

Report to Cabinet

12 March 2025

Subject:	Cradley Heath Community Centre – Future Options
Cabinet Member:	Cabinet Member for Neighbourhoods and Community Councillor Suzanne Hartwell Cabinet Member for Regeneration and Infrastructure Councillor Peter Hughes
Director:	Executive Director of Place Alan Lunt
Key Decision:	Yes
Contact Officer:	Assistant Director – Property, Strategic Assets and Land Luke Dove luke_dove@sandwell.gov.uk

1. Recommendations

For the reasons set out in the report, it is recommended that Cabinet:-

- 1.1 declare Cradley Heath Community Centre, Cradley Heath, B64 5JG as being surplus to all council use;
- 1.2 subject to 1.1 above, delegate authority to the Executive Director of Place to vacate Cradley Heath Community Centre and in conjunction with the Community Partnerships Team, support the relocation of any current site users;
- 1.3 subject to 1.1 above, delegate authority to the Executive Director of Place in consultation with the Executive Director of Finance and Transformation to progress the demolition of the Cradley Heath Community Centre and the subsequent development of the site in

conjunction with the council's adjoining land holdings located at Reddal Hill Road (as detailed in appendix 1); for residential council new build provision subject to an acceptable business case being received.

- 1.4 subject to 1.1 above, delegate authority to the Executive Director of Place in consultation with the Executive Director of Finance and Transformation to procure and enter into the relevant contracts to support delivery of the demolition and residential development of the sites in consultation with the Cabinet Member for Housing & Sustainable Development;
- 1.5 subject to 1.1 above, delegate authority to the Assistant Director of Legal and Assurance to enter into or execute under seal, if necessary, any related documentation in connection with the contracts detailed in 1.4 above;
- 1.6 subject to 1.1 above, Approve the appropriation of Cradley Heath Community Centre (asset reference RP4 and OS0191) and Land off Reddal Hill Road (asset reference MOL/0278) from the General Fund to the Housing Revenue Account.
- 1.7 subject to 1.1 above, delegate authority to Executive Director of Finance and Transformation to make the appropriate adjustments to the Capital Financing Requirements to reflect the appropriation between the General Fund and Housing Revenue Account for the value of £186,800;
- 1.8 subject to 1.1 above, delegate authority to the Executive Director of Place to manage and let the new properties as part of the councils (Housing Revenue Account) housing stock.
- 1.9 in the event that no suitable business case is developed to enable the course of action as outlined in 1.3 above to proceed, delegate authority to the Assistant Director of Legal and Assurance to dispose of the identified properties freehold (as per appendix 1), on terms and conditions to be agreed by the Executive Director of Place in consultation with the Executive Director of Finance and Transformation and the Cabinet Member for Regeneration and Infrastructure Neighbourhoods and Community following an open market exercise;

1.10 subject to 1.9 above, delegate authority to the Assistant Director of Legal and Assurance to enter into or execute under seal, if necessary, any other related documentation in connection with the freehold disposal of the sites.

2. Reasons for Recommendations

2.1 Cradley Heath Community Centre is currently requiring significant expenditure to ensure it can continue to be maintained and operate effectively. The above recommendations therefore support delivery of the agreed corporate Asset Management Budget Savings targets 2023-2026 as detailed below:

2023/24 - £1.6million

2024/25 - £1.6million

2025/26 - £2.5million

2.2 The recommendations support the delivery of the council's Medium Term Financial Strategy (MTFS), ensuring that, moving forward, the council have a balanced budget alongside an efficient operational estate honed to deliver council services. Should the council fail to take decisions which declare identified assets surplus to requirements, it will not be able to achieve the assets savings targets as identified in section 2.1 of this report.

2.3 The council's Asset Management Strategy sets the strategic framework within which the property asset portfolio will be managed. The strategy is intended to guide future decisions concerning the acquisition, use and disposal of property assets. It is also meant to respond to the corporate planning process, providing property solutions that support each of the council's service areas in the delivery of their service plans.

2.4 The recommendations will provide essential residential development in the borough supporting delivery of the Council Plan alongside Government priorities to build 1.5million homes over the next 5 years.

2.5 The recommendations would potentially provide the council with a capital receipt, the value of which would be confirmed on approval of a preferred bidder should the primary recommendation for HRA new build not be progressed.

- 2.6 The recommendations align with the responses received from the public budget consultations, held in 2022-23 and 2023-24 which supported the disposal or development of council assets.

3 How does this deliver objectives of the Council Plan

Living in Sandwell	<p>The development of the combined site will ensure access to high-quality homes that will support the future needs of Sandwell residents and for them to live a long and healthy life in a safe and secure environment.</p> <p>The development of the site will contribute to the strategic objective of providing more affordable homes as set out in the councils Housing Strategy 2023-2028.</p>
Thriving in Sandwell	The development will provide good homes that are well connected and will strengthen the local economy by creating a quantum of opportunities throughout the construction and delivery phases.
One Council One Team	The recommendations will support a sustainable financial strategy through effective asset management to enable controlled and coherent delivery of the council's priorities.

4. Context and Key Issues

- 4.1 Cradley Heath Community Centre is a multi-room community building located on Redall Hill Road, Cradley Heath, around half a mile from Old Hill shopping centre.
- 4.2 The building is a former primary school, and has been an active community centre since 1982. It consists of 2 halls, 1 large room, 4 small rooms and a kitchen area. All are available for community use. Car parking is available on site for approximately 15 vehicles.
- 4.3 From 2013 the community centre was managed under terms of a grant agreement by a local community organisation, Sandwell Community Hubs (SCH). Due to unrelated issues, a decision was taken by SCH to end the existing grant agreement and effectively hand operational

management of the site back to the Local Authority. As such, as of April 2022 the council have been directly responsible for the management of the site and all associated operating and maintenance costs.

- 4.4 The net operating costs (excluding repairs and maintenance) for the property incurred by the council between 2021/22 to 2023-24 was £162,000 at an average cost £54,000 per annum. A similar operating cost is also forecasted for 2024/25.
- 4.5 Repairs and maintenance costs for the property are circa £33,000 for the period 2022-2025 at an average of £11,000 per annum.
- 4.6 A condition survey was undertaken for the property in December 2022 highlighting some areas of the building that are in poor condition. It is estimated that there would be circa £500,000 of investment required over the next 25 years with circa £350,000 of this required within the next 5 years. A copy of the condition survey can be found at appendix 3.
- 4.7 The site is currently staffed by one full council employee on a fixed term contract due to expire in August 2025. This is accounted for within the costs detailed at paragraph 4.4.
- 4.8 Due to a community asset transfer being explored previously and not progressing, current resources being used to fund the continued operation of the centre will be exhausted within the next 6 months. As such, a definitive way forward is required to mitigate the need for additional savings against this already limited budget.
- 4.9 The centre's current staffed opening hours are:
- Monday 9:00am - 4:30pm
 - Tuesday 9:00am – 4:30pm
 - Wednesday 8:00am - 4:30pm
 - Thursday 9:00am – 5:00pm
 - Friday 8:30am - 4:30pm
 - Sunday – all groups self-opening and closing (no staff)
- 4.10 The community centre currently hosts a variety of community activity with most of the bookings being on a 13-week rolling basis Appendix 2

provides details of current bookings and activities on each day of the week.

- 4.11 Sandwell's Citizens Advice Bureau (CAB) also has a presence on site occupying several self-contained small interview rooms. CAB currently access the site three times a week and hold a licence agreement for the rooms, this is currently out of date and holding over.
- 4.12 It is intended that subject to approval of the recommendations, all current site users would be supported by the council's Community Partnerships Team to relocate to suitable alternative premises. An appropriate communications plan will be established to support this with opportunities for current activities to operate from other buildings locally potentially including:
- Cradley Sports and Social Club
 - Community Link
 - Salvation Army
 - Haden Hill House
 - Haden Fire station
 - Haden Hill leisure centre
 - Cradley Heath library
 - Luxor Events (formerly 'The Regis')
 - Addenbrooke Court community flat (SMBC housing)
- 4.13 The land adjacent to the community centre (smaller area hatched grey on appendix 1 falling within larger grey shaded area) is also in council ownership having been acquired on 16 October 1970 using the Housing Act 1957. The land adjacent to the community centre (shaded grey on appendix 1) is also in council ownership having been acquired on 9 December 2019 to facilitate residential development in conjunction with both the adjacent land asset and community centre site.
- 4.14 It is intended that subject to the community centre being vacated the combined 3 sites as detailed in appendix 1 will be progressed for residential development as part of the council HRA stock under the new build development programme. This is to be funded from the retention of capital receipts generated from the sale of council HRA properties as

following a change in government policy, 100% of these can now be retained for use by the council.

- 4.15 To support the above, an indicative demolition proposal for the community centre has been prepared. This provides an estimated cost of £330,000. This is to be noted as being provided as an estimate only at this stage. Final cost estimates are to be confirmed in due course following pre-demolition works being undertaken to inform the same. A copy of the proposal can be found at appendix 4.
- 4.16 An indicative proposal has been created for the development of the site that would see the creation of 13 new residential units based on an indicative target cost of £340,000 per unit. Subject to the recommendations being approved a full business case is to be prepared following the undertaking of any relevant site investigations. Indicative plans for the development have been provided below.





- 4.17 Should the development of the sites for HRA properties not be commercially viable following the undertaking of the required site investigation and surveys, it is intended that the properties be advertised on the open market accepting offers for their freehold disposal to support residential development.
- 4.18 The estimated capital valuation for the combined sites as detailed in appendix 2 is £350,000 - £400,000. This is however based on limited site investigation information and does not factor in any development costs, for example demolition that would factor into any final agreed sale price. Should this option be progressed, the council would undertake an independent valuation at this time to ensure best value is achieved from any disposal.
- 4.19 The market rent for the community centre property is currently in the region of £25,000 per annum.

5. Alternative Options

Alternative options have been considered as outlined below.

5.1 Option 1 - Community Asset Transfer

The property was previously advertised for community asset transfer accepting expressions of interest. One organisation raised their interest, but no formal business plan was subsequently received. A further expression of interest has also since been received, however given the current investment required into the property it is not felt that this would be a sustainable option for progression. In addition, this would not allow for the combined sites to be developed for housing.

5.2 Option 2- SMBC continue operating as a community centre

Due the current condition of the property and required investment, alongside the current budgetary pressures on operational management, this is not a viable option to be progressed.

5.3 Option 3 - Commercial letting

Due the current condition of the property and required investment, alongside not allowing for the combined sites to be developed for housing in accordance with the purpose of acquiring the site adjacent to the community centre, this is option is not recommended.

5.4 Option 4 - Freehold disposal

The council's priority for the combined sites is to develop for new HRA residential development to support housing needs. However, should following a full business case being prepared this is not viable, it would be recommended that this option is progressed. This will allow the site to be progressed for residential development whilst generating a capital receipt for the council.

6. Implications

Resources:	<p>The council needs to deliver £2.5m of recurring savings by 2025/2026 from its asset base and to transform the way it uses its assets. The recommendations in this report will support delivery of asset rationalisation, ensuring the council can continue to operate effective delivery of its services.</p> <p>There is no dedicated budget allocated for the property as it is included as part of the wider PMA supporting the maintenance of all the council's corporate property portfolio, and therefore expenditure incurred on this property reduces the value of PMA budget available to support the remainder of the council's estate. The recommendations in this report will free up PMA budget and reduce pressure on the maintenance backlog through allowing other critical PMA works to be undertaken.</p> <p>There is currently no budget allocated for operational management and staffing of the community centre and continuing to operate as is will create additional financial pressures and/or reduction in other services.</p> <p>An indicative range for capital value is £350,000 to £400,000, based on comparable evidence for properties with similar characteristics.</p> <p>An indicative market rent value for the community centre property is £25,000 pa, based on comparable evidence for properties with similar characteristics.</p> <p>The council will fund the feasibility, demolition and subsequent residential development from capital receipts generated from the sale of council HRA</p>
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	<p>properties as following a change in government policy, 100% of these can now be retained for use by the council.</p> <p>To ensure successful delivery of this project, staff resource is in place to project manage the delivery and contractors.</p>
<p>Legal and Governance:</p>	<p>Any contracts will be awarded in accordance with the council's Procurement and Contract Procedure Rules and the Public Contracts Regulations 2015.</p> <p>Should the primary recommendation be progressed for residential HRA development, Cradley Heath Community Centre (asset reference RP4 and OS0191) and Land off Reddal Hill Road (asset reference MOL/0278) will require appropriation from the General Fund to the Housing Revenue Account. The capital value for the properties held on the asset register are £150,600 as of 31/12/2019 and £36,200 as of 31/3/2024 respectively. S.122 of the Local Government Act 1972 allows a council to appropriate land that belongs to the council which is no longer required for the purposes it was acquired for and subsequently held.</p> <p>Should the secondary recommendation of disposal be progressed, the council will require appropriate authority to be obtained in line with the Sale of Land and Buildings Protocol alongside the Assistant Director – Legal and Assurance being authorised to enter or execute under seal where necessary any legal documentation in connection the undertaking of a freehold disposal as required.</p>
<p>Risk:</p>	<p>Recommendation 1 – demolish and develop for residential.</p> <ul style="list-style-type: none"> • Delays with Planning

	<ul style="list-style-type: none"> • Unknown cost for the demolition and development until required surveys have been completed. • Difficulty relocating current site users. <p>Recommendation 2 – Open market disposal.</p> <ul style="list-style-type: none"> • Compliance with Financial Regulations for the sale of Council building and assets protocol • Less control over future development <p>Both options</p> <ul style="list-style-type: none"> • Security of vacant site
Equality:	<p>The continued review of the council’s asset portfolio and any associated rationalisation will ensure all groups are considered and appropriate facilities are continued to be provided across the borough in a more targeted manner.</p> <p>All open market offers would be assessed and evaluated to ensure any future development meets the needs of the community and all users.</p>
Health and Wellbeing:	<p>The demolition and redevelopment of the property will offer a range of health and wellbeing benefits by providing modern, safe homes for people to live.</p>
Social Value	<p>The repurposing and regeneration of the borough’s assets will ensure that they serve as a key driver of the borough’s economy and will create more employment and training opportunities for the residents of Sandwell.</p> <p>The procurement of the third-party contractors will also include social value requirements.</p>
Climate Change:	<p>Any new development will contribute to reducing the Borough’s carbon emissions and will help to meet the targets set out in the council’s Climate Change Strategy.</p>
Corporate Parenting	<p>There are no corporate parenting implications arising from this report.</p>

7. Appendices

7.1 Appendix 1 – Site plan

7.2 Appendix 2 – Cradley Heath Community Centre booking schedule

7.3 Appendix 3 – Condition survey

7.4 Appendix 4 – Demolition proposal

8. Background Papers

None.