

CABINET

SOLICITOR TO THE COUNCIL

22ND SEPTEMBER 2015

REPORT NO. LEG1517

KEY DECISION: NO

THE SOURCE, BOULTERS HOUSE, NO. 237 HIGH STREET, ALDERSHOT

1. INTRODUCTION

- 1.1 This report is to advise of the circumstances that have led to the Source deciding to vacate the above premises and upon the steps that have been taken and are proposed to assist the charity with their relocation

2. BACKGROUND

- 2.1 The Source is a charity which provides assistance to young people across North Hampshire. They operate from Boulters House at No. 237 High Street, Aldershot.
- 2.2 The services that they provide are:-
A youth café 4 nights per week;
Early year's hub for HCC
All troubled family referrals
Anger management counselling for 90 clients per year
Anger management courses for other professionals
Mentoring project for young people and teenagers
Parenting courses
- 2.3 They receive funding towards these services from Hampshire County Council. The demand for their youth services has increased in recent years with 80% of referrals coming from statutory organisations, the majority via children's services.
- 2.4 They employ two part time fundraisers, one part time administrator and a full time Chief Executive. They have 4 staff on counselling placements and 1 paid counsellor.
- 2.5 The charity restructured in 2014 and having been seeking to make the organisation self-sustaining through a project called Bike Start, which seeks to refurbish, donated second hand bikes in order to sell them. They also service and repair bikes. They have a workshop supplied by Grainger Plc. This project also provides opportunities for NEET's to experience a work place environment.

- 2.6 The charity will be working with the Gaming Zone and Step Up to apply for the next round of grant funding from the various public bodies to support its work.

3. REASONS FOR RELOCATION

- 3.1 The Source bought Boulters House in 2006 and the Council loaned £350k towards the purchase price, which is secured by a charge over the premises and was to be repaid over a 10 year period. The Source found itself only able to make one capital repayment of £21,875 in 2008 and repayments of interest ceased to be made after September 2010
- 3.2 In March 2010, the Council agreed to defer payment of the capital due under the loan so that the Source could sort out their finances. No payments of either capital or interest have been made since 2010. More recently, the Source has recognised that the outstanding loan and its inability to make repayments would lead to difficulties for them as a charity under the Charity Commission rules.
- 3.3 In December 2014, the Source told the Council that they were seeking to make the charity self-sustaining through their bike project but recognised the need to relocate to a smaller premises which would be affordable. They proposed selling the property and repaying the council loan with any surplus helping to fund their new premises
- 3.4 Officers therefore, with the Sources' agreement, had a survey undertaken of the properties condition in order to determine the value of the property. An earlier report some 4 years previously had suggested that there could be structural issues with the property.
- 3.5 This report has been shared with the Source and has led to the trustees decision to cease operating out of the premises and to look for alternative premises from which to provide their services. The report shows that the property will require significant investment in the medium term. It shows that there is movement between the old and the new parts of the building which would require tying the two parts of the building together. Also bowing to the Boulters Road elevation and concern that the upper parapet wall, whilst currently stable, may not remain so in the medium to longer term. There are also concerns relating to the roof. These particular defects were classified in the report as serious, needing repair, replacement or urgent investigation. These, together with other defects which are not serious or urgent, means that the building is likely to be beyond economic repair- the works required are likely to be in the order of £160K.
- 3.6 The source had the property valued in 2011 at £215k upon the basis that the premises were in good condition.

4. REQUIREMENTS FOR NEW PREMISES

- 4.1 The Source requires office accommodation for a minimum of 4 staff and counselling rooms. All staff have cloud based lap tops so hot desking and remote working is possible. The Source will be able to use church halls for youth sessions and teenager/ parent drop in sessions. The Vine and the Gaming Zone are assisting the Source with making alternative provision for such sessions where possible.

5. PROPOSAL

- 5.1 The Council has assisted the Source in its urgent search for new office premises with counselling rooms. It is proposed that they relocate to suite 3 on the ground floor of Wesley Chambers. They will take a three year repairing lease with a mutual break clause operating at 18 months. It is proposed that in order to assist the Source with the urgent relocation that the council pay the first years rent to the landlord in the sum of £20K. The Council will accept a transfer of Boulters House in consideration for the release of the mortgage debt. The property will then fall within the councils property portfolio, be boarded up and a further report will be brought to a future cabinet meeting with regard to its longer term future.
- 5.2 The Source is happy with this arrangement and with the council's continuing support. It is important however for the Source to obtain an independent valuation of the premises as they have a best duty value under the Charities Act and the Charity Commissions consent to the transfer will be needed. The Charity Commission will require such a report and in view of the urgency of the situation it is suggested that the Council refund to the Source the cost of this report.

6. IMPLICATIONS

Risks

- 6.1 Boulters House is not currently a dangerous structure under the Buildings Act. The Council will however need to secure the premises to prevent squatting or vandalism. In the longer term demolition and rebuild is likely to be the only option.

Legal Implications

- 6.2 The general power of competence in sections 1- 6 of the Localism Act enables the council to do, subject to some limitations, anything that an individual may do. Taking a transfer of Boulters House, releasing the charge and making a grant of the first year's rent and valuation fee will enable the Source to continue to provide their valuable services to the community whilst they move to financial sustainability in their new premises.

Financial and Resource Implications

- 6.3 Capital outstanding under the loan and owed to the Council is £328,125. Interest from 2010 is also outstanding. The redevelopment of Boulters House should produce a capital receipt to offset against the amount due to the Council. The likely amount of such receipt is unknown as, due to the urgency of the situation, no financial viability work has been undertaken. The charge will be released upon transfer of the premises to the Council. It is not known whether any redevelopment receipt will be sufficient to clear the amount owed completely but the proposed course of action has the potential to recover monies which the Source have no means to pay. The rent of £20,000 and the valuation fee will come from reserves. Stamp duty will be payable by the Council on the value of site upon transfer of Boulters House (at 1% up to a value of £250k and at 3% over £250k up to £500k) and is part of the cost of enabling this site to be redeveloped.

Property Implications

- 6.4 Boulters House will require redevelopment. This will be looked at as part of the Council's Asset Management Strategy. Redevelopment of the premises could enable the Council to recover the capital lent under the loan.

Equalities Impact Implications

- 6.5 The recommendation is consistent with the Council's Public Sector Equality Duty which requires public authorities to have due regard to the need to advance equality of opportunity between people who share a protected characteristic and those who do not. Age is a protected characteristic and the services provided by the Source benefit young people.

7. RECOMMENDATION

That the Cabinet authorises the Solicitor to the Council to:

- **pay the first years rent of £20,000 to the Landlord of Wesley Chambers upon granting of the lease;**
- **reimburse the valuation fee to the Source for the valuation of Boulters House;**
- **take a transfer of Boulters House in consideration of the release of the Council's legal charge over the premises; and**
- **take all steps necessary to bring Boulters House forward for redevelopment**

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