

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.

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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	<input type="checkbox"/>
Health Authority	<input type="checkbox"/>
Police	<input type="checkbox"/>
Other Bodies/Individuals	<input type="checkbox"/>

FINAL DECISION

NO (If 'No' complete *Suggested Next Steps*)

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee	<input type="checkbox"/>
To Council	<input checked="" type="checkbox"/>	13th December 2005
To Cabinet	<input checked="" type="checkbox"/>	8th December 2005
To an O & S Committee	<input type="checkbox"/>
To an Area Committee	<input type="checkbox"/>
Further Consultation	<input type="checkbox"/>

**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
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16th November 2005