

 Executive Committee 5 April 2018		Agenda Item No. 13
Title	Royal Naval Club, Adelaide Road, Royal Leamington Spa	
For further information about this report please contact	Chris Elliott chris.elliott@warwickdc.gov.uk 01926 456003	
Wards of the District directly affected	Leamington Clarendon	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	1 November 2017 Minute number: 80	
Background Papers	Proposal from Ahmadiyya Muslim Association; Business Plan for LAMP;	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality Impact Assessment Undertaken	Not Applicable

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive	19.03.18	Chris Elliott
Head of Service	19.03.18	Dave Barber; Marianne Rolfe
CMT	19.03.18	Andrew Jones, Bill Hunt
Section 151 Officer	19.03.18	Mike Snow
Monitoring Officer	19.03.18	Andrew Jones
Finance	19.03.18	Mike Snow
Portfolio Holder(s)	19.03.18	Cllrs Noel Butler and Andrew Thompson
Consultation & Community Engagement		
This report is the outcome of discussions with some of the community groups.		
Final Decision?	Yes	

1. **Summary**

- 1.1 This report sets out the progress made in respect of the departure of the Royal Naval Club from the premises in Adelaide Road and seeks agreement for the next steps.

2. **Recommendations**

- 2.1 That the progress made on implementing the Executive's decision of October 2017 be noted.
- 2.2 That the extent of Community Interest in use of the Royal Naval Club be noted.
- 2.3 That the location of the site within the Creative Quarter project area is noted and that Complex Development Projects (CDP) is asked to prepare a Masterplan for the whole of the Adelaide Road area including the Royal Naval Club site, as a priority.
- 2.4 That the Masterplan, as well as maximising the commercial opportunities for the Council, explores potential provision for Bowls England and the opportunities for the community groups currently housed in this area to realise their ambitions.
- 2.5 That an offer of a short term let of the Royal Naval Club premises is made to the Ahmadiyya Muslim Association and to Leamington Live Arts & Music Project (LAMP). That determination of to whom the let shall be made be by the best offer for rent and the best financial background; and, if they do not wish to take up the offer or if their proposal is not acceptable, then the offer of a short term let should be offered to the wider market of community groups.
- 2.6 That in the event that if either of the 2 groups referred to in 2.5 are not successful, then the Council offers to work with them to find another solution.

3. **Reasons for the Recommendations**

Recommendation 2.1

- 3.1 The Executive agreed last year, to waive the rent payable by the Royal Naval Association (RNA) on its premises in Adelaide Road for the period October 17 to March 18 and not to pursue any dilapidation costs provided the Club hand back the lease at the end of March 2018. This arose as the Club cannot afford to run the property anymore. This stage is on course for completion and the keys to be handed back on 3rd April 2018.
- 3.2 The Council also agreed to try to find alternative venues for the various community organisations that have used the premises and to help the RNA also find another venue. All groups have found another home. The RNA is now going to hold its meetings at Racing Club Warwick as are a number of the other community groups.

- 3.3 The Council also agreed to look at the future possible uses of the site and agreed a sum of £50,000 to do so from the Community Project Reserve.
- 3.4 WDC Officers were offered, and took the opportunity of some free work to look at options and costs for a more commercial development on the site. This route was chosen rather than to use the £50,000 allocated immediately. The capital costs for all 3 options are significant but with the knowledge that for example of a capital bid of nearing £1m for circa 2,000 sq. ft. then an office building as proposed could generate a capital value on that basis of circa £10m or could generate a significant rental income sufficient to pay back any financing cost and deliver a surplus back to the Council.

Recommendation 2.2

- 3.5 Since the November 2017 decision the Council has been approached by a number of community groups or organisations expressing an interest in the property. These include: Bowls England (BE); Leamington Live Arts & Music Project (LAMP); the Ahmadiyyah Muslim Association; and the Irish Club.
- 3.6 **Bowls England:** The existing premises and indeed the site area is too large for the BE's requirements. BE want an office on a very long lease or freehold of no more than 3,000 sq. ft. but it could be part of a larger scheme. Exploratory discussions had been held on a new-build option on the site of the RNA Club but the issue would be whether the Council could assist BE with temporary accommodation to cover any gap between the closure of Riverside House and the availability of new premises which might be about a year to 18 months.
- 3.7 **LAMP:** LAMP initially wanted an extension to their existing premises. However, such is the growth in its work – it provides education for children with challenging behaviours/mental health issues - that they consider that an extension to the current property it occupies (also in the Adelaide Road area) would not be adequate and so needs larger premises. LAMP therefore would like to take on the tenancy of the RNAC building. LAMP has prepared a business plan. Views were sought from WCC as the Education Authority who are very supportive of the work that LAMP does. WCC is the main referrer of students to LAMP.
- 3.8 **Ahmadiyya Muslim Association:** The Ahmadiyya Muslim Association have put forward a request for them to take on the property either as a rent paying tenant with a view in the longer term to buying the site and redeveloping it plus their current site for a larger Mosque/community centre. The Ahmadiyya Muslim Association occupies the immediately adjoining site for its Baital Ehsan mosque on a long lease. The Association wants to use the premises for community activities.
- 3.9 **Irish Club:** The Irish Club would like to be able to extend its existing property. It has no interest in the RNA Club building other than wishing to ensure that it is not used as another licenced premise.

Recommendations 2.3 and 2.4

- 3.10 The Adelaide Road site as a whole is within the Creative Quarter project area boundary although the RNA Club site itself was excluded given the negotiations that were underway at the time that the Creative Quarter contract was let. The inclusion of this area within the project boundary allows the Council's regeneration partner, Complex Development Project (CDP) to consider proposals for the area as part of the comprehensive Creative Quarter masterplan. The agreement between WDC and CPD provides for the following:

The Parties agree that for the period commencing on the Start Date and ending on the date that Phase 2 commences in accordance with clause 2.7, the following provisions shall apply:

The Regeneration Partner shall not enter into any agreement with a third party for the acquisition and/or development of any premises within the Red Line without the consent of the Authority (not to be unreasonably withheld); and

Subject to clause 4.14.3, the Authority shall not enter into any agreement with a third party for the disposal of Authority-owned Assets within the Red Line without the consent of the Regeneration Partner (not to be unreasonably withheld).

Clause 4.14.2 shall not apply to any disposal by the Authority that it has already notified the Regeneration Partner of prior to the Start Date and/or any disposal by way of lease that contains a break clause of no more than 3 months' notice (unless the Parties agree otherwise), provided that the Authority informs the Regeneration Partner of such disposal.

During Phase 1, the Authority shall:

Share with the Regeneration Partner all relevant information in relation to the Project, including but not limited to, all details of Authority-owned Assets, knowhow in relation to existing local creative industries and contacts for key people; and

Consult with the Regeneration Partner in the event that any other business of the Authority may, in the reasonable opinion of the Authority, impact on the Project.

- 3.11 It is, therefore, recommended that the RNA Club site is re-inserted into the Creative Quarter project area and CDP asked to develop a masterplan for the whole of the Adelaide Road area as a priority action. This approach would reduce the upfront cost risk to the Council, potentially generate a return for the Council in the future, maximise commercial opportunities and potential provide a way for the longer term ambitions of existing community groups in this area to be realised, though not immediately. Members should note the potential risk for any development of the area if there were there to be widespread community opposition to any scheme. A masterplan approach would help to mitigate any such reactions by allowing early involvement of the local community in the development of ideas and proposals.
- 3.12 It is suggested that as part of the requirements for the masterplan that the potential to provide office provision for BE should be considered as it would anchor the organisation in the town and be close to the bowling greens. For

the sake of clarity such provision would only be made on a wholly commercial basis.

Recommendation 2.5

3.13 However, this approach could leave the building empty for quite a while with any cost of keeping it safe and watertight falling to the Council. A short term let could mitigate this risk. If this route was to be chosen then the Council could agree a short term let with either of the community groups that have written to express interest in using the building on the best rental terms offered and their financial record; and, if they were not interested on that basis or neither were successful then the premises should be offered to the wider market of community groups.

Recommendation 2.6

3.14 Given the interest, should any one of the organisations be unsuccessful then it would be helpful for the wider community benefit if the Council offered help to find another solution to their accommodation needs. The Council would work with other agencies in this respect including Warwickshire County Council.

4. Policy Framework

4.1 Fit for the Future (FFF)

The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. If the recommendations of this report are agreed then the Adelaide Road Masterplan area becomes a new project of the Council.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels

Impacts of Proposal		
In seeking to explore the opportunities for the community groups this proposal has the opportunity to improve the District's cultural activities and help assist a cohesive and active community.	The Masterplan may be able to offer opportunities to improve the quality of the environment in a variety of ways.	The proposal can add to the local economy and especially the town centre helping the area in respect of its performance, employment and income levels.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
Not directly applicable	This proposal could potentially aid the objectives of parts of our community.	The proposal will help the Council to seek much better use of and return on its assets. This will help with maximizing income and achieving best value for money.

4.2 **Supporting Strategies**

Each strand of the FFF Strategy has several supporting strategies but none are particularly relevant to this proposal.

4.3 **Changes to Existing Policies**

Not applicable.

4.4 **Impact Assessments**

Not applicable.

5. **Budgetary Framework**

5.1 If the recommendations are agreed then the previously agreed allocation of £50,000 can be returned to the Community Project Reserve.

5.2 At this stage there are no other direct financial implications other than the loss of rental income should the building not find a tenant.

5.3 The rent that would have been payable on the premises from June 2018 was to be £11,000 per annum and the site currently has a book value of £120,000.

6. Risks

6.1 At present the high level risks are around maintaining an empty building and the cost associated with that; and, that to whomever is given a short term let, they are then subsequently reluctant to vacate the premises without an acrimonious debate.

6.2 The approach advocated in this report should mitigate the first of the risks identified above and making it clear openly that the property is only available for a short term let should help to minimise the latter risk.

7. Alternative Option(s) considered

7.1 The Council could decide to agree a disposal of the Royal Naval Club on a long lease or freehold but this is not recommended as the most appropriate way to make the best use of its assets nor to deliver best value.

7.2 The Council could decide to continue its original course of action and decide to examine the potential of the Royal Naval Club site by itself. The recommended approach however, takes a more comprehensive and, to the Council, less costly and less risky approach.