

# Birmingham City Council

## Report to Cabinet

25th July 2023



**Subject:** Former Erdington Baths – Community and Enterprise Hub: Additional Capital Grant

**Report of:** Paul Kitson, Strategic Director of Place, Prosperity and Sustainability

**Relevant Cabinet Member:** Councillor John Cotton, Leader

**Relevant O &S Chair(s):** Councillor Akhlaq Ahmed, Economy and Skills

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Are specific wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s): Erdington		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 011516/2023		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential: None		

### 1 Executive Summary

- 1.1 The former Erdington Baths building on Mason Road has been vacant since 2014. Witton Lodge Community Association propose to refurbish the building as a Community and Enterprise Hub for the benefit of the local community and businesses.
- 1.2 On 6<sup>th</sup> October 2022 the Leader (as the relevant Cabinet member) authorised the allocation of £0.795m from the Community Infrastructure Levy (CIL) to

undertake initial works to the building to make it watertight and weatherproof, in order to ensure that it did not deteriorate further. The allocation of CIL funding was eligible to count towards the Council's local contribution under the Tranche 2 LUF bid submitted for Erdington High Street which included the Baths project.

- 1.3 On the 18<sup>th</sup> January DLUHC informed the Council that the Tranche 2 LUF bid for Erdington High Street had been unsuccessful. At a subsequent meeting regarding the project, representatives of the West Midlands Combined Authority indicated that, in principle, they would still be prepared to put the £2m that they had earmarked for the project (which had been conditional upon a successful LUF bid) into the Baths proposal if the Council was prepared to put forward a similar sum.
- 1.4 It is proposed that Birmingham City Council should match fund the in principle contribution of £2m from the West Midlands Combined Authority to enable the project to proceed. This would be a commitment of a further £1.205m in addition to the £0.795m already committed.

## **2 Recommendations**

- 2.1 To approve the award of a further capital grant of up to £1.205m (including irrecoverable VAT) of Community Infrastructure Levy (CIL) funds to Witton Lodge Community Association for works at the former Erdington Baths building, subject to the completion of the City Council's Conditions of Grant agreement (COGA) and confirmation of the proposed funding from the West Midlands Combined Authority.
- 2.2 Authorises the City Solicitor and Monitoring Officer to negotiate, execute, seal and complete all necessary documents in connection with the above recommendation including placing a legal charge.

## **3 Background**

- 3.1 The former Erdington Baths building on Mason Road (see Appendix 1) has been vacant since 2014 following the opening of the new Erdington Leisure Centre and Pool as part of a wider City Council sports transformation and investment programme that has seen new pools constructed at Erdington (on Orphanage Road close to the former Baths which are the subject of this report), Stechford, Northfield, Icknield Port Loop and Sparkhill.
- 3.2 The Baths building dates from 1925 and although not listed, is a non-designated heritage asset due to its age and the positive contribution that its design and form have on the character of the wider area.
- 3.3 Witton Lodge Community Association have developed proposals with the City Council for the former Baths building to be transformed into a Community and Enterprise Hub. The Hub is to provide small-scale, affordable working and meeting space for local SMEs, individuals and residents groups complemented by specialist advisors to support business start-ups. A range of well-being

services and cultural activities for the local community were also to be provided. Examples of similar co-working facilities include the Moseley Exchange in Birmingham, the Granville and TechHub in London and All Saints in Wolverhampton. The initial scheme for the proposed Community and Enterprise Hub was estimated at £5.64m and formed part of the unsuccessful Tranche 2 LUF bid for Erdington High Street.

- 3.4 The Community Association has progressed the plans and proposals for the site to RIBA 4 level. As such planning permission was granted on the 8<sup>th</sup> July 2022 for a change of use from a disused swimming baths (Class F(d)) to a multi-use co-working and enterprise hub (Use Class E and F), including café, restaurant and creche, associated site works, including the erection of a bin store.
- 3.5 On the 6<sup>th</sup> October 2022 the then Cabinet Member approved £0.795m for initial works at the Baths building – in essence to make the building watertight and weatherproof. The City Council, as the owner, and Witton Lodge Community Association have also completed a Tenancy at Will (a type of temporary lease) for the occupation of the building ahead of a future longer term agreement (which could be some form of Community Asset Transfer).
- 3.6 Following the decision on the Tranche 2 LUF bid, meetings were held with the Community Association and the West Midlands Combined Authority to explore how the proposal for the Baths might be progressed. The West Midlands Combined Authority indicated that it would still consider committing the £2m (from the WMCA Brownfield Housing Fund) that it had earmarked for the project, if this sum could be matched by the Council and if a satisfactory scheme and outputs could be delivered.
- 3.7 The Community Association have subsequently revised their proposal to bring forward a scheme in accordance with a reduced budget of £4m. The revised scheme (Appendix 2) focuses on the retention of the reception area and the main hall. This will create the intended 20 studio pod spaces across ground level and the additionally created mezzanine level. The main hall also provides a flexible co-working zone which can also be reconfigured for stage use in events and performances. The full scheme is still capable of being delivered with the potential for a further phase to be implemented as funding opportunities arise. As before the building would obviously be made watertight and weatherproof.
- 3.8 The main elements which would not be progressed at this stage relate to the ancillary spaces adjacent to the main hall which accommodated space for three offices, a restaurant / kitchen and children's nursery with mezzanine and outdoor play area. It is intended to provide the shell and power connection within these spaces so that they can operate as separate entities with potential future tenants able to fit-out and finish the space according to their own requirements. It is understood that the design is such that the subsequent development of these spaces would not have an adverse or disruptive impact on the day to day activities of the core scheme.

- 3.9 The outputs from the revised scheme are set out in Appendix 3. Although the outputs are reduced the revised scheme still results in 68 jobs (compared to 88 jobs within the original scheme). In addition to the economic and social benefits, the proposal will also secure the future of a significant building within Erdington High Street that has been vacant for 9 years. In terms of the additional space not brought into direct use through the revised scheme, the Community Association have indicated their willingness to explore all opportunities for bringing this forward, including working with the Early Intervention and Prevention (EI&P) programme to mutual advantage. In this regard initial discussions have been held with the E&IP Team around a potential future phase to bring this space into use.
- 3.10 The proposal will also be sustainable and contribute to the Council's Zero Carbon objectives. An Energy Statement was submitted by the Community Association as part of the planning application for the building in accordance with the requirements of the Birmingham Development Plan policies TP3 and TP4. The Statement sets out measures to be incorporated into the development in order to ensure that it is highly sustainable and minimizes overall energy demand. The Statement concludes that carbon emissions will be reduced by 58% and energy consumption by 21%. A planning condition has been attached to the planning permission requiring the development to take place in accordance with the details set out in the Energy Statement.
- 3.11 In terms of delivery Witton Lodge Community Association has over 28 years' experience of developing and managing capital projects and programmes that will be brought to the Baths proposal. Working in partnership with Birmingham City Council it has developed and delivered a multi-million comprehensive masterplan that has seen the clearance and re-provision of 908 new homes, creation of new parks, open spaces, new health, and community facilities at Perry Common. Through this process the Community Association has developed, financed, and now manages over 200 family homes and community facilities. In recent years, the Community Association has completed a number of major projects including a £2.8m residential development; an Empty Property Initiative part funded by Homes England; and the development of Witton Lakes Eco Hub (part funded by the National Lottery). The Association currently maintains a c£13m asset base and is registered with the Housing Regulator as a Registered Housing Provider.

#### **4 Options considered and Recommended Proposal**

- 4.1 Do nothing – While the building will be secured and weather proofed through the initial grant of £0.795m the project as a whole will stall indefinitely until an alternative funding source can be identified
- 4.2 Approve the additional capital funding from CIL for the revised scheme and award a grant to Witton Lodge Community Association – this is the recommended proposal and will enable Witton Lodge Community Association to complete the

revised project. The increased award would also unlock the potential for £2m of matched funding from the West Midlands Combined Authority.

## **5 Consultation**

- 5.1 Initial public consultation on the conversion of the former Baths to a Community and Enterprise Hub was conducted by the Community Association between 16<sup>th</sup> October and 6<sup>th</sup> November 2020. As part of this surveys were undertaken and residents within 10 minute walk were contacted as well as the then MP and local councillors. In addition to community consultation, a business questionnaire was used to obtain feedback and research from businesses who may use the facility. The Community Association received overwhelming support for the proposals to re-use the Baths with feedback showing a need for improvements to community facilities and workspaces for Erdington (largely from local residents).
- 5.2 The proposal for the conversion of the Baths was incorporated within the previous unsuccessful Future High Streets fund and LUF Tranche 1 and 2 bids. The proposal also has the support of the working group that was established to progress and prepare the LUF bids which includes representatives of St Barnabas' Church, Erdington Business Improvement District, the MP, local councillors, City Council officers, Witton Lodge Community Association and West Midlands Combined Authority.
- 5.3 The proposed revised scheme for the Baths has the support of Paulette Hamilton MP and the Erdington Ward Councillors, Cllr Robert Alden and Cllr Gareth Moore (Appendix 4).

## **6 Risk Management**

- 6.1 The works will be commissioned by Witton Lodge Community Association and the City Council will require the Community Association to complete a Conditions of Grant Aid (COGA) agreement setting out the terms and conditions of the grant. The Community Association will be required to submit periodic grant claims based upon evidence of defrayal of expenditure directly related to the project. The Community Association will therefore assume the risks for the works to implement the revised scheme.
- 6.2 The Community Association has completed a Tenancy at Will with the City Council regarding the use of the building and the intention is to progress to a longer term agreement in the near future. Going forward the Community Association will be responsible for the security and maintenance of the building.
- 6.3 The Council's increased grant contribution will also be dependent upon a matched provision of £2m from the West Midlands Combined Authority.

## **7 Compliance Issues:**

- 7.1 **How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- 7.1.1 **The Corporate Plan 2022 – 2026 (To Support, To Serve, To Level Up)** has tackling inequalities at its heart and is underpinned by the vision to make Birmingham a city where all citizens share in the creation and benefits of sustainable economic growth and live longer, healthier and happier lives. The creation of a Community and Enterprise Hub at the former Baths building and the associated economic and community benefits will accord with the priorities for a Prosperous Birmingham (through a focus on inclusive economic growth, tackling unemployment and attracting inward investment) and an Inclusive Birmingham (tackling poverty and inequality).
- 7.1.2 **Prosperity and Opportunity for All: Birmingham City Council's Levelling Up Strategy** sets out the vision of levelling up for the city rooted in the belief that we must encourage growth and stimulate investment in the city, whilst at the same time making Birmingham a fairer and more equal place. Levelling up must mean that our citizens share in the economic benefits of Birmingham's development and live longer, healthier, and happier lives.
- 7.1.3 **Everyone's Battle, Everyone's Business: Birmingham's Equality Action Plan 2022/2023.** The proposal accords with the objectives of Everyone's Battle, Everyone's Business to make long term council-wide improvement to embed equity in a wide range of policy and practice. This includes Place Matters, one of five key principles, which focuses on place approaches that improve access to opportunities for local communities.
- 7.1.4 **Route to Zero.** The proposal is in accordance with the Council's Route to Zero principles and seeks to embed sustainability into the heart of the development through a range of design measures based on the 'Be Lean, Be Clean, Be Green' design hierarchy. As a result, carbon emissions for the development have been reduced by 58%, and energy consumption has been reduced by 21% due to the inclusion of low and zero carbon technologies. The former Baths building is also in a highly sustainable location at the northern end of Erdington High Street, close to Erdington Rail Station and a number of major bus routes.

## **7.2 Legal Implications**

- 7.2.1 The Council is empowered to provide the proposed grant funding under its general power of competence conferred under S.1 Localism Act 2012.
- 7.2.2 The proposed award would be in compliance with the Community Infrastructure Levy Regulations 2010 (as amended) which require the authority to apply CIL to funding infrastructure to support the development of its area. That can include passing CIL to a third party for that person or body to apply to funding infrastructure, as in this case.

### **7.3 Financial Implications**

- 7.3.1 Following the unsuccessful Erdington High Street Tranche 2 LUF bid, Witton Lodge Community Association has developed a revised scheme with an overall budget of £4m in order to ensure they can deliver a viable project.
- 7.3.2 There are sufficient resources within the structural CIL account to fund the increased contribution by the Council. The West Midlands Combined Authority have confirmed that in principle they will commit a matched sum of £2m (from the Brownfield Housing Fund) to the revised project.
- 7.3.3 The provision of CIL funding to the sum of up to £1.205m (in addition to the previous award of £0.795m) will enable the revised scheme to be implemented and will be subject to the City Council's standard COGA agreement. The grant is a capped amount and the City Council will not be responsible for any project overspends. All procurement will be undertaken by Witton Lodge Community Association through a competitive process.
- 7.3.4 The COGA will stipulate that payment of the grant will be retrospective, based upon evidence of defrayal and checked by officers in the Planning, Transport and Sustainability Service.
- 7.3.5 The Community Association will also take further advice on their VAT position going forward – the proposed grant may therefore reduce dependent on this advice and the final VAT position in terms of the works.

### **7.4 Procurement Implications**

- 7.4.1 Procurement for the project will be undertaken by Witton Lodge Community Association. The COGA agreement will require that a competitive procurement process is undertaken in order to address any subsidy control issues.

### **7.5 Human Resources Implications**

- 7.5.1 None

### **7.6 Public Sector Equality Duty**

- 7.6.1 The proposed improvements and refurbishment of the former Baths building will bring about positive changes to the local environment to the benefit of residents, businesses and visitors alike. Local councillors and Paulette Hamilton MP are supportive of Witton Lodge Community Association's proposals for the former Baths which have been granted planning permission.
- 7.6.2 An initial screening for an Equality Analysis (EA) has been undertaken for the Tranche 2 LUF bids and concluded that a full EA is not required at this time, with no adverse impacts on the protected groups and characteristics under the Equality Act 2010. This position is to be reviewed for each composite project and / or programme at FBC stage as necessary.

## **8 Appendices**

Appendix 1: Plan of former Erdington Baths

Appendix 2: Erdington Baths Revised Design April 2023

Appendix 3: Erdington Baths Revised Employment Outputs April 2023

Appendix 4: Erdington Baths Ward Councillor Consultation

## **9 Background Documents**

9.1 Levelling Up Fund – Tranche 2 Bids, Report to Cabinet 28<sup>th</sup> June 2022.

9.2 Former Erdington Baths – Community and Enterprise Hub: Weatherproofing Capital Grant; Report to the Leader of the Council 6<sup>th</sup> October 2022.