

CABINET: 1 MARCH 2006

MARCHWOOD COMMUNITY FACILITY

1. BACKGROUND

- 1.1 In 1993 the site of the former power station in Marchwood was starting the process of changing use to the industrial site that it is today. The site included Marchwood Sports and Social Club (MSSC), the social facility for the former power station. MSSC had already established a broader base of membership locally and at the time was regarded as the key community facility in the village.
- 1.2 There were concerns that the community use of that site might be lost, despite a land use allocation in the Local Plan. Allied to this, the owners at the time would not enter into a lease with MSSC to enable that use to continue. The only means to secure the continuity of provision was for a local authority to take a lease from the landowner. After discussions with the Parish Council, it was agreed that the District Council would take the head lease and then sublease the site to MSSC. Financially, the Council pay the rental to the landlord and then recover an equivalent sum from MSSC, so the budgetary cost is neutral, however there has been a significant amount of officer time spent on the management of this property in recent times. The sub-lease arrangement has been in place since 1993 and it has worked well up until this financial year.
- 1.3 This report addresses two issues for this site. Firstly, financial difficulties have arisen this year which have entailed a cost to the Council for which there is no budget. Secondly, the Council has to decide before the end of March, whether it wishes to continue with the lease. It is a complex matter to report, so the various elements are considered in turn.
- 1.4 Throughout the elements that follow the objective has been to keep MSSC in operation because the Council's liability for the rental is fixed, so whether the premise is operating or not, the rental will need to be met. If MSSC operate, it is more likely that the Council will receive a contribution to its rental income; clearly it cannot if there is no trading on the premises. The premises cannot be assigned to another party under the terms of the lease.

2. FINANCIAL POSITION: MSSC

- 2.1 MSSC is in dispute with PowerGen over their electricity supply. Their billing has escalated for no apparent reason and as a result MSSC are in arrears to the order of £20,000. MSSC were on the brink of a Court appearance before Christmas but after an intervention by the Council, they have continued to operate. If PowerGen cut off the supply, then MSSC will not be able to operate and the arguments in 1.4 above,

apply. Due to the possibility of closure, the electricity debt has been addressed first by MSSC. As a result they are behind with their rent to the Council.

- 2.2 The debate over the reason for the unusual electricity bills has led to investigations by the authority and a technical inspection of the site. However, this did not identify any technical reason for the bills seeming to be out of scale with past practice. MSSC did agree a pattern of payment with PowerGen but this has not prevented a second Court summons by PowerGen. The current position with respect to this summons is that the electricity regulator has sent a strong request to PowerGen to hold over any action, subject to further investigation. This does appear to have forestalled action. This has other implications that are outlined in Section 3.
- 2.3 If no rental is paid to the Council up until the end of the lease in September, the actual income will be £17,500 short of the budget. However, in the meantime, officers are working with MSSC on a means to reduce this liability and it is expected that it will be reduced but by how much is not clear at this stage.

3. FINANCIAL POSITION: FOREST BUS IMPLICATIONS

- 3.1 Another reason to maintain MSSC in operation became clear during the investigations of the electricity supply. The supply to the neighbouring site came through MSSC. If they were cut off, then this other site would also lose its supply. Whilst the Council is not liable for MSSC's bills, it is liable for the supply to the other site. That other site is Forest Bus, an organisation that is core funded by the Council. So, as well as the strict legal position, there would have been strong pressure to undertake remedial action to secure their operation by some other means.
- 3.2 At the time of the second summons there were immediate deadlines to decide whether to undertake work or not in order to secure Forest Bus' position. It seemed (and still does) very unlikely that MSSC would be able to resolve their difficulty with PowerGen and given the scale of the issues that might relate to it, the decision was taken to take immediate action to provide a separate supply to the other site. The estimate for all the MSSC investigation works and provision of supply amounted to £3,000, which could be found within current budgets. However, it appears that this may be somewhat higher and the latest estimate is £7,000. It is unlikely that this can be fully met within existing budgets. The supply to Forest Bus is now secured, so they will be unaffected by MSSC's relationship with Powergen.

4. LEASEHOLD

- 4.1 The earliest time the lease can be terminated is September 2006 but the Council needs to give notice of its intentions to the landlord before the end of March.

- 4.2 At the time of the original lease, it was felt strongly that MSSC was the key local provision in the village and the site was perceived as under threat of development, despite the land use designation. Both were shown to be correct and notwithstanding the significant current issues, it is an arrangement that has been of considerable benefit to the residents of Marchwood. In addition, it has, together with the planning designation, led to the housing of Forest Bus within the original boundaries of the MSSC site. Forest Bus now has their own lease directly from the landowner and are independent of the considerations in respect of MSSC.
- 4.3 A question is whether the same circumstances prevail? There are complex matters to weigh up in both the rights in respect of the lease and the community presence. On balance, the suggestion is that circumstances have changed and it is time for the Council's leasehold interest in the building to end.
- 4.4 MSSC is used and it does provide a useful facility, however they have no rights to a continuation of their occupation under the lease. It is only the Council that has a right to renewal. If the Council does not renew its interest, MSSC has no statutory right to remain in occupation or demand the landlord to grant them a direct lease. It will be for MSSC to negotiate directly with the landowner.
- 4.5 Operationally, leisure officers feel the community use of the site will always be under threat because it is at the entrance to a developing business park. If the continued use of MSSC could be arranged, it would be a major achievement. The community use element of this business park is already less than the original 1993 allocation due to the loss of the proposed youth club site which is contiguous with MSSC. At that time, a developer's contribution was secured for the provision of future youth provision. There is therefore merit in the continued use of the site for community purposes and an appropriate role for the Council to support that continuity.
- 4.6 As far as community use is concerned, there is still a need but since 1993 the Community Centre has opened and other community facilities surrounding Marchwood have improved. The Parish Council might at one time have considered this as a location but they have permission to relocate back to Lloyd Recreation Ground, which is more central and would be a new building to their specification
- 4.7 The site has been mooted as a location for the frustrated attempts to place the youth centre. However, when previously discussed, the landowners were strongly against the location of a youth facility at this very visible site for all those entering the industrial park.
- 4.8 In summary therefore, it is suggested that the Council should not renew its lease but should be active in seeking to retain community use of the site.

5. FINANCIAL IMPLICATIONS

- 5.1 These have been presented earlier in the report. In summary:

ELEMENT	AMOUNT	COMMENT
Loss of income 05/06 And 06/07	£17,500	It should be less than this, an arrangement for rental payment is under discussion
Works to secure electricity supply 05/06	£7,000	Half of this can be met from current budgets. Final costs not yet known
Dilapidations 06/07	Being assessed	These costs should be met by MSSC, if they are not they will have to be met by the Council as tenant of the building.

6. CONSULTATION

6.1 Given the sensitive nature of the issues, informal discussions only have taken place with MSSC, officers of the Parish Council and Powergen.

7. ENVIRONMENTAL IMPLICATIONS

7.1 The site is kept in condition through occupation. If it were closed it could become unkempt.

8. CRIME AND DISORDER IMPLICATIONS

8.1 There are beneficial activities taking place on site and from the site. If the site were not occupied it could become a target for anti social behaviour but it is well fenced, so it would be unlikely to be a major factor. If both this Council's interest and/or MSSC occupation were terminated, it would be the landowner's responsibility to ensure it was maintained.

9. PORTFOLIO HOLDERS COMMENTS

9.1 The Portfolio Holder for Leisure Tourism and the Arts supports the recommendation for future lease arrangements.

10. RECOMMENDATIONS

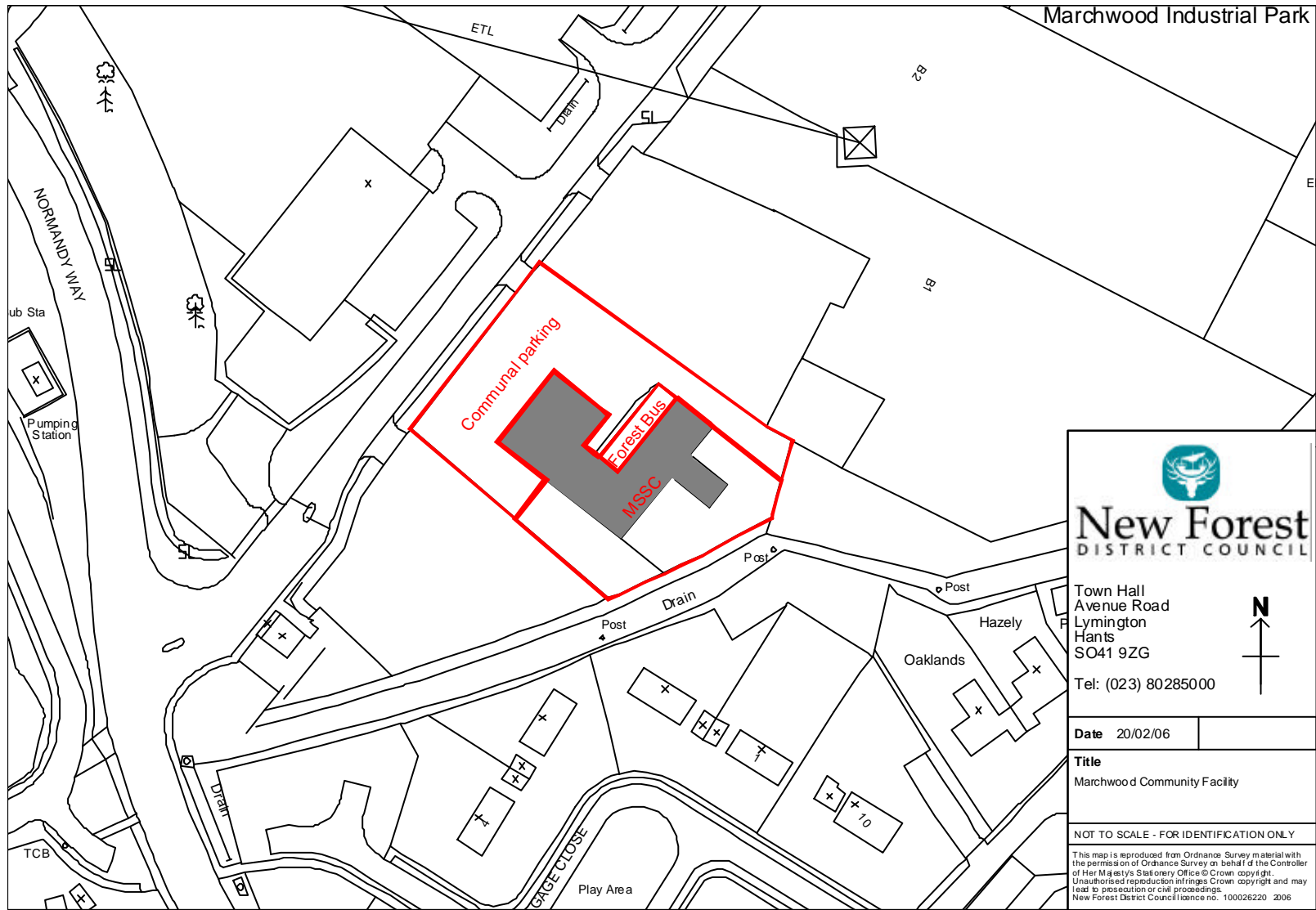
10.1 It is recommended that:

- a) the lease for community premises in Marchwood is not renewed.
- b) active support is given to retain community use of the site
- c) the financial implications be reported as part of the financial variations for financial years 2005/06 and 2006/07.
- d) arrangements be made to recover the maximum income under the current arrangements consistent with the continued use of the site.

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Background Papers:
Published report.

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Marchwood Industrial Park

B2
B7

ETL
Drain
CI

NORMANDY WAY
Sub Sta
Pumping Station

Post
Drain
Post
Post

Hazely
Oaklands

TCB
URRANT
Play Area
GRACE CLOSE



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Date 20/02/06	
Title Marchwood Community Facility	
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