

LONDON BOROUGH OF BRENT

PUBLIC SERVICES DECIDING COMMITTEE

27th June 2001

REPORT NO : 3

FROM THE DIRECTOR OF ENVIRONMENTAL SERVICES
CYCLE 01 – 01/02

FOR ACTION

NAME OF WARD
GLADSTONE

Report Title : DOLLIS HILL HOUSE – DEVELOPMENT OF A COMMUNITY TRUST

1.0 SUMMARY

1.1 This report deals with a submission from the Dollis Hill House Steering Group to develop proposals for a charitable Trust for the restoration and redevelopment of Dollis Hill House.

2.0 RECOMMENDATIONS

2.1 Members are asked to consider whether to give The Dollis Hill House Steering Group a further nine months in order to develop proposals for the restoration of Dollis Hill House and obtain funding for their scheme.

2.2 Members are asked to consider whether to allocate £30,000 from insurance funds to appoint a project officer to work on fundraising and professional liaison.

2.3 Officers are instructed to report back to this Committee, when the proposals by the Dollis Hill House Steering Group has been further developed, on proposals to allocate to a Charitable Trust the remaining insurance funds and a long term lease for the House.

2.4 Members agree that the Deputy Director of Environmental Services, supported by the Park's Service Development Manager, should continue as the main point of contact for this project.

3.0 FINANCIAL IMPLICATIONS

3.1 There is currently about £270,000 available from the insurance monies relating to the fire damage to Dollis Hill House. If Members were to agree to the proposals from the Dollis Hill House Steering Group there would be a cost of about £30,000 for the project officer – salary and expenses. This would have to be drawn down from the remaining insurance monies hence reducing funds available for any other schemes if the Steering Group's project were to fail.

4.0 STAFFING IMPLICATIONS

- 4.1 If your Committee agree to proceed with the Steering Group's proposals then we would recruit a project officer to work on fundraising and professional liaison on a nine-month contract.

5.0 ENVIRONMENTAL IMPLICATIONS

- 5.1 Any scheme that restores the house is likely to enhance the environment of the park. However the community Trust option may introduce an element of car parking into the park and reduce part of the open space but this would probably be much less car parking than the Whitbread scheme.

6.0 LEGAL IMPLICATIONS

- 6.1. The Council has a number of options for dealing with this derelict site. One option is to dispose of the site and secure a capital receipt, which could be used to fund other capital schemes. Another is to transfer the site to a local charity group so that it can be run as some sort of community facility. The Council has power to dispose of its land but when it does so it must be satisfied that it has received market value for the land unless it obtains prior consent from the secretary of state. There are also a number of general consents, which might apply to such a disposal.
- 6.2. In the event that the consent is given to a disposal at an undervalue members must still exercise their fiduciary duty and consider whether the Council does in fact want to dispose of the site at an undervalue. Members should weigh up the community benefits against the potential capital receipt it will forego. The bid received some time ago is now out of date and the council's property manager would need to advise members how much they could possibly secure from the site as this may have gone up given current market conditions.
- 6.3. The land may be classed as open space. If so, there are additional requirements which the Council will need to satisfy before it disposes of the land i.e. it must be advertised in a local paper, etc.
- 6.4. Any proposal to build on open space will require planning permission and it is generally more difficult to secure planning permission for development on open space than in other circumstances;
- 6.5. The group are proposing that they will establish themselves as a charity i.e. a company limited by guarantee and with charitable status. This is not an unusual mechanism and is quite straightforward to achieve. If registered the charity may be able to benefit from tax and VAT savings. The company would be regulated and monitored by the charities commissioner.
- 6.6. The Council is not yet in a position to decide whether it would like to grant a lease to the group. The Council would need to be satisfied of a number of essential factors before progressing this further, namely:
- there needs to be a business plan
 - there needs to be identified capital funds

- there needs to be a track record (individually if nor corporately)
- adequate skills and expertise to run the facility

- 6.7. The Council needs to be very clear about what it wants to achieve from the proposed scheme in terms of community use. A charity-run cafe and function suite is not necessarily opening the building up to more of the public than, say, a family restaurant. The paper produced by the group talks of functions, conferences, concerts, weddings, etc. but the Council needs to consider whether this fulfils its expectations of a 'community facility'. The Council would need to have a clear idea about the outputs it would expect the organisation to deliver and will need to be clear that the property could be taken back if those outputs were not delivered.
- 6.8. The Council also needs to be clear about its requirements for any refurbishment i.e. a specification for what the Council would want at the site. Again, failure to comply could result in the building being taken back by the Council.
- 6.9. In the event that the council did recover the property it would probably need to repay some if not all of the investment to the charity or its backers. The Council would have to find these funds from somewhere at that time and may have difficulty in doing so;
- 6.10. The Council might want to secure the right to nominate one of the trustees/directors if a company is set up. The Council interest must remain below the threshold for influenced companies, currently less than 20%, in order to avoid adverse capital finance implications.
- 6.11. Basically, the charity option is one that can work provided there are sufficient capital funds raised and provided the Council is satisfied that the group will be a good tenant and provide a service to the community. However, it would be imprudent to transfer a valuable site to a group without first be entirely satisfied that the outcomes can be delivered, etc.

7.0 DETAIL

- 7.1 At the meeting of Public Services Deciding Committee on 8th November 2000, Members considered a report on a public consultation exercise and options for the future of Dollis Hill House. That Committee resolved:

“that neither the Whitbread or Café options be proceeded with for the present in order to give community groups some time to develop a credible scheme to set up a community based charitable trust for the restoration and redevelopment of Dollis Hill House. The House could then be used for ‘community’ and ‘arts’ based activity available to local people and the wider Brent Community.

To therefore recommend a maximum of four month delay (commencing on 9th October to allow the groups to develop a charitable trust, subject to an agreed statement”.

7.2 The present report deals with the submission made by the Dollis Hill House Steering Group. The group was originally set up about three years ago to consider the future of the House and made up of six representatives from local community groups. Over the last few months they have expanded to include other local organisations and individuals in order to develop proposals for a charitable Trust for the restoration and redevelopment of Dollis Hill House.

Proposals from the Dollis Hill House Steering Group

7.3 The Dollis Hill House Steering Group have presented a report, "Out of the Ashes – Dollis Hill House" (See Appendix A) outlining their proposals for the restoration of Dollis Hill House. In essence, the group is suggesting that a charitable company be set up to raise the required funds, restore the house to its Grade 2 listed status and run the premises for the benefit of the local community. The group feel that the community in that area "needs a space where they can share experiences and cultures, and offer individuals the chance of lifelong learning and development. The provision of performance and exhibition space, a venue for concerts, private events (environment, arts, sculpture, dance, music) are all parts of the vision for the 21st century for this historic house."

7.4 The group have shown considerable enthusiasm, appear to have gathered significant support from residents in the Dollis Hill area and the work done to prepare their proposals has been of a good standard given the time limits. The original Steering Group has worked with the Council on Dollis Hill House and on the successful lottery bid for redevelopment of Gladstone Park. However the wider group is very new and as such has a limited track record.

Restoration Proposals

7.5 The Group has produced estimates that the costs of restoration are likely to vary from about £1.5m to £2m. The Council's Property Manager suggests that the realistic cost of restoration is likely to be of the order of £2m. The Group aims to raise a grant from the Heritage Lottery Fund (HLF) which may provide 65 to 75% of the capital. Potential funders identified to date are as follows:

Heritage Lottery Fund - assume 65% of £2m	£1,300k
Insurance funds (after Council expenses)	£200k
English Heritage	£35k
TOTAL	£1,535k

7.6 It should be noted that the HLF have indicated that the insurance funds cannot be used as partnership funding which means that the group will probably have to raise another £70k. This leaves the Steering Group with having to raise at least £535k from other sources in addition to HLF monies. This may be possible if they can get access to various Trusts. However we should note that this is likely to be difficult and must be regarded as an area of considerable risk.

Revenue funding

7.7 The Steering Group has used Lauderdale House in Camden as a model and presented a rough budget, which indicates that they could break even based on some optimistic assumptions. Again this is an area of considerable risk. However the Steering Group acknowledge that they have a lot of work to do here in order to develop a feasible business plan and carry out further market research. They will also have to develop a management plan for the premises.

Charitable Company

7.8 The Steering Group has proposed that a trust in the form of a charitable company be set up to redevelop and operate Dollis Hill House. The Solicitor to the Council has reviewed the proposals and her comments are set out in the legal implications of this report.

Feedback from Heritage Lottery Fund

7.9 A meeting involving a Council Officer and representatives of DHH Steering Group was held on 11th April with an officer from the Heritage Lottery Fund to review the prospects of HLF funding the proposed scheme. HLF have written back making the following main points:

- the project does have potential as a possible recipient of HLF grant monies
- the need to find partnership funding
- insurance funds would not count as partnership funding
- the house has historical connections therefore any restoration plan must reflect this
- critical to the scheme is a viable Business Plan and management structure.

Requests from DHH Steering Group

7.10 The Steering Group have made a number of specific requests to the Council as follows:

- a) Express full public support for the Dollis Hill House project
- b) Nominate a senior Council officer (preferably reporting to the Chief Executive) who will provide a single point of liaison with the project contact and all Council departments.
- c) An in principle decision to hand over agreed insurance monies towards the capital costs.
- d) An in principle decision to grant a long lease to the Dollis Hill charitable company at a peppercorn rent.
- e) Agreement to appoint a (six month) project officer to work to the project on fundraising and professional liaison.

7.11 **Express full public support for the Dollis Hill House project.** There are clearly considerable risks to this project as mentioned above including the group's capacity to raise the required funding and the viability of the scheme following re-development. The group will have to undertake considerably more work in order to make this a viable project. However it has to be noted that since October, when the Council agreed to give them four months to develop their project, the group has gained considerable local support and they have carried out a significant amount of work.

- 7.12 Members should also note that the offer from Whitbread is potentially still on the table and they should consider whether Officers should recommence negotiations with this company. Details of Whitbread's offer are in the report, "Dollis Hill House – Marketing Exercise" considered by your Committee on 2nd August 2000. In essence, Whitbread are offering to spend about £2 million to restore the House and convert it into a restaurant/ bar. It should be noted that Whitbread have indicated that if the Council delay further they will have to reconsider their offer and that there has been significant local opposition to their scheme .
- 7.13 The third alternative open to the Council is the demolition/ café option, an option that your Committee also considered last year. This involves seeking permission from the Secretary of State for the demolition of the grade 2 listed building, and using the remaining insurance funds to build a café with toilet facilities for park users. However this option is also likely to be controversial. English Heritage may regard as having objections to the demolition of the building as they may prefer the other alternatives to restore the building.
- 7.14 **Nominate a senior officer to provide a single point of contact with the Council.** It is suggested that the Deputy Director of Environment, supported by the Park's Service Development Manager, should continue to perform this role.
- 7.15 **Agree in principle to hand over insurance costs towards the capital costs.** There is about £270k available from the insurance funds. We could at this stage give an "in principle" decision but it should be on the basis that while the council is keen to see this project succeed, the funds would only be committed when the Council is satisfied of the viability of the project and subject to concluding appropriate legal agreements
- 7.16 **Agree an in principle decision to grant a long lease to the Dollis Hill House charitable company.** The Solicitor to the Council advises that it is too early to make such a decision as there is no incorporated body, no business plan and no money. She says to make this decision would be inappropriate at this stage and will be considered once further progress has been made by the group.
- 7.17 **Agree to appoint a project officer for six months to carry out fundraising and professional liaison.** Six months is unlikely to be sufficient to develop this project fully. Officers consider a period of nine months would be more appropriate at a cost of about £30k. You should note that there are no funds earmarked for this work and unless the Council were to agree to allocate additional funds, the funds would need to be deducted from the insurance funds, which decrease the funds available for other solutions in future if this project fell through. Officers are recommending using £30k of the insurance monies to fund this post.

Conclusions

- 7.18 The Council has considered the Trust option previously and concluded that it was unlikely to succeed. The latest proposals, from the Dollis Hill House Steering Group, has many of the risks considered in those previous reports. However the Group, whilst it has a limited record, has demonstrated considerable enthusiasm, appears to have gathered significant support in the locality and have done a considerable amount of work to develop their proposals. In addition the Heritage Lottery fund have indicated that the project does have potential as a possible recipient of their funding. In the

circumstances and given that the Whitbread and café option are contentious Members may wish to consider giving the Dollis Hill House Steering Group a further nine months to develop their proposals and obtain the required funding.

8.0 BACKGROUND INFORMATION

Details of Documents:

- 8.1 “Dollis Hill House – A Report”, August 1999 Torkilsden Barclay Leisure Management
“The Future of Dollis Hill House” – Report to the Environment Committee, 23rd September 1999.
“Dollis Hill House – Marketing Exercise” – Report to the Public Services Deciding Committee, 2nd August 2000 (NB This is a confidential report hence not available to the public.)
“Dollis Hill House – Report on Consultation and Options for the Future” – report to the Public Services Deciding Committee, 8th November 2000
- 8.2 Any person wishing to inspect the above papers should contact Suresh Kamath, Environmental Services, Brent House, 349 High Road, Wembley, Middlesex HA9 6BZ, Telephone: 0181 937 5001

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