

Management Committee

Greenhill Chalet Management

For Decision

Portfolio Holder(s)/ Briefholder

Councillor J Cant –Assets & Finance

Councillor A Blackwood- Community Facilities

Councillor J Osbourne- Tourism & Harbour & Culture

Senior Leadership Team Contact:

Martin Hamilton

Report Author: David Brown

Statutory Authority

Legal power to dispose of the land – s123 (2) and s 128(1) Local Government Act 1972 and Circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003.

Purpose of Report

- 1 (a) To consider the current management of the whole of the Greenhill Chalets single and two storey units plus the play gardens, cactus garden area as well as the tennis courts, putting green and Pebbles café.
- (b) To consider the granting of the whole of the foregoing facilities on a new thirty year lease to a new Charitable Trust (Greenhill Community Trust) to be set up and formed by the current Greenhill Chalet User Group.
- (c) To ensure that for the future all these facilities are managed at no cost to the council, as well ensuring there is a substantial rolling maintenance and repair program to improve them.

Officer Recommendations

- 2 To agree to the granting of a new thirty year lease at a peppercorn rent to the Greenhill Chalet User Group Charitable Trust to help ensure the long term prosperity and more cost effective management of the Greenhill Chalets and facilities.
- 2.1 To agree that the current chalet occupiers will be offered a 12 months licence from 31st March at current fee charges plus a 5% increase to allow the new Trust to be set up and then consider licensing options for the future
- 2.2 To agree that the final agreement of the lease terms be delegated to the Strategic Director (Martin Hamilton) in consultation with the Asset & Finance Briefholder

Reason for Decision

- 3 To help ensure the long term prosperity and more cost effective management of the Greenhill Chalets and facilities.
- 3.1 To enable the Charitable Trust to apply for grants to carry out repairs and improvement to the Greenhill chalets.
- 3.2 To ensure that for the future all these facilities are managed at no cost to the council, as well ensuring there is a substantial rolling maintenance and repair program to improve them.
- 3.3.1 To ensure the enhanced availability of the public paddling pool area to remain open to the public, to allow for improved fund raising opportunities, to allow for continuing and wider community involvement in the Greenhill facilities indicate that will pass to the Trust.

Background and Reason Decision Needed

- 4 The management of the Greenhill Chalets and other facilities indicated are currently owned and directly managed by the council.
- 4.1 The chalets and other facilities are all fully let with the majority of occupiers being local residents, and with those using them genuinely interested in keeping such facilities and improving them.
- 4.2 The income received from these facilities is in excess of £100,000 pa but due to the deteriorating condition of the chalets in particular, with rates , insurance , management, etc this allows for only a relatively low level of annual maintenance before the expenditure balances the income.
- 4.3 The current backlog of works, ignoring the structural steel frame, is several hundred thousand pounds. With the current income levels giving little or no surplus, the condition of the chalets and facilities continues to deteriorate every year.
- 4.4 The original chalets are steel framed and in the highly corrosive salt environment this has deteriorated over the decades. Those structures are also listed buildings and so any changes, repairs and works, or improvements need careful attention to detail, as well as appropriate consents.
- 4.5 With regards to the structure a scheme of repair was considered but this was estimated to cost nearly £2m and these works were very intrusive. The structure does slowly continue to decline but this was robustly constructed when built, has been structurally tested and found safe, and while continuing to decline will no doubt provide serviceable accommodation for many years yet to come.
- 4.6 All the timberwork however is generally poor, has been patched, covered and filled and does now really need careful and reasonably complete replacement. Decorations, services and roof works and other detailing would also be a part of any annual rolling works program. This needs long term investment and commitment and cannot take a short term approach to return on money spent.

- 4.7 With the current financial situation, it was appropriate to look at alternative opportunities for managing or dealing with these facilities.

Options for the Future

Continued Council Management

5. The council at present cannot invest the necessary resources to improve these facilities, and so the current status quo is not desirable. The continued management is not therefore ideal and alternative options are needed ideally.

Sale of whole or parts

6. If the council was merely seeking to maximise the income then it could seek to sell a long lease or the freehold with limited or no controls and either take a capital receipt or an income.
- 6.1 However any investor would then most likely seek to sell off elements or occupancies to the highest bidders, with little regard to the longer term issues arising. Such a sales option would tend to reduce the availability for local residents use as well as increasing fees and charges to a point where local people were priced out of the market. Where facilities were not locally occupied then they would tend to be used less, and being shut up would increase damp and general deterioration.
- 6.2 While therefore the best financial option this was discounted as having limited and potentially reducing community benefit, and further would not necessarily sustainable allowing the physical faculties to decline more rapidly than at present.

Community management and control

7. This option was considered some years ago by the council in 2014 when the opportunity was tendered out. There was limited interest only with one submission being a detailed submission by the Greenhill Chalet User Group. This included a detailed business plan with a rental payment to be made in some tens of thousands and with the Group looking to take over these facilities and operate them on behalf of the council. The submission made was considered by the council but they decided in the end that it did not wish to follow this route and rejected that proposal.
- 7.1 While the Greenhill Chalet User Group were disappointed at having their proposal rejected they have continued to maintain considerable interest in the ongoing condition, lettings and basis for management and repairs of the chalets and facilities nearby. The council were aware of this active involvement and have sought again to encourage this group to consider taking over the day to day responsibility and management of these facilities.
- 7.2 The Greenhill Chalet User Group have written indicating that they would be interested in considering this but before going into the detail and cost that they incurred last time would wish to obtain agreement from the council that in principle this would be acceptable to the council.

- 7.3 The charitable trust (Greenhill Community Trust) would then be formed and the detailed safeguards, maintenance program, local residents priority use , restrictions on chalet licence fee increases etc would then be put into place in the lease. A rent payment could be requested but due to the deterioration of the condition any payment to the council would be modest, and that reduction in surplus would merely slow down the reinstatement program and improvements that are needed.
- 7.4 The Trust will be required as part of the lease to undertake an agreed initial 5 year rolling maintenance and repairs program. This schedule of works will be appended to the lease to provide more certainty to all with regards to the initial works program. Further improvements will then continue beyond this on an annual basis, with the details being considered nearer to that time.
- 7.5 The trust would not be responsible for any improvements to the steel frame structure and would merely undertake the watching brief on this that the council had agreed with Heritage England. The trust would also be seeking a break clause on their side every 5 years, but there would be no liability or costs to the council as all these would otherwise be met by the Trust. The detailed terms of the lease would be agreed as per the recommendation.

Implications

Corporate Plan

8. Priority B3. Facilitating sustainable leisure, culture and community activities
C2. Protecting and enhancing the built and natural environment
D2. Adapting service delivery to the changed financial environment

Financial

9. The improvements will be funded from income received from the facilities and there will be no cost, management or other liabilities due with regards to the day to day operations of the facilities.

Environmental

10. There are no direct environmental implications as a result of this report.

Economic Development

11. Improvement to the quality of the borough's facilities will improve the overall visitor experience and should assist the local economy.

Risk Management (including Health & Safety)

12. There are no H&S implications as a result of this report, as these will be taken on by the Trust.

Human Resources

13. N/A

Consultation and Engagement

14. Consultation has been undertaken with Briefholders, the Group leaders, and the Asset and Regeneration Group.

Appendices

None.

Footnote

15. Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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