



CABINET – 9TH JUNE 2021

SUBJECT: YOUTH SERVICE REMOVAL FROM LEASE AND USE OF CRUMLIN INSTITUTE

REPORT BY: CORPORATE DIRECTOR, EDUCATION AND CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To detail the rationale for service withdrawal from a building leased from a private owner. The building is the Crumlin Institute, in Crumlin, a former Workingmen's hall leased by the Community Education Service. Crumlin Institute is occupied via a 25 year lease which commenced on 25th December 2011. Prior to 2011, the building was leased on a 'peppercorn' rental amount. The report recommends to Members that Cabinet approve withdrawal forthwith, in order to meet the coming lease withdrawal deadline of 25th June 2021.

2. SUMMARY

- 2.1 A continuation of the current lease arrangement would not represent value for money.
- 2.2 Retention of the building is not required for the purpose of service continuity.

3. RECOMMENDATIONS

- 3.1 That Cabinet approve the proposed withdrawal from this lease arrangement.
- 3.2 That Legal Services issue the correct notice to the property's managing agents Llanover Estates, following approval by Cabinet, no later than the 25th June 2021.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The terms of the lease allow Caerphilly CBC as tenant to determine the lease at the end of the 10th, 15th and 20th year. Should notice not be served by the 25th June 2021, the authority will be legally required to continue the lease for a minimum of a further 5 years and therefore be committed to a minimum £500,000 of related expenditure.
- 4.2 The terms of the lease place responsibility for repairs and maintenance on CCBC as the lead tenant. The building is ageing and periodically requires significant expenditure in this regard, suggesting significant further outlay in addition to the projected £500,000 operational costs estimated should the authority remain in the lease arrangement for a further five years.

- 4.3 Crumlin Institute is a large standalone building. The lease covers the full footprint which consists of a basement area, 6 ground floor “lock up” shops and a further two floors above. As tenant, CCBC has consent to sub-let the retail units to third parties and Property Services manage these tenancies (currently 6). Upon exiting the principal lease, the sub-lease agreements revert to the Landlord who would then manage the lettings directly.
- 4.4 It is anticipated that a positive impact will accrue to young people of 11-25 years, including those with protected characteristics and those more generally regarded as vulnerable/potentially vulnerable: As a direct result of exiting the current lease position, resources can be positively redirected to allow for broader delivery of youth work improving the service’s ‘reach’ including to more communities and to those at risk of harmful behaviours, those at risk of disengagement from school and their communities, those potentially homeless and jobless and others

5. THE REPORT

- 5.1 CCBC’s Community Education Service (comprising the Youth Service and the Adult Education Service) has been in a continuous hire position of these premises for many years – an arrangement existed prior to local government reorganisation.
- 5.2 Historically, the building accommodated Adult Education classes, local community groups, a youth club, Community Education personnel and various short term usage from a variety of individuals and groups, including on an *ad hoc* basis.
- 5.3 Disposal of the Crumlin Institute building has been a service option/consideration for some time, principally concerning the related finances and otherwise value to stakeholders of the building. Furthermore, the building no longer represents a suitable permanent location for Youth/Community/Adult Education provision. The costs associated with maintaining a service at this location are prohibitive and mitigate against the most effective delivery of services.
- 5.4 In the past decade, the building’s usage has declined significantly. For example, the building is no longer the administrative or operational base of the Youth Service and a number of its officers are now located elsewhere. Additionally, Adult Education has seen a number of its groups move to other premises in the locale. Changes to external funding and the terms & conditions of that funding (for Adult Education) over recent years has significantly reduced delivery of adult education classes on the site. The youth club section of the building is popular with a group of young people though the club is less accessible for many other young people in the area, who require a more flexible and responsive means of receiving youth work support than represented by a single building-based option limited in suitability.
- 5.5 The material condition of the building has been in continuous decline for the past 15 years and successive bouts of expensive remedial work (for example, to correct the ingress of damp on a major scale) have been necessary to maintain the Institute to a level appropriate for use. The building constitutes a deteriorating asset.
- 5.6 Young people constitute the only remaining significant user group associated with the building and a comprehensive array of engagement with them is under way regarding the alternative delivery of youth work in the area, something which has successfully taken place throughout the Covid pandemic period – it is likely that the Youth Service will build on this practice, steered by young people’s input.

Stakeholder	Amount of time occupying	Current situation
Youth Service teams based in building	4 evenings per week	Briefed and prepared for alternative delivery
Coleg Gwent – Welsh class	2 hours per week	Briefed – no issues
Young People	4 evenings per week, inclusive of 1 x evening Autistic Spectrum youth club	Comprehensive engagement in progress – discussions are face to face/street-based/online. ASD youth club to expand to multiple locations.
Cardiac rehabilitation group	1 afternoon per week	Permanently relocated
Local exercise group	1 hour per week	No plans to recommence on site
Communication tuition (EOTAS – max. 2 pupils)	Max. x 2 hrs per day – term time only	Alternative arrangements in place
Adult Education – ESF team	Full time (transitioning to flexible working)	Briefed – alternative locations arranged (including home working)

- 5.7 There had been six commercial sub-tenants (shops) located on the Ground Floor. Assurances have been obtained from the owners that withdrawal from the lease by the Youth Service will not adversely affect the continuation of these leases though no Related responsibility for this is held by CCBC. In the meantime, one of the sub-tenants is already in the process of relocating to the Old Age Pensioner Hall adjacent to the Institute building and the Youth Service will assist the remaining sub tenants in any way required.
- 5.8 Flexible working – given the principles of the Authority’s flexible working arrangements/developing policy, expensive, fixed bases for officers to be permanently located, such as Crumlin Institute, are no longer required. It is no longer the case that key area officers must be stationed in this location – the need, in fact, is for officers to be more mobile than in the past. Furthermore, given the working flexibilities demonstrated by the service during the pandemic lockdown, it seems likely that a percentage of officers’ administration and management time in the future may be more effectively conducted at home. The trend over the past decade has anyway for Youth Service and other officers to move away from being based in Crumlin, given that the delivery of Youth Service education has ‘moved on’ in that period. Therefore, it is no longer either financially viable not desirable to base officers in such premises.
- 5.9 There are costs associated with the withdrawal from this lease: Due to the terms of the lease, CCBC would be liable to undertake dilapidation works to the sum of £185-£195,000 (a figure likely to increase significantly by the time of the next five year break clause) or secure a cash settlement arrangement in lieu of the dilapidation work. At present, the terms of resolution have not been agreed with the landlord. If this is not agreed by the time of going to Cabinet, it will be necessary to submit a separate delegated powers report for consideration.

5.10 **Conclusion**

The cost/benefit analysis (see 8 – Financial considerations) demonstrates that it is no longer either viable or desirable for the Youth Service and partners to locate services in this location. The opportunity to withdraw from this lease agreement exists presently (though will cease in June of this year, after which the Authority will be tied in to the lease for a further five years), due to the five-yearly break clause being available currently, and therefore requires due consideration.

6. **ASSUMPTIONS**

- 6.1 The projected future costs of remaining in the building are subject to unknown factors, such as the potential for the landlord to increase rental costs should CCBC Youth Service remain in the lease agreement.

7. **SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 Crumlin Institute is no longer a facility that is viable financially or operationally, nor is its retention in the best interests of young people and the wider community. The financial review of the building conducted this year, which includes anticipated costs for the next 5 years if retained (£500,000-£700,000) is, taken in isolation, sufficiently conclusive to support CCBC’s removal from the current lease arrangement for example, these costs compare very disfavouredly with other locations within the youth service’s asset portfolio.

Given the building's size and type, relatively small amounts of usage remain, given that services have gradually withdrawn from the premises over the course of the past decade – this does not represent good value for money nor the efficient use of space. Given the age and design of the building, it's use is increasingly challenging to manage and this is a diversion of managerial resources from the business of youth work.

It is anticipated that a positive impact will accrue to young people of 11-25 years, including those with protected characteristics and those more generally regarded as vulnerable/potentially vulnerable: As a direct result of exiting the current lease position, resources can be positively redirected to allow for broader delivery of youth work improving the service's 'reach' including to more communities and to those at risk of harmful behaviours, those at risk of disengagement from school and their communities, those potentially homeless and jobless and others.

8. FINANCIAL IMPLICATIONS

8.1 The table below details recent and projected costs associated with operating from these premises.

Associated Costs

Total costs associated with the premises, past 5 years (less caretaking costs) *Detail below	£365,230
Projected costs associated with retaining building for next 5 years (plus caretaking costs)	£500,000 (rental, caretaking, NNDR/services, general repairs/maintenance/Insurance, power, Water/sewerage)
Example of occasional, periodic, one-off repair cost	Circa £200,000
Assessed dilapidation costs/potential cash settlement	£185-195,000

*

	2015/16	2016/17	2017/18	2018/19	2019/20
	£	£	£	£	£
Rent	25,000	25,000	22,365	27,892	27,892
NNDR	12,653	12,758	11,943	16,448	16,832
Water/Sewerage	2,974	2,831	2,759	2,991	2,847
Repairs and Maintenance	38,036	19,853	31,119	12,891	29,396
Gas	4,410	3,890	3,956	4,347	4,307
Electricity	3,347	4,736	5,176	5,053	5,050
Insurance	5,387	5,766	3,843	-	4,489
Other premises related	436	862	1,611	5,146	7,715
	92,242	75,696	82,773	74,768	98,528
Rental income	- 6,672	- 8,473	- 11,938	- 16,342	- 15,352
	85,570	67,223	70,835	58,426	83,176

9. PERSONNEL IMPLICATIONS

- 9.1 The relocation of personnel from this location has been under way for several years, in line with service need. Complete removal from use of these premises will see a final round of relocations for staff, though as previously stated, much associated relocation will anyway occur as a direct consequence of the application of the flexible working policy and related procedure

10. CONSULTATIONS

- 10.1 Though no objections to the removal from this lease have been noted, there has been a wider concern expressed that, following withdrawal, every opportunity be taken to encourage the building's owners to maintain the structure and façade in keeping with its historical status in the Crumlin community.

11. STATUTORY POWER

- 11.1 Scheduled for Cabinet approval.

12. URGENCY (CABINET ITEMS ONLY)

- 12.1 The disposal of Crumlin is the most pressing in building asset terms and there are time limitations attached to the process. Should the necessary actions not be completed within the time-frame, the service will be tied to the current lease arrangements for a minimum of a further 5 years.

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Appendices:
Appendix 1 Integrated Impact Assessment