

## CABINET

21 DECEMBER 2010

### REPORT OF THE CABINET MEMBER FOR CULTURE AND SPORT

<b>Title:</b> Future Arrangements for the Management of Community Centres	<b>For Decision</b>
<p><b>Summary:</b></p> <p>Voluntary and community organisations bring a wide range of activities and benefits to local people. There is potential for community organisations to realise significant benefits for local communities by taking on the management and ownership of local assets. This transfer will also deliver significant financial savings to the Council.</p> <p>In the current challenging financial climate, the Council cannot afford to continue to run Community Centres where community groups are not willing to take them on long-term leases.</p> <p>This report seeks approval to grant a registrable long lease to Community Associations in respect of Abbey, Hatfield, Heath Park, Ted Ball, Teresa Greene, Thames View, Village and Wantz Community Centres.</p> <p><b>Wards Affected:</b> Abbey, Eastbrook, Goresbrook, Heath, Mayesbrook, River, Thames, Village</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to agree:</p> <p>(i) To authorise officers to grant a registrable long lease for the following Community Centres to their respective Community Associations, subject to satisfactory negotiation of the lease and associated legal agreements:</p> <ul style="list-style-type: none"><li>• Abbey</li><li>• Hatfield</li><li>• Heath Park</li><li>• Ted Ball</li><li>• Teresa Greene</li><li>• Village</li><li>• Wantz</li></ul> <p>(ii) In the event that it is not possible to enter into a lease agreement with any of the relevant Associations at (i) above, to authorise officers to advertise more widely the opportunity to enter into a registrable long lease for the relevant Community Centre.</p> <p>(iii) To delegate authority to the Corporate Director of Adult and Community Services, in consultation with the Corporate Director of Finance and Resources and on the advice of the Legal Partner, to agree the terms of the lease and management agreements.</p>	

<b>Reason(s)</b>		
<p>The proposals are designed to support the achievement of the Council's aim, 'Better Together', and specifically the objective 'To build a stronger, more cohesive community by building social capital, building capacity in the third sector and building pride in the borough'. The proposals will also assist the Council to achieve a balanced budget.</p>		
<b>Comments of the Chief Financial Officer</b>		
<p>Proposals contained within the report if approved will deliver £300,000 savings from the Community Centres budgets, over the next two financial years. This will go towards the Adult and Community Services three year savings target of £10.77m.</p>		
<b>Comments of the Legal Partner</b>		
<p>The Council will retain the freehold interest and grant a long lease of 30 years for a peppercorn rent to the relevant Community Association.</p> <p>The Council will enter into a management agreement with the relevant Community Association to deal with the management of the Centre.</p> <p>The Council and the relevant Community Association will agree heads of terms for leasing arrangements.</p> <p>The Corporate Director, Adult and Community Services can agree the terms of the lease and management agreements in consultation with the Corporate Director of Finance and Resources (Constitution Land Acquisition and Disposals Rules refer) and on the advice of the Legal Partner.</p>		
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## 1. Background

- 1.1 Increasing the ownership and management of land and assets by community organisations was a particular focus of the previous Government. The Coalition Government has built on this in its approach to 'Big Society': indicating that this approach is one means by which to give our communities more power and for them to take more responsibility and control of local resources.
- 1.2 The 2006 Local Government White Paper set out the Government's intention to increase opportunities for community asset ownership and management and promoted asset transfer as part of a local authority's 'placeshaping' role. The Government established the £30 million Community Assets Fund to help achieve this, managed by the Big Lottery Fund. From this fund almost £1 million was

awarded to the Ripple Hall development which has created a resource centre for the voluntary sector in the borough, through granting a registrable long lease to the Council for Voluntary Service (CVS) for the premises.

1.3 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 the Cabinet considered the possibility of formally leasing the 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.

1.4 Following the Central Government endorsement of the value of asset transfer as detailed above, a 2008 report to the Council's Cabinet 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.*

1.5 The Council's current network of Community Centres is:

Abbey	Heath Park	Ted Ball
Fanshawe	Marks Gate	Thames View
Gascoigne	Ripple	Village
Hatfield	Teresa Green	Wantz

A map showing the locations of these centres appears at **Appendix A**.

1.6 The Council is facing significant challenges due to the shortfalls in budgets and the reduction in Local Government Funding through the Comprehensive Spending Review (CSR) 2010. The latest estimates for 2011/12, indicate the Council as a whole needs to save at least £17.79 million, and within that figure the Adult and Community Services Department has been tasked to find £4.77m. The Director of Finance has recently advised that due to the timing and phasing of the recently announced Coalition Government savings requirements, additional savings may be required across the Council.

1.7 A proposal has been developed to deliver the following savings from the Community Centres budget. If approved this will go towards the Department's savings target, and totals £300,000 (phased over the next two years):

2011/12 - £125,000  
2012/13 - £175,000

1.8 In addition to the network of Community Centres owned by the Council, there is a number of other facilities available for community use:

i) Spaces for hire in **schools and Children's Centres**: the Labour government stated that:

*“Where a school has facilities suitable for use by the wider community (e.g. playing fields, sports facilities, IT facilities, halls), it should look to open these up to meet community needs in response to an assessment of local demand”*

The Council provides guidance to schools to support them in their role of extended school provision, and every school in the borough does provide wider community access in some form, although this may be through the provision of groups and classes specifically linked to the school, such as activities for parents.

In recent years Government capital funding has enabled works to 16 primary schools in the borough to enable wider access to their facilities (e.g. ‘zoning’ off areas to enable the public to come in).

Currently 18 primary schools, 8 secondary schools and one special school let their halls out for access by the community.

- ii) Premises owned by **faith organisations**: most faith organisations in the borough make their space available for hire to the wider community, and the Faith Forum is aware of at least 50 who do so.
- iii) Spaces in **leisure centres** at Goresbrook, Abbey – and soon to be at Becontree Heath, plus **heritage buildings** at Valence House Museum and Eastbury Manor House.
- iv) Premises owned by **other community organisations and private companies** such as Kingsley Hall, Harmony House and Dagenham and Redbridge Football Club

## **2. Proposal**

2.1 Transferring Community Centres as assets to the community would deliver a number of key objectives and outcomes:

- To enable the Council to achieve significant revenue savings while still enabling valued community services to be available to the community
- To provide a stable and ongoing infrastructure of community centres as community hubs in the borough for the foreseeable future
- To increase the capacity of Community Associations 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
- 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 centres’ infrastructure

2.2 Proposals have therefore been prepared to deliver the required savings through granting a registrable long lease for the premises, with the exception of the following, for the reasons below:

<b>Centre</b>	<b>Reason</b>
Fanshawe	The Council is currently reviewing options for the future of the hall.
Gascoigne	The Gascoigne Community Centre has recently been refurbished as a joint Community and Youth Centre. Further work is required to re-establish a robust Community Association, with the aim of transferring the Centre at a later date.
Marks Gate	Discussions are currently underway with ward Councillors and St Marks church around options for development in the area: it is proposed to revisit the potential to transfer the Community Centre when these discussions are further developed.

### **Consultation with Community Associations**

2.3 On 21 October, meetings were held with representatives of Community Associations to discuss proposals for asset transfer. The Associations were advised:

- The Council's commitment to transfer assets to Community Associations, previously discussed with them, remains. The Council has invited groups to take over the centres at a peppercorn rent, on a long, full repairing lease.
- The Council will not be able to continue to fund the centres beyond the end of March next year: the future of the centres can only be secured if groups are willing to take them on.
- Cabinet would, on 21 December, review proposals for the way forward for Community Associations, including proposals to grant registrable long leases where associations are willing to take them on, and to close centres where there is no such willingness.
- Due to the budget situation, no repairs or maintenance beyond that required for urgent health and safety reasons will be carried out this year, if works have not already been agreed.
- Condition surveys for community centres were being completed, and would be copied to Community Associations as soon as they were received. This would enable Associations to have a clear picture of the nature of works which would be required for the centre into the future, for which they would be liable.
- If a Community Association agreed in principle to take a lease, there would then be detailed discussions to clarify the basis on which all relevant costs for the centre (or the relevant part of the premises if it is part of a site with several different occupants) would be allocated to the Association.
- The precise length of the lease is subject to detailed discussion, but it was envisaged that it would be 25 or 30 years.
- A draft form of lease currently proposed was being sent to Associations for review. A management agreement will also be developed to supplement the lease, to include provisions such as the requirement that Community Associations must ensure that the centre remains fully accessible to all sections of the community.

2.4 The Associations were additionally advised that there are a number of sources of support and advice available to them, which they were strongly advised to make

use of during and after their considerations. These included:

- Advice provided by the CVS on how to develop organisations and issues relating to legal constitutions
- A temporary additional resource at the CVS, working specifically to support Community Associations and Tenants' and Residents' Associations. This resource will be supplemented and then replaced by a new Centre Manager at the Ripple Centre, currently being recruited
- The organisation Community Matters, which Associations in the borough are members of.

Contact details for these sources of support and advice were provided to Associations. Officers will continue to work closely with the Associations to ensure that issues of governance, policy and sustainability are appropriately addressed by the Associations prior to leases being completed.

- 2.5 Associations were asked to respond in writing by 25 November, to confirm whether or not they were willing in principle to take a long lease on the Community Centre they currently occupy.
- 2.6 Associations not able to be represented at the meetings on 21 November were sent letters containing the information discussed at the meetings.
- 2.7 Condition surveys for each of the centres have been carried out, and shared with the Associations when received (week beginning 15 November). They show that a range of repair and maintenance works is required. This is reflected in the offer of leases at a peppercorn to Community Associations. Associations are aware of the need to make provision for regular repairs and maintenance as part of their annual budgeting.
- 2.8 The Big Lottery has recently announced that, in addition to its existing funding programme for improvements to facilities such as community centres (which can provide up to £50,000 for capital projects), a new programme will fund centres in areas of greater deprivation, for capital projects between £100,000 and £500,000. From the community centres currently proposed for consideration, Abbey, Teresa Greene, Village and Thames View Community Associations would be eligible to apply for funding under this programme.
- 2.9 Community Associations are also able to use the services of the Reparation Service for low-level, decorative works.
- 2.10 The following Community Associations have agreed in principle to take on a long lease for their respective community centre:
  - Abbey
  - Hatfield
  - Heath Park
  - Ted Ball
  - Teresa Greene
  - Thames View
  - Village
  - Wantz

It is therefore proposed to work with these Associations to complete lease agreements with them, and to ensure they are supported to develop robust business plans for their centres.

- 2.11 If for any reason it does not prove possible to enter into a lease agreement with the relevant Community Association by 31 March 2011, then it is proposed to advertise more widely the opportunity to take on the lease, on the same terms as before.

### **3. Financial Issues**

- 3.1 The total net budget of the community centres service, excluding provision for recharges from corporate services and depreciation of buildings is £357,000.

- 3.2 Savings proposed to be achieved from the community centres budget in the forthcoming budget years are:

2011/12 - £125,000

2012/13 - £175,000

- 3.3 A saving of £27,900 will be made as a result of the transfer of Ripple Hall to the CVS, which was achieved in October 2010.

- 3.4 The transfer of the centres proposed at paragraph 2.10 above, the transfer of Ripple Hall and the transfer to another organisation or closure of Thames View Community Centre, will deliver the £125,000 savings for 2011-12, as required by the proposal.

### **4. Legal Issues**

- 4.1 The legal issues are set out in the comments of the Legal Partner above.

### **5. Other Implications**

#### **5.1 Risk Management**

The following risks have been identified in relation to these proposals:

- i) Community Associations do not have the necessary skills or capacity to successfully manage the Centres. This risk is mitigated by the provision of advice and support to enable Associations to get appropriately constituted, and to build capacity.
- ii) Community Associations fold 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. The support available to Associations includes advice on sustainability and succession planning. However, if an Association were to fold, 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.
- iii) Community Associations themselves 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.

- iv) If Community Associations do fold and / or the lease is terminated, charges on the property and / or external funding obligations may remain unfulfilled. This is considered to be a small risk, mitigated by advice and support provided to the Associations. The drafting of the lease and associated management agreements will seek to ensure that any obligations entered into by Community Associations remain the legal duty of the Associations and do not revert to the Council in the case of termination.
- v) 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.
- vi) There may be an impact on the affordability and accessibility of space available to groups currently using community centres, as Associations review 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.
- vii) In the recession, Community Associations cannot find funding sources to enable them to do the necessary works to the centres. Support and advice is available to Community Associations to enable them to bid to all relevant funding bodies. It is also anticipated that Associations may wish to use the skills of local people where appropriate to complete works with the aim of increasing their affordability.

## 5.2 **Contractual Issues**

No contractual issues have been identified.

## 5.3 **Staffing Issues**

The savings proposals have been developed based on the assumption that the level of caretaking provision will be reduced as the number of Community Centres is reduced. The impact of this has been allowed for through the use of a temporary contract for relevant caretaking staff and thus no redundancy costs are anticipated.

In due course, depending on the number and phasing of Centres transferred, the role of Community Centres Manager will be reviewed.

## 5.4 **Customer Impact**

Provisions will be inserted into lease and / or management agreements with the community associations to ensure that halls remain accessible by all groups in the community. This should mitigate the risk of impacts on equality groups and customers.

The transfer of Centres to community groups 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 for Community Associations to leverage funds not currently available in relation to Community Centres to enable their further development.

If Community Associations or other organisations cannot be found to take on the centres and closures are necessary, then, depending on the geographical location and presence of other facilities in the area, there is a risk that there will be a negative impact on services to customers, and to the ability to build community cohesion. As older people and people with young children are less able to travel to alternative facilities, they may be particularly affected by such closures.

## 5.5 **Health Issues**

Community Centres provide important social networking and interaction spaces, including venues for peer support health related community groups, which are beneficial to individuals' mental and physical health as well as increasing social capital and sense of community well-being. If there were insufficient alternative premises in areas where Centres are closed, this could have a negative impact on health and well-being locally.

In order to mitigate this impact, where it is not possible to identify an alternative leaseholder then a rapid mapping of facility usage should be undertaken and alternative venue space identified at comparable rent and accessibility and communicated to community groups prior to closure to allow relocation and continuation of community support.

## 5.6 **Crime and Disorder Issues**

Community Centres provide space for the provision of diversionary activities, particularly for children and young people. If there were insufficient alternative premises in areas where Centres are closed, this could have a negative impact on crime and disorder locally. In addition, where Community Centres were to close and not be taken on by Associations there is the opportunity for vandalism to disused buildings. Consideration should be given as to how to protect the asset should closure be necessary.

## 5.7 **Property / Asset Issues**

Regular monitoring by Property Services will ensure that Community Associations are complying with the lease conditions, enabling action to be taken as appropriate if any are in breach.

## 6. **Options appraisal**

### 6.1 The options considered are as follows:

- i) **Status quo:** this was rejected both because this will not enable the Community Associations to develop the Centres as community assets and to raise funds for them, and also because it will not deliver savings required by the Council.
- ii) **Close all Community Centres:** it was decided not to pursue this option to achieve savings without first pursuing the option of transferring the assets to the community in order to seek to retain the centres for community use.

- iii) Seek enter into registrable long leases for the Centres en bloc to an alternative provider: this remains an option for any Centres for which the Association does not wish to take a lease. However, given the work that Associations have done to date in developing their Centres, and the closeness of their members to the community, it was considered appropriate to give them the first option to take on the centres.
- iv) Offer Community Associations the opportunity to take on the Centres, proceeding to closure if no organisation can be found to take them on: this option is recommended as providing the best balance of achieving savings options while retaining facilities for the community.

## **7. Background Papers Used in the Preparation of the Report:**

Report to Cabinet, Community halls – savings package, 8 July 2003

Report to Cabinet, Community halls – leasing to community associations- rent plan, 13 December 2005 (Minute 202)

Report to Cabinet: Community Facilities Review, 9 September 2008 (Minute 38)

## **8. List of appendices:**

**Appendix A:** Map of community centres in the Borough