

CABINET

9 March 2016

Title: Future Management Arrangements for Fanshawe, Galleon and Hedgecock Community Facilities	
Report of the Leader of the Council	
Open Report	For Decision
Wards Affected: Parsloes, Gascoigne and Longbridge	Key Decision: Yes
Report Author: Paul Hogan, Divisional Director for Culture and Sport	Contact Details: Tel: 020 8227 3576 E-mail: paul.hogan@lbbd.gov.uk
Accountable Divisional Director: Paul Hogan, Divisional Director for Culture and Sport	
Accountable Director: Anne Bristow, Strategic Director of Service Development and Integration	
Summary: This report seeks approval to grant leases for the following properties: Fanshawe Community Centre; Hedgecock Community Centre; and the Galleon Centre. Cabinet has previously approved (21 December 2010; minute 76 refers) the transfer of several community centres into community management via the award of a long term lease. Also as part of the 2015/16 budget round Cabinet agreed (16 December 2014; minute 71 refers) a saving of £52,000 to be achieved by transferring the remaining community halls operated by the Council into community management arrangements. Accordingly it is proposed to transfer the management of the Fanshawe and Hedgecock Community Centres to independent community associations (which have been established for this purpose) via long term lease arrangements. The report also seeks approval to grant a lease to Studio 3 Arts for the Galleon Centre, which has been their base for a number of years.	
Recommendation(s) The Cabinet is recommended to: (i) Authorise the Chief Executive, in consultation with the Director of Law and Governance and Strategic Director of Finance and Investment, to negotiate final terms, enter into a management agreement and grant a 30 year lease for the Fanshawe Community Centre to the Fanshawe Community Association on a commercial rent and full repairing and insuring basis, and for the lease to include	

provision permitting the tenant to grant a sub-lease to the Dagenham Islamic Welfare Association to regularise its current occupation of part of the premises;

- (ii) Authorise the Chief Executive, in consultation with the Director of Law and Governance and Strategic Director of Finance and Investment, to negotiate final terms, enter into a management agreement and grant a 30 year lease on a commercial rent and full repairing and insuring basis for the new Hedgecock Community Centre to the Hedgecock Community Association, which will be established by the Council to manage the facility; and
- (iii) Authorise the Chief Executive, in consultation with the Director of Law and Governance and Strategic Director of Finance and Investment, to negotiate final terms, enter into a management agreement and grant a 30 year lease for the Galleon Centre to Studio 3 Arts on a commercial rent and full repairing and insuring basis.

Reason(s)

The proposal will assist the Council in making better use of its resources and assets and supports the achievement of the Council's priorities of "Encouraging Civic Pride", and "Enabling social responsibility".

1. Introduction and Background

Governance arrangements for community halls

- 1.1 A policy was established in Barking and Dagenham in 1986 permitting local community associations to manage Community Centres under a management agreement on weekdays. A 2003 report to Cabinet considered the possibility of formally leasing premises to these community groups with the Council retaining responsibility for the maintenance of the centres. In 2005 a further report to the Cabinet recommended that an asset transfer take place under full repairing and insuring leases.
- 1.2 Following the Government's endorsement of the value of asset transfer as detailed above, a report to Cabinet (9 September 2008; minute 38 refers) restated the case for asset transfer in this Borough and the Cabinet agreed a policy which included:

"Community Halls may be transferred on a long lease to voluntary sector organisations where a business case has demonstrated social or community benefits which would arise from such a transfer and where the management capacity of the organisation has been demonstrated to be sufficiently robust."
- 1.3 By Minute 76 (21 December 2010), Cabinet agreed to grant a registrable long lease for several of the community centres in the Borough to their respective Community Associations.
- 1.4 At the Cabinet meeting on 16 December 2014 (minute 71 refers), Members agreed to transfer the remaining community halls operated by the Council into community management arrangements.

Current position

- 1.5 Fanshawe Community Centre has been operated successfully for a number of years by the Fanshawe Community Association under the terms of a management agreement with the Council. This enables the Association to manage the hall on a day to day basis and to retain the income generated from lettings and other activity they programme. However, they are also responsible for all expenditure associated with the operation of the community centre.
- 1.6 The Dagenham Islamic Welfare Association is based in a separate part of the Fanshawe Community Centre complex. They had a licence to occupy their premises, which has now expired.
- 1.7 The new Hedgecock Community Centre is being built on Upney Lane in Barking as part of a s106 agreement with the developer of a new housing scheme. It is expected that the centre will be handed over to the Council in spring 2016.
- 1.8 Studio 3 Arts has been based at the Galleon Centre for a number of years and runs a varied programme of participatory arts activities for local people. In a similar arrangement to the one currently in place for the Fanshawe Centre, Studio 3 Arts has managed the Galleon Centre via a standard Council management agreement.
- 1.9 Studio 3 Arts is the only arts organisation in the Borough that is revenue funded by Arts Council England. They provide a wide ranging and unique programme of opportunities at the Galleon Centre for local people to see and participate in the arts.
- 1.10 Studio 3 Arts is the accountable body for the Creative Barking and Dagenham programme, which is also based at the Galleon Centre.
- 1.11 A site plan for the Fanshawe Community Centre and the Galleon Centre is attached at appendix one and two respectively. The Hedgecock Community Centre is still under construction and is located within a new housing development that will be completed shortly. As a result it is not possible, at the time of writing, to provide Members with a copy of the site plan that shows the footprint for the centre.

2. Proposals and issues

Fanshawe and Hedgecock Community Centres

- 2.1 Transferring the Community Centres as an asset to the community can have the following benefits:
 - To be of no financial burden to the Council while still enabling valued community services to be available to the community;
 - To provide a stable and accessible community hub where local people of all ages can meet, socialise and participate in a varied programme of educational and recreational activities;
 - To increase the capacity of local groups to manage and deliver diverse programmes to meet local needs and interests, and to contribute to wider partnership objectives such as building a strong community; and

- To enable Community Associations to leverage funding from other sources (not available to the Council) to enable continued investment in the facilities, delivering continuous modernisation, upgrading and maintenance of the community centre's infrastructure.

2.2 It is proposed to transfer the Fanshawe and Hedgecock community centres to their respective community associations via a 30 year lease on a commercial rent and full repairing and insuring basis.

2.3 Arrangements are in hand to establish a new community association to take on responsibility for the management of the Hedgecock community centre when it is handed over by the developer. To ensure the centre is being managed effectively before a long term lease is granted, it is intended that a management agreement rather than a lease will be put in place for the first twelve months of operation of the centre. If at the end of this period it is considered that the centre is being managed effectively then a lease will be granted.

2.4 The Fanshawe Community Association has been in existence for a number of years and already manages the Fanshawe Community Centre on a day to day basis but with no lease agreement in place. The intention would be to enter into a lease with the Fanshawe Community Association at the earliest opportunity with a sub-lease to the Dagenham Islamic Welfare Association.

Galleon Centre

2.5 It is proposed to transfer the management of the Galleon Centre to Studio 3 Arts via a 30 year lease on a commercial rent and full repairing and insuring basis.

3. Options appraisal

Fanshawe and Hedgecock Community Centres

3.1 Cabinet has already made a decision about the preferred option for the future management of the community centres as part of the 2015/16 budget round and so it is not appropriate or necessary to re-visit this decision.

3.2 However, it is a requirement set out in the Council constitution that any long term lease agreements (over 20 years) must be formally approved by Cabinet.

Galleon Centre

3.3 The options available to Cabinet in relation to the Galleon Centre focus on identifying the most efficient and effective management arrangement. There are considered to be two options:

Option A - Formalise the existing management agreement with Studio 3 Arts by providing the opportunity for them to take on the operation of the centre via a long term lease. This option is recommended as providing the best balance of providing value for money to the Council whilst retaining facilities for the community and providing security of tenure for one of the Borough's key cultural organisations.

Option B - Let the building through the Council's normal commercial letting procedures. The geographic isolation of the area will limit the level of interest that this opportunity would generate. Experience suggests that it is likely that the building would attract offers from faith groups; however, it is not considered that this would provide the best outcome for local residents in terms of the range of activities and services that would be available to them at the centre. Also, and most importantly, if this option were pursued it would make Studio 3 Arts and Creative Barking and Dagenham homeless.

- 3.4 This report recommends that option A should be implemented but if this does not prove feasible then option B should be pursued.

4. Consultation

- 4.1 The proposals in relation to the community centres were consulted on as part of the scrutiny process for the 2015/16 budget round.
- 4.2 Since then Longbridge Ward Councillors have been directly involved in shaping the development of the new Hedgecock Community Association, which it is proposed will manage the Hedgecock Community Centre.
- 4.3 Public meetings have been held to inform local people about the proposals for the future operation of the Hedgecock Community Centre and to encourage interested people to become directly involved in its operation.
- 4.4 Relevant Ward Councillors have been consulted on the proposed assignment of the leases for the Fanshawe Community Centre and Galleon Centre.
- 4.5 The proposals have also been reviewed by the Council's Assets and Capital Board.

5. Financial Implications

Implications completed by: Richard Tyler, Interim Group Finance Manager

- 5.1 The preferred option to transfer the facilities from the Council's management via a long term 30 year lease which would see the facilities function at no cost to the Council run by independent community organisations. They would take responsibility for the repair maintenance, insurance and all running costs for the facilities. This option would also enable the service achieve its savings target of £52,000 agreed at Cabinet (Dec 2014).
- 5.2 It should be noted that if the relevant organisation fails to meet the terms of the lease the facilities would revert to the Council, which would lead to a cost pressure against the revenue budgets until a new management arrangement can be organised.

6. Legal Implications

Implications completed by: Evonne Obasuyi, Senior Lawyer

- 6.1 The report seeks approval for the grant of long leasehold interests to the Community Associations to facilitate their management, use and occupation of the

named sites in the freehold ownership of the Council. The proposed leases will be for a term of 30 years and at a commercial rent and will be let on full repairing and insuring basis. The leases will be co-terminous with the management agreements.

6.2 The Council has powers to enter into the proposed transactions pursuant to section 123 Local Government Act 1972 which enables local authorities to dispose of land held by it in any manner it wishes providing it is not for a consideration less than the best that can reasonably be obtained, unless the Secretary of State consents to the disposal or the transaction is to further local social and economic well-being.

6.3 The disposal will be in compliance with the Council's acquisition and land disposal rules.

7. Other Implications

7.1 **Risk Management** - The key risks that have been identified in relation to this proposal relate primarily to the leases for the Fanshawe and Hedgecock Community Centres:

- i) The relevant organisations do not have the necessary skills or capacity to successfully manage the facilities to be leased. This risk is mitigated by the provision of advice and support to enable the Fanshawe and Hedgecock Community Associations to get appropriately constituted, and to build capacity. This is not considered to be an issue for the Galleon Centre.
- ii) The community centres become used exclusively by one group in the community, without achieving the wider social objectives for which they were designed. This risk will be mitigated by the insertion of a requirement in the lease's management agreement that the facility must remain fully accessible to all in the community. Failure to comply would constitute a breach of the lease agreement.
- iii) In these times of austerity the Community Association may not be able to secure funding to enable them to undertake the necessary works to their premises that may arise over the life of the lease. Support and advice is available to Community Associations to enable them to bid to all relevant funding bodies. It is also anticipated that the Association may wish to use the skills of local people where appropriate to complete works with the aim of increasing their affordability.
- iv) There may be an impact on the affordability and accessibility of space available to groups using the community centres, as the Associations reviews pricing policies to ensure that they reflect the need to cover repairs and maintenance costs, and seek to fill them at all times. The Council may need to rationalise provision if this becomes an issue for any services which it provides.
- v) The organisation holding the lease folds for some reason. It is recognised that many groups have been run ably by individuals for many years but they will not be able to do so for ever. If one of the Community Associations was to fold, or Studio 3 Arts lost its revenue funding from Arts Council England, the lease would be terminated, and the property would return to the control of the Council.

There would then be another opportunity to re-advertise it to the community to seek another managing organisation for a long lease.

- vi) The organisation holding the lease chooses to activate the lease break clause. In this case, the Council would need to consider its position at the time, and again could proceed to re-advertise, but the continued availability of the Centre to the community could not be guaranteed.
- vii) If the organisation does fold and / or the lease is terminated, charges on the property and / or external funding obligations may remain unfulfilled. The drafting of the lease will seek to ensure that any obligations entered into by the Community Association remain the legal duty of the leaseholder and do not revert to the Council in the case of termination.

7.2 Customer Impact - Provisions will be inserted into the lease with the community associations to ensure that the community centres remains accessible by all groups in the community. This should mitigate the risk of impacts on equality groups and customers. Similar provisions will be included in the lease with Studio 3 Arts for the Galleon Centre.

The transfer of these facilities has the potential to positively impact on customers and community cohesion, since the facilities will remain open for community use, activities will continue to run which bring people from different backgrounds together, and there will be the potential to secure funds not available to the Council to enable their further development.

7.3 Safeguarding Vulnerable Adults and Children - It is expected that all of the facilities will provide programmes of positive and diversionary activities for young people, older people and disabled people. Officers will work with the leaseholders to establish a robust safeguarding policy and procedures.

7.4 Health issues - the venues will provide safe, comfortable and accessible spaces where local people can meet, socialise and participate in a range of activities including those that will support health and wellbeing.

7.5 Crime and Disorder Issues - The Council has a statutory duty to consider crime and disorder implications in all its decision making. The venues will provide a wide range of activities and quality facilities, which will provide positive activities the local residents.

7.6 Property / Asset Issues - It is intended that the terms of the lease will require the leaseholder to repair, maintain and insure the facilities. Regular monitoring by Property Services will ensure that the leaseholders are complying with the lease conditions, enabling action to be taken as appropriate if any are in breach.

Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix 1** Site plan for Fanshawe Community Centre
- **Appendix 2** Site plan for Galleon Centre