed and that part of the site cleared by the 17th May 2019.
22. The indicative estimate for demolition works is in the order of £600,000 to £1 million depending on the level of asbestos present in the existing buildings. The intrusive surveys being undertaken would provide greater certainty for likely tender costs. The demolition of the Southlands Centre would also de-risk that part of the site in respect of future development potential and provides for a more transparent tender process, which would ultimately lead to a higher net capital receipt.
23. In summary, it is proposed to demolish the buildings, commencing on 3rd December 2018.

Potential Redevelopment Options for the Southlands Site

24. Early planning advice for the 14 acre site suggests that it is a prime candidate for a housing scheme which could support around 147 new dwellings depending upon design, layout etc. This would provide the Council with the maximum possible financial return from the site, and as a result, all future options would need to be considered within this context. Based on values achieved on similar sites nearby, the land is likely to be valued for housing in the range of £78k to £116k per acre, giving a potential receipt of £1.1m to £1.6m across the full site.
25. Providing a new community facility and a refurbished artificial grass pitch on the site (and associated car parking) would reduce the area available for alternative uses, and consequently reduce the maximum financial return available. If the new community facility and artificial grass pitch are to remain on site, this would leave potentially 10 acres, or 71% of the site available for alternative uses.

Other Potential Uses for the Cleared Site

26. As noted above, the Council is likely to be required to provide additional playing pitches across the area, especially where proposals for new housing sites include the removal of existing pitches. Finding land for this provision traditionally proves difficult, as most areas available for relocation would be considered as either current or future housing sites. It should be noted that the Southlands site would have the potential to take further playing pitches, in addition to the existing artificial grass pitch, and still leave some space for other uses.

27. It could therefore be considered that Southlands represents a potential location to provide a number of additional pitches, to free up higher value housing land elsewhere in the town. This would obviously further reduce the potential receipt available from the cleared part of the Southlands site, but may prove to be cost effective once the value of the sites freed up are taken into account. It is not intended that decisions around this are taken as part of this report, but the potential to bring together some form of sporting hub on the Southlands site should be noted when considering the on-site/off-site options for the community facility and artificial grass pitch.
28. Although the viability of this option would require significant exploration in future, the proposals for a community facility and refurbished artificial grass pitch need to be taken forward in a way that could support, rather than prohibit this course of action.
29. The report scheduled for December 2018 to detail the costs of the new community facility would consider this issue of future uses further, set out the due diligence required, and make recommendations around potential disposal.

What decision(s) are being asked for?

30. That the Executive Sub Committee for Property:
- a. notes the outcome of the recent community engagement exercise and approves the option to build a new fit-for-purpose community facility on the Southlands site;
 - b. approves the retention and refurbishment of the existing artificial grass pitch on the Southlands site;
 - c. approves the demolition of the existing buildings on the Southlands site; and,
 - d. receives a further report in December 2018, setting out development options for the site as well as fully costed proposals in respect of the fit-for-purpose community facility, and the refurbishment of the artificial grass pitch.

Why is this being recommended?

31. The cost of providing a refurbished community facility off-site, and a new artificial grass pitch in an alternative location would potentially be up to £1.6m (£0.6m+£1.0m), with on-site options forecast to cost around £1.5m (£1.2m+£0.3m). Although potentially cheaper, the on-site option reduces the potential developable area by four acres (29%), with any potential capital receipt reducing accordingly.
32. Although a full financial appraisal might recommend that moving the two elements off-site would maximise the financial balance of the decision, the value of land in the area is relatively limited (even for housing), so the difference is unlikely to be unpalatable. It is therefore recommended that the benefits of addressing the community needs identified would outweigh any potential difference in capital receipts.
33. The need for a fit-for-purpose community facility and its location on the Southlands site is evidenced through the outcome of the community engagement exercise. This facility has a positive impact in terms of community cohesion and health outcomes in East Middlesbrough.

34. In summary, providing the two identified elements on-site would provide an appropriate balance between addressing community needs, and the potential receipt available from the remainder of the land.

Other potential decisions and why these have not been recommended

Refurbish an alternative building, move the playing pitch to an alternative venue and clear the whole site for alternative use.

35. This option would potentially be more expensive than the preferred option, as the cost of re-providing an AGP is significant. It would however provide a fully cleared site, which could be sold to offset some of the costs. Again, the solution would not provide the local community facilities identified through the consultation, and therefore is less desirable than the preferred option.

Refurbish alternative building, refurbish playing pitch on site and clear majority of Southlands site for alternative use

36. This would potentially be the most cost effective solution, as it avoids the prohibitive costs of completely re-providing the football pitch. Any refurbishment used to secure a community venue elsewhere would be constrained by the configuration of the existing building and may not achieve the objectives of the consultees in providing a flexible community facility. The Southlands site is the first choice of the consultees for the location of a fit-for-purpose community facility.

Move pitch to an alternative venue, build new community facility at Southlands and clear majority of site for alternative use

37. This proposal would be more in keeping with the findings of the consultation in terms of the community facility than the previous option, however this would also potentially be the most expensive option and would move the pitches away from where their current, well-established location. As mentioned previously the cost of the re-provision of the artificial grass pitch elsewhere is prohibitive, and would not be offset by the value of the additional land freed up on the Southlands site.

Impact(s) of recommended decision(s)

Legal

38. The recommendations do not create any specific legal issues, although the actions recommended and any subsequent steps would all need to be undertaken within the Council's legal framework.

Financial

39. The total cost of demolishing the centre is estimated to be between £600,000 and £1m, depending upon the extent of any asbestos within the building. Intrusive surveys are to be carried out to ensure that tender costs are sought with the maximum possible certainty. The funding for demolition would be sought from the Council's Capital Programme.

40. The cost of the new community facility has been estimated at £1.2m, with the cost of refurbishing the football pitch estimated at £300,000. This money would also be sought from the Council's Capital Programme.
41. No assumption has been made that the Council would operate both facilities, therefore no assumptions have been made about running costs, or any interim arrangements that may be required between the demolition of the existing Southlands Centre, and the construction of a new community facility on-site. It is expected however that the design of the new facility would minimise future running costs.
42. Any financial return accruing from the reuse of the cleared elements of the site would be considered in a subsequent report outlining potential options. As with most sites, the sale of the land for housing would generate a significant capital receipt, along with the potential for New Homes Bonus and additional Council Tax. All other options would be considered alongside a valuation as housing land.
43. Although a formal valuation would be required for any potential disposal, based on values achieved on similar sites nearby, the land utilised for the community facility and playing pitch is likely to reduce any potential receipt to somewhere between £0.8m - £1.2m (a reduction of £0.3m - £0.5m).

Policy Framework

44. The proposals do not require any change to the Council's existing policy framework.

Equality and Diversity

45. A Level 1 Impact Assessment has been undertaken (included as Appendix IV) identifying that the proposed recommendations for the site are likely to have a positive impact in terms of diversity and community cohesion. No groups with protected characteristics are adversely impacted by the decision.

Risk

46. The demolition of the existing Southlands buildings would enable existing savings proposals to be fully realised and positively impact on the risk of the Council making incorrect assumptions in the MTFP which will result in a funding gap requiring further savings to be made.
47. The development of a fit-for-purpose community facility and the refurbishment of the existing artificial grass pitch would positively impact on the risks associated with community cohesion, health outcomes and access to Council partners in East Middlesbrough.

Actions to be taken to implement the decision(s)

48. The following actions would be undertaken to implement the proposed course of action:
- a. costed designs for a new fit-for-purpose community facility on the site would be progressed, with local stakeholder input;
 - b. specifications and associated costings would be prepared for refurbishment of the existing artificial grass pitch on the Southlands site;

- c. the procurement of a demolition contractor would commence with a view to demolition commencing on or around the 3rd December 2018, with a target completion date of the 17th May 2019.
- d. a detailed site development appraisal of the remaining site would be undertaken, considering any potential capital receipt, Council Tax and New Homes Bonus, and provide Executive Sub for Committee with options for disposal in December 18.

Appendices

Appendix I - East Middlesbrough Feedback on Community Consultation.

Appendix II - Draft Demolition Programme.

Appendix III - High Level Site Appraisal

Appendix IV - Level 1 Impact Assessment

Background papers

Body	Report title	Date
Executive Report	Withdrawal of Sport and Leisure Service Provision from Southlands Centre.	26th of January 2016
Executive Sub Committee for Property	Expressions of Interest for Southlands Centre	15th of June 2016
Executive Sub Committee for Property	Future of Southlands Centre	22nd of March 2017
Executive Sub Committee for Property	Update on the Southlands Centre	22nd of November 2017
Executive Sub Committee for Property	Southlands Centre-Future Options	20th of April 2018