

## CANONBIE PUBLIC HALL AND PLAYING FIELD RECREATION CENTRE - LEASE – OUTSTANDING ISSUES

### 1. Reason for Report

To advise Members in relation to the lease of Canonbie Public Hall and Playing Field Recreation Centre (CPH), and to seek approval for a financial contribution from the Community Learning and Development Service Capital (Maintenance) Programme to ensure that the outstanding capital work to the property can be completed and the building transferred in a state that is fit for purpose.

### 2. Report Summary

2.1 In Section 9 this report outlines the background to the property development at CPH, and the lease arrangements between Dumfries and Galloway Council and the Trustees of CPHMC, with particular reference to the conditions of the Scottish Executive Local Capital Grant Scheme Funding received by the above Management Committee in March 2003.

2.2 The report details the most recent condition survey and highlights outstanding capital works required to make the property fit for purpose. (See **Appendix**)

2.3 The report details at Section 6.6, the outstanding monies owed to the Council by the Trustees of CPHMC for work to construct an extension comprising of changing rooms, showers and toilets.

2.4 The report details at Section 6.7 the financial position of the Trustees of CPHMC, in particular their inability to meet both the outstanding balance owed to the Council and the outstanding capital works detailed in the conditions survey.

2.5 The report details, in Section 7, the difficulties encountered over the last six years and highlights the risks to the Council and the Trustees of CPHMC should the current problems with respect to the outstanding balance owed to the Council not be resolved.

2.6 The report considers, in Section 10 a way forward that allows both the outstanding financial issues to be resolved and the major outstanding work to be completed.

### 3. Glossary of Terms

- CLD – Community Learning and Development
- LCGS – Local Capital Grant Scheme
- DGC – Dumfries and Galloway Council
- CCF – Community Capital Fund
- VHIS – Village Halls Improvement Scheme
- CPH - Canonbie Public Hall and Playing Field Recreation Centre
- CPHMC - Canonbie Public Hall and Playing Field Recreation Centre Management Committee
- CR - Community Resources

- SHIP – Scottish Hall Improvement Programme

#### **4. Recommendations**

Members are asked to:

- 4.1 note that the Trustees of Canonbie Public Hall and Playing Field Recreation Centre Management Committee were awarded a grant of up to £100k from the Scottish Rural Partnership Local Capital Grant Scheme in March 2003 on the condition that the property was owned by the community or leased to them on a long term basis and that a total of £91,736 was claimed and received;
- 4.2 note the lease to the Trustees of Canonbie Public Hall and Playing Field Recreation Centre Management Committee, in particular the signing of the 25 year Lease with the Council effective from 17 September 2004;
- 4.3 note the most recent condition survey for the property, as detailed in **Appendix**, identifies outstanding capital works valued at £81,700 (excluding professional fees);
- 4.4 note that the Trustees of Canonbie Public Hall and Playing Field Recreation Centre Management Committee owe Dumfries and Galloway Council £30,827.64 for “construction work and fees” to construct a large extension comprising of male and female changing rooms, showers, toilets and a store;
- 4.5 note that the Trustees of Canonbie Public Hall and Playing Field Recreation Centre Management Committee do not have funds to pay both the outstanding balance owed to the Council and deal with the outstanding property work, as detailed in the condition survey; and
- 4.6 agree to fund the outstanding balance of £30,827.64 from the Community Learning and Development Service Capital (Maintenance) Programme 2007/08 as the Council's contribution to making the property fit for purpose, on the basis that the outstanding works and any future work (both repairs and capital) is completed by, and is the sole responsibility of the Trustees of Canonbie Public Hall and Playing Field Recreation Centre Management Committee.

#### **5. Corporate Plan Links and Contribution**

This report supports and responds positively to the Council's Asset Management Plan. It also contributes to the values and principles of the Council's emerging Corporate Plan 2007 – 2011, by giving local people the opportunity to develop a facility and programme of action for the educational, social and recreational benefit of the community, in accordance with their specific needs.

#### **6. Resources/Value for Money Assessment**

6.1 In 1999, the Trustees of CPHMC produced a Development Plan for the year 2000 and beyond. Building works to the value of £260,500 to upgrade CPH, were identified within this Development Plan.

6.2 Over the last 6 years a total of £251,221.92 has been spent by the Council as agents of the Trustees of CPHMC on the refurbishment of CPH. In the main these capital works took place during 2003/04 and included re-wiring the property,

demolishing the old toilets and building a new extension comprising of male and female changing rooms, showers, toilets and a store.

6.3 The catalyst for the above development and refurbishment of the property came from a successful Scottish Rural Partnership Local Capital Grant Scheme Award of up to £100k offered to the Trustees of CPHMC, which was then supplemented by a grant of £50k from the CCF, £40k from VHIS (£25k of which was paid to the Trustees of CPH), £6k Grant from previous CR Department, and local fund raising and the sourcing of other external funds by the Trustees of CPHMC.

6.4 The Scottish Rural Partnership LCGS Award of up to £100k offered to the Trustees of CPHMC represented 46.5% of the total eligible expenditure and was only payable on receipt of appropriate invoices and evidence.

6.5 The total amount claimed against the Scottish Rural Partnership LCGS was £91,736 based on a total expenditure of £197,280.85 and an intervention rate of 46.5%. This funding was claimed under three separate claims as detailed below and was paid direct to the Trustees of CPHMC.

#### Scottish Rural Partnership Local Capital Grant Scheme

	Claim No 1	Claim No 2	Claim No 3	Total
Expenditure	£170,583.92	£6,591.52	£20,105.41	<b>£197,280.85</b>
LCGS Intervention	46.5%	46.5%	46.5%	<b>46.5%</b>
LCGS Grant Payment	£79,322	£3,065	£9,349	<b>£91,736</b>

6.6 While repayment of the first claim of £79,322 has been received by the Council from the Trustees of CPHMC to offset some of the costs associated with the refurbishment of the property, the re-imburement of costs associated with the second and third claims have not been paid to the Council. In addition, there is an outstanding payment due to the Council for costs that were non-eligible for LCGS funding. The total amount due to the Council (Design Services) is £30,827.64, as detailed at Section 6.7.

#### 6.7 Summary Income and Expenditure 2002-2005

Funding body	Narrative	Expenditure	Income	Balance
DGC	Payment by Design Services	£178,983.60		£178,893.60
DGC	CCF Grant	£50,000.00	-£50,000.00	
DGC	VHIS – CR* Payments by Community Services	£21,518.32	-£21,518.32	
CPHMC		£720.00	-£720.00	£720.00
CPHMC	Payments to Design Services**		-£145,630.06	-£145,630.06
Community	Payments to		-£2,525.90	-£2,525.90

Services	Design Services			
	<b>TOTALS</b>	<b>£251,221.92</b>	<b>-£220,384.28</b>	<b>£30,827.64</b>

\* Includes £15k VHIS and £6k CR Grant

\*\*Includes £25k VHIS and £79,322 LCGS

6.8 As noted above the Trustees of CPHMC owe the Council (Design Services) a total of £30,827.64 for works associated with the extension and refurbishment of CPH. However, at present they only have £23k in their bank account.

6.9 In addition to the above, the Council and Management Committee have been advised following a Fabric Condition Survey of the property in 2001 (as detailed in **Appendix**) that while a major investment has been made on CPH, outstanding capital works to the value of £81,700 (excluding professional fees) still requires to be carried out.

## 7. Risk Assessment

7.1 A condition of the Scottish Rural Partnership LCGS Award received by the Trustees of CPHMC in March 2003 was that the said Management Committee required to either own the property or be in receipt of a long term lease (minimum 21 years). Failure to have adhered to this condition would have put the Trustees of CPHMC at risk of having to pay the LCGS award of £91,736 back to the Scottish Rural Partnership.

7.2 While the Trustees of CPHMC have now signed the lease agreement with the Council and assumed all responsibilities for revenue costs and further capital works with effect from 17 September 2004, to satisfy the condition of the LCGS Award, the property still requires major capital works valued at £81,700, as detailed in **Appendix** (Fabric Condition Survey for Canonbie Village Hall – November 2006). This issue of outstanding capital works exists in community facilities across Dumfries and Galloway and potentially has cost implications for the Council in excess of £3m

7.3 In addition to major outstanding capital works the Trustees of CPHMC owe the Council £30,827.64 for works carried out on the extension to the property in 2004, as detailed in Section 6. At present, CPHMC only have £23,000 (approximately) in their bank account and therefore do not have the funds to repay the outstanding balance.

7.4 While the Council could take legal action to recover the outstanding balance owed by the Trustees of CPHMC, there is a danger that the Management Committee could, upon giving the Council one year's prior written notice, terminate their Lease and hand the property back to the Council. Should such a situation arise however, CPHMC would equally run the risk of requiring to pay back the LCGS award.

7.5 Alternatively the Council could potentially use the situation at Canonbie as an opportunity to address the outstanding capital works in partnership with the Trustees of CPHMC and at the same time address the outstanding balance. It is therefore proposed that a compromise is reached with respect to the outstanding capital works as detailed in **Appendix** and the outstanding balance owed to the Council as detailed at Section 7.3. This will ensure that Design Services receive the

outstanding payment due from the Trustees of CPHMC, and allows the Council in partnership with the Trustees of CPHMC progress the outstanding capital works..

## **8. Consultations**

The following have been consulted and are in agreement with the contents of this report:

- Corporate Director of Corporate Services
- Corporate Director of Combined Services
- Acting Director of Finance
- Area Manager, Annandale and Eskdale
- Operations Manager - Property Services
- Operations Manager, Legal Services
- Service Manager – Property (ESWCS)

## **9. Background**

9.1 CPH (previously known as Bowholm Hall) is a red sandstone building constructed in 1912 for the benefit of the community of Canonbie.

9.2 The property is in the ownership of Dumfries and Galloway Council. However, it is managed by a local Management Committee known as the Trustees of CPHMC.

9.3 In the late 1990s following a range of health and safety issues with respect to the building, the Trustees of CPHMC applied for a SHIP (Scottish Hall Improvement Programme) Grant.

9.4 While the SHIP Grant was unsuccessful, the Trustees of CPHMC started to consider the future of the Centre and put together a document:- "Canonbie Hall – A Development Plan for the Year 2000 and Beyond".

9.5 This Development Plan set out a vision for CPH and included plans and costs for upgrading the building. The value of the property capital works at that time (1999) was £260,500.

9.6 In 2002, CPHMC were put forward as a high priority to receive a Scottish Rural Partnership LCGS Award of £100k. This application was successful and basically meant that CPHMC could receive £100k based on £215,000 of expenditure, on the basis that the Trustees of CPHMC owned or had a long term lease of the property.

9.7 In addition to LCGS, CPHMC also received a CCF Award of £50k, a VHIS grant of £40k, £6k from Area Committee and various fund raising activities.

9.8 Between 2002 and 2005 major capital works were carried out, to re-wire the property, demolish the toilets and build an extension comprising of male and female changing facilities, showers, toilets and a store. The Council, as agents of CPHMC, basically managed the capital works programme via Design Services on the basis that all funding was repaid to the Trustees of CPHMC.

9.9 Since 2002, there have been a considerable number of issues which have been the subject of ongoing, detailed discussion between the Council and the

Trustees of CPHMC regarding the standard of works and the terms and conditions of the lease agreement. In addition, there have also been issues both within Trustees of CPHMC and involving CPHMC and the wider community.

9.10 The current position is that while £251,221.92 has been spent on the property, the Trustees of CPHMC still owe the Council £30,827.64 for work that was completed by Design Services, Dumfries and Galloway Council on their behalf.

9.11 On 26 January 2007, all but one of the Trustees of CPHMC resigned and a new Management Committee was established on 28 February 2007.

9.12 The new Management Committee are keen to resolve all the outstanding issues with the Council and have subsequently signed the current lease agreement between the Council and the Trustees of CPHMC with respect to CPH.

9.13 The new Trustees of CPHMC are also keen to resolve the issue of the outstanding balance owed to the Council and deal with the further outstanding capital works direct as detailed in **Appendix**, particularly the replacement of windows. However, as they only have £23k in their bank account they cannot afford to pay the outstanding balance owed to the Council and the outstanding capital works.

#### 10. Proposed way forward

10.1 Council officers are keen to resolve all outstanding issues with CPH and to support and work in partnership with the new Trustees of CPHMC to further develop the centre and deal with outstanding capital works as detailed in **Appendix**.

10.2 In discussions with CPHMC, the Trustees have indicated that they are willing to complete and fund outstanding capital works to the property, particularly the windows, if the Council can assist with resolving the historical issues in respect of the outstanding balance.

10.3 It is therefore proposed that the Council funds the outstanding balance of £30,827.64 owed to Design Services via the CLD Capital Programme on the basis that the Management Committee accept full responsibility for funding all other outstanding capital works.

<p>Rose Murdoch Principal Officer Community Learning and Development (Nithsdale)</p> <p>Date of Report: 19 February 2008 File Ref: CLD CR RM/LR</p>	<p>Stewart Atkinson Group Manager, Community Services Education Social Work and Community Services Woodbank, 30 Edinburgh Road DUMFRIES, DG1 1NW</p>
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#### APPENDICES - 1

**Extract from 6ECL016 – CANONBIE VILLAGE HALL – FABRIC CONDITION SURVEY (November 2006)**

**Conclusions/Recommendations**

1. The condition of the Village Hall is generally out of character in comparison to other town/village halls in the region. Internally the village hall is regularly decorated and the formation of the 2003/04 extension and re-wire of 2004 have meant that the building stock is in good condition.
2. Some defects require attention/refurbishment, the most obvious being the replacement windows to the original building.
3. A schedule of recommended works and budget costs is detailed below.

<b>Ref</b>	<b>Description</b>	<b>Budget costs £</b>
	<b><i>Structure Externally</i></b>	
1	Repoint sandstone lintel	150
2	Slatework repairs	1,000
3	Felt overlay (3 layer) to both flat roof extensions	2,700
4	Re-decorate windows to 1974 and 1992 extensions	2,500
5	Window refurbishment/renewal to the original building	12,000
6	Remove vegetation/staining from external walls	1,000
7	Cast iron rain water gutters, downpipe renewal	2,500
8	Redecorate fascia boards	300
9	Replace all external doors, frames and ironmongery	3,500
	<b><i>Internally</i></b>	
10	Provide smoke seals/intumescent strips to fire doors	500
11	Dispose of sanitary ware and cubicles to 1974 extension	1,000
12	Extend heating system to all areas of Village Hall	30,000
13	New floor coverings in areas	6,500
14	Provision of ventilation to all toilet facilities	2,800
15	Redecoration allowance	5,000
	<b><i>Generally</i></b>	
16	General repairs allowance	10,000
	<b><i>Other professional/specialist advice</i></b>	
17	Legionella Risk Assessments	250
	<b>TOTAL COSTS EXCLUDING PROFESSIONAL FEES</b>	<b>£81,700</b>