

AGENDA MANAGEMENT SHEET

Name of Committee Cabinet

Date of Committee 8th December 2005

Report Title Voluntary Sector Consortium Resource Building, Nuneaton and Bedworth

Summary Members are asked to reaffirm their support for the Voluntary Sector Consortium (VSC) project and to approve the granting of a loan to the VSC of £500,000, subject to full Council giving their approval and to suitable terms and safeguards being agreed by the Director of Planning, Transport and Economic Strategy and Director of Property Services.

For further information please contact Mandy Walker
Regeneration Zone Manager
Tel. 01926 412843
mandywalker@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? No

Background Papers Voluntary Sector Consortium Proposal Pack

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees Nuneaton and Bedworth Area Committee 30th November 2005

Local Member(s) Councillor R D Hicks } for information
(With brief comments, if appropriate) Councillor A Farnell }

Other Elected Members Councillor F P Barnes } for information
Councillor M J Jones }
Councillor R P L Morris-Jones }

Cabinet Member Councillor C J Saint - There is much merit in
(Reports to The Cabinet, to be cleared with considering the loan, subject to the safeguards
appropriate Cabinet Member) identified, to support an important project to bring
services together under one roof.

- Chief Executive
- Legal I Marriott – comments incorporated
- Finance O Winters – comments incorporated
C Holden - comments incorporated
- Other Chief Officers
- District Councils Nuneaton and Bedworth Borough Council
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION

NO (If 'No' complete Suggested Next Steps)

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council 13th December 2005
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Cabinet – 8th December 2005

**Voluntary Sector Consortium Resource Building,
Nuneaton and Bedworth**

**Report of the Director of Planning, Transport and
Economic Strategy**

Recommendation

Cabinet is recommended to request Council to approve a loan to the VSC of £500,000, subject to suitable terms and safeguards being agreed by the Director of Planning, Transport and Economic Strategy and the Acting Director of Property Services, and to add this to the Capital Programme.

1. Background

- 1.1 In 1999 feasibility work began to examine the scope for developing a new purpose built resource building for the voluntary sector, in Nuneaton and Bedworth. The proposal emerged from several groups coming together to address issues of existing accommodation being inadequate and the need for modern facilities which could be shared and thereby help reduce overheads, leading to improved service delivery.
- 1.2 Members may recall that in 2002, following a report to Cabinet, the County Council approved a 125 year lease to be granted to the VSC at a peppercorn rent, to enable the development of a new building, on land owned by Warwickshire County Council (WCC) and Nuneaton and Bedworth Borough Council (NBBC) at the junction of Queens Road and Roanne Ringway. NBBC made a similar contribution of its land.
- 1.3 The VSC is a registered Company Limited by Guarantee and also a charity, comprising 14 partners (listed in **Appendix A**). These groups provide support and services to over 28,000 individuals and 1,000 organisations across the Borough. WCC is represented on the VSC Board by Councillor Robert Hicks.
- 1.4 In September this year Nuneaton and Bedworth Area Committee approved a report which set out the current status of the project, reaffirmed WCC support for the proposal and agreed to explore further ways in which WCC could contribute to helping the centre happen within the next 12 months. The project has planning permission, but is short of the £2.4m needed to construct the building.

2. Key Issues

- 2.1 A funding package has been identified and bids submitted to various partners and external bodies. Part of the required package is a £500k loan. At the centre of recent discussions with the VSC has been the extent to which a major stakeholder eg either of the two local authorities or Advantage West Midlands (AWM) could contribute further financially to the project, to help move it forward to implementation and importantly signal to other external funders that there is partner backing to make the project happen.
- 2.2 Appended to this report (**Appendix B**) is a report considered by Area Committee on 30th November, with a request that Cabinet and Full Council approve a loan of £500k to the VSC. The funding package for the project is detailed in **paragraph 1.3 of the attached** report.
- 2.3 The report also sets out the key issues surrounding the VSC project and highlights the social, environmental and economic benefits to be gained from the proposal under well being powers (**paras 3.1- 3.11**). The report recognises that the project meets WCC key objectives and ‘fits strategically’.
- 2.4 Moreover the report recognises that the project meets with prudential borrowing criteria and confirms that technically and legally WCC could, if it chose to, make a loan to the VSC, (**para 3.12**). If WCC were to approve a loan of this amount under prudential borrowing, then the interest rate offered would be at below that offered by conventional banks, a benefit to the VSC. On the basis that the VSC pick up the revenue cost of the loan, then there would be no cost to WCC.
- 2.5 The attached report also highlights the potential risks that WCC could face, if it approved a loan and the project failed or the building was not completed. There are several safeguards which could be put in place to reduce risk for WCC. These include:-
- (i) making the loan time limited, eg for 9 months, so that if other funding streams do not materialise then the loan could be retracted.
 - (ii) making a charge on the property, so that if the building is completed but the project fails, then WCC could recoup its investment from the sale of the building.
- These would be additional to the existing lease condition which allows WCC receipt of the open market value of the land if the project fails (current value approx £ 375,000).
- 2.6 The granting of a loan would be for capital purposes and would therefore require Council approval to add it to the Capital Programme. The Council has the capacity to incur prudential Borrowing to fund the granting of this loan. Under the proposal VSC would be meeting all of the costs associated with this debt so there would be no revenue impact on the County Council.
- 2.7 The VSC has decided that if the project has not secured funding to start construction by Summer 2006 (the existing planning permission expires in

November 2006), then the project will not proceed. The VSC project is at a crucial stage. Members are asked to consider the attached report and specifically the benefits to be gained from the proposal (**paragraphs 3.1- 3.12**), as well as the risks highlighted above.

3. Conclusion

- 3.1 Members are asked to request Council to approve a loan to the VSC of £500,000 subject to suitable terms and safeguards being agreed by the Director of Planning Transport and Economic Strategy and the Acting Director of Property Services, and to add this to the Capital Programme.

JOHN DEEGAN
Director of Planning, Transport and Economic Strategy
Shire Hall
Warwick

24th November 2005

Appendix A of Agenda No

Cabinet – 8th December 2005

Voluntary Sector Consortium Resource Building, Nuneaton and Bedworth

List of Voluntary Sector Consortium Partners

Advice Rights
Age Concern Warwickshire
Christians Together in Nuneaton
Citizens Advice Bureau (Bedworth CAB)
Disablement Information & Advice Line (DIAL)
George Eliot Hospital NHS Trust
Guidepost Carers' Support Service
Nuneaton Credit Union
Nuneaton Women's Multicultural Resource Centre
Nuneaton and Bedworth Council for Voluntary Service
Nuneaton and Bedworth Neighborhood Watch Association
Sycamore Tree Christian Counseling Service
Warwickshire Association for the Blind
Warwickshire Welfare Rights Advice Service (WWRAS)

Nuneaton and Bedworth Borough Council (NBBC)
Warwickshire County Council (WCC)

Supported by: Advantage West Midlands (AWM)
Coventry, Solihull and Warwickshire Partnership

Appendix B of Agenda No

Cabinet - 8th December 2005

Voluntary Sector Consortium Resource Building,
Nuneaton and Bedworth

AGENDA MANAGEMENT SHEET

Name of Committee Nuneaton and Bedworth Area Committee

Date of Committee 30th November 2005

Report Title Voluntary Sector Consortium Resource Building

Summary Members are asked to support the principle of offering a loan to the Voluntary Sector Consortium (VSC) subject to suitable terms and safeguards, and to ask Cabinet and Council to approve such a loan.

For further information please contact Mandy Walker
Regeneration Projects
Tel. 01926 412843
mandywalker@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? No

Background Papers None

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s) Councillor R D Hicks
(With brief comments, if appropriate)

Other Elected Members Councillor A J Farnell

Cabinet Member
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

- Chief Executive
- Legal I Marriott – comments incorporated
- Finance O Winters – comments incorporated
- Other Chief Officers J Lyons – comments incorporated
D Halsall – comments incorporated
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION

NO (If 'No' complete Suggested Next Steps)

SUGGESTED NEXT STEPS:

Details to be specified

- Further consideration by this Committee
- To Council 13th December 2005
- To Cabinet 8th December 2005
- To an O & S Committee
- To an Area Committee
- Further Consultation

**Nuneaton and Bedworth Area Committee –
30th November 2005**

Voluntary Sector Consortium Resource Building

**Joint Report of the Director of Planning, Transport and
Economic Strategy and the Director of Property Services**

Recommendation:

That the Area Committee supports the principle of offering a loan to the Voluntary and Community Sector Consortium (VSC), in respect of the proposed Resource Building, subject to suitable terms and safeguards, and asks Cabinet and Council to approve such a loan.

1. Background

- 1.1 At their September meeting Members reaffirmed their support for the VSC project and to examining ways in which Warwickshire County Council (WCC) and partners could contribute further to help ensure the resource centre is built within the next 12 months.
- 1.2. Members will recall that WCC has already contributed a 125-year lease to the VSC on land at the junction of Queens Road and Roanne Ringway, at a peppercorn rent. Nuneaton and Bedworth Borough Council (NBBC) has made a similar contribution of its land. The land is currently valued at approximately £375,000.
- 1.3 The gaps in funding still remain as highlighted at the last meeting:-

Statutory bodies	£600k-£800k
Grant making trusts	£400k- £450k
Environmental bodies/landfill tax	£200k-£250k
Big Lottery	£300k- £500k
Loan	£500k-£500k
TOTAL:	£2m-£2.5m

Clearly any slippage of timescales for external funding bids will seriously impact on the ability to deliver the project in the next 12 months.

2. Key Issues

- 2.1 As was reported to Committee in September, the project Business Plan shows that the project is forecast to break even and become financially sustainable from revenue income, even if the VSC took on a half million pound loan. The VSC have more recently completed a review of their funding strategy. They are now more confident that they can develop a series of social enterprises to operate from the building, which will boost projected income generation, help cover loan repayments beyond half a million pounds if required, and improve the sustainability of the project. The enterprises identified to date are a Management Service Organisation, a Home Help Service and a Home Security Service.
- 2.2 At their meeting last month, the sub regional 'Resources Advisory Group' (RAG) approved the VSC's outline bid to Advantage West Midlands (AWM) for £840,000. The application is now with AWM awaiting a preliminary decision on funding, subject to final bid submission and the likelihood of certain conditions being met. AWM are likely to look for Partner match to assist the project and it is of significant interest to them if a public sector body (e.g. WCC) was to be another key stakeholder in the scheme.
- 2.3 The VSC have examined a model being used by another local authority on a similar project in the south of England. In that instance, receipts from local authority properties being vacated, as groups move into a new purpose built building, are to be recycled back into the new build project. This equates to the local authority contributing a third to the total project cost.
- 2.4 This approach has been discussed with NBBC and ourselves. 5 of the VSC member groups currently reside in NBBC property. 1 in WCC premises, (the remaining 8 in other ownerships). NBBC are currently examining what the impact of this approach would be for them financially.
- 2.5 Given that only 1 consortium group member is currently in WCC premises, it would not be viable i.e. raise a significant sum for reinvestment, for WCC to even consider recycling income from sales, should this be acceptable in the first instance.

3. A Potential Solution?

- 3.1 In discussion with officers from Chief Executives, Social Services, Legal Services, County Treasurers and Property Services, Planning, Transport and Economic Strategy (PTES) have examined the scope for WCC to offer further help in the form of a loan. Subject to meeting well-being and prudential borrowing criteria and regulations, this could be an option.

3.2. Under Well Being powers the project 'fits' with key criteria as follows:-

Social Benefits

- 3.3 This is a multi agency project aiming to deliver a community resource centre for Nuneaton and Bedworth. The building will bring together core groups and improve the capacity of voluntary organisations enabling them to meet local people's needs. The project is in keeping with WCC's corporate agenda on social inclusion, along with County and Borough aims to increase community involvement. The proposal will enable the voluntary sector in Nuneaton and Bedworth to develop and shows commitment to investing in social capital infrastructure. This is consistent with the Warwickshire Compact as well as national agendas. Specifically the centre will accommodate not for profit tenants at affordable rents and will help improve direct services to the community and to clients of local charities
- 3.4 The project complements the work that WCC, the voluntary sector and other parties have been doing, in developing a strategy for 'working with the voluntary and community sector'. The procurement strategy for local government requires that local authorities should promote opportunities for voluntary and community organisations to provide services on our behalf, particularly where these can most appropriately be done by the sector. The project is likely to enhance the capacity of the voluntary and community sector in the area and make the prospect of providing additional services more realistic.
- 3.5 The newly established Warwickshire Race Equality Partnership is keen to be based at the new centre, to maximise local links and partnership working.
- 3.6 Several of the organisations that comprise the VSC have service level agreements with Social Services. The VSC project will enable these links to be strengthened and improved and is viewed as a good move for the sector.

Environmental Benefits:-

- 3.7 The building has landmark design features and has also been designed following sustainable principles. Energy will be generated on site through a wind turbine and photovoltaic panels, and be conserved through high levels of insulation. In addition, the design enables the collection of rain water for 'grey water' purposes (e.g. flushing of toilets). The site is on brownfield land and will lead to a small but key site being reclaimed, at the busiest pedestrian gateway to Nuneaton town centre, contributing to the overall regeneration of this part of the town centre.

Economic Benefits:-

- 3.8 The centre is aiming to become a 'Hub of Excellence' for the accommodation, development and training of social enterprises. The centre will offer seedbed facilities for new groups, as well as training and support services, to enable development of social trading companies.

- 3.9 The project will encourage and develop procurement skills, enabling groups to seek public service contracts and foster social enterprise development to provide sustainable income for the sector. The economic contribution of the third sector is already significant and this project will enhance this.
- 3.10 The project meets County, Borough, sub-regional and regional aims for ensuring equality of opportunity and promoting a vibrant economy, as well promoting a skilful region and helping regenerate communities.

Specifically the Project Will Lead to:-

- (i) 40 new jobs created (by increased opportunities to seek public service contracts and creation of social enterprises).
 - (ii) 50 jobs safeguarded (which would otherwise be threatened by new Disabled Discrimination Act (DDA) requirements).
 - (iii) 50 people assisted into employment (through employment support advice).
 - (iv) 13 new businesses created.
 - (v) 10 businesses supported to improve their performance.
 - (vi) 250 people helped to improve skills (learning opportunities by providing new conferencing, training and workshops facilities).
- 3.11 Strategic fit -The project fits with both the existing Warwickshire Strategic Plan (2002-05) and the emerging new Strategy, delivering a range of economic, environmental and social benefits. The project also fits the plethora of regional and sub-regional strategies and specifically meets key pillars of the Regional Economic Strategy including those relating to Regenerating Communities and Promoting a Learning and Skilful Region. In addition the project is identified within the Coventry Nuneaton Regeneration Zone (CNRZ) Zone Implementation plans (ZIP 4 and ZIP 5).
- 3.12 Under Prudential Borrowing powers the project 'fits' with key criteria. Technically and legally therefore WCC could, if it wished to, make a loan of £500,000 to the VSC. The interest rate the County Council would charge would be at below that offered by conventional banks, which would be beneficial to the VSC. Moreover, as well as providing the loan, WCC would be signalling to partners, that it is committed to taking a lead role in making the building become a reality and also that it is prepared to offer match funding against AWMs' investment into the project.
- 3.13 The risk for WCC in offering a loan is that if the VSC project is not built, or is completed and then fails then WCC may have problems recouping the loan. Several safeguards could be put in place to reduce risk. Firstly that the loan is time limited, so that if the other funding streams do not materialise within, say, 9 months the loan offer is retracted. Secondly a charge on the property could be made, so that if the building is completed but the project fails, then WCC could

retrieve its investment from the sale of the building. In addition the existing lease already has a get out clause, which allows WCC receipt of open market value of the land if the project fails.

- 3.14 Clearly there will always be unforeseen risks and Members need to be aware of this fact. However with the above safeguards in place, officers across departments feel there is substantial benefit to be gained for WCC from further supporting this project and that these benefits outweigh the risk.
- 3.15 If the Council were minded to support this granting of a loan it would need to be funded through the raising of a £500.000 loan raised under the Prudential borrowing powers. On the basis that the VSC effectively service this loan there would be no cost to the County Council.

4. Conclusion

- 4.1 Members are asked to consider the benefits to be gained from the proposed VSC Resource Building in Nuneaton. Having considered these benefits, along with the risks, Members are asked to:-
- (i) Support the principle of offering a loan to the VSC in respect of the proposed Resource Building, subject to suitable terms and safeguards, and:
 - (ii) To ask Cabinet and Council to approve such a loan.

JOHN DEEGAN
Director of Planning, Transport and Economic Strategy
Shire Hall
Warwick

PETER RIDLEY
Director of Property Services
Shire Hall
Warwick

16th November 2005