

CABINET

24 September 2013

Title: Future Arrangements for the Management of Scrattons Community Centre	
Report of the Leader of the Council	
Open Report	For Decision
Wards Affected: Thames	Key Decision: Yes
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Accountable Divisional Director: Paul Hogan, Divisional Director for Culture and Sport	
Accountable Director: Anne Bristow, Corporate Director of Adult and Community Services	
Summary <p>This report seeks approval to grant a lease to the Scrattons Community Association in respect of the Community Centre formally known as Scrattons Sport and Social Club. 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.</p> <p>Assembly (5 December 2012; minute 51 refers) received a petition about the Scrattons Sport and Social Club. It supported the option for the local community to take formal responsibility for the building through a lease agreement subject to funding being identified to meet the building costs, which has been achieved.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Authorise the Chief Executive, in consultation with the Head of Legal and Democratic Services and Chief Finance Officer, to grant a 30 year lease for the Scrattons Community Centre to the Scrattons Community Association, subject to satisfactory negotiation of the lease and associated requirements; and(ii) In the event that it is not possible to enter into a lease agreement with the Scrattons Community Association, to authorise officers to enter into a lease on the same terms with another suitable organisation.	
Reason(s) <p>The proposal will assist the Council in making better use of its resources and assets and links to the overall priority and vision for better health and wellbeing.</p>	

1. Background

- 1.1 Following the surrender of the lease by the Scrattons Sports and Social Club on 13 July 2012 the building reverted back to the Council.
- 1.2 On 26 July 2012 the building was subject to an arson attack and significant damage was caused. Work is underway to rebuild the Community Centre utilising funds received from the Council's insurers. A verbal update on progress will be provided at the Cabinet meeting.

Petition to Assembly

- 1.3 A petition was presented to Assembly (5 December 2012; minute 51 refers) on behalf of the Scrattons Farm residents to save the sport and social club.
- 1.4 At the meeting Assembly:
- i) noted that the petition from local residents to save the Scratton's Sports and Social Club had received a positive response,
 - ii) noted the steps that had been taken to ensure that the community would continue to be able to use the building for social purposes,
 - iii) supported the option for the local community to take formal responsibility for the building through a lease agreement subject to funding being identified to meet the building costs.

Governance arrangements for community halls

- 1.5 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 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.
- 1.6 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.*
- 1.7 At the Cabinet meeting (21 December 2011), it was agreed to grant a registrable long lease for several of the community centres in the Borough to their respective Community Associations at peppercorn rents, in recognition of the age and state of repair of those facilities.

2. Proposals and issues

Benefits of community management

2.1 Transferring the Community Centre 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 ongoing infrastructure for a community hub in the Borough for the foreseeable future
- To increase the capacity of the Scrattons Community Association 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 the Scrattons Community Association to leverage funding from other sources (not available to the Council) to enable continued investment in the facilities, regular upgrading and maintenance of the community centre's infrastructure

Scrattons Community Association

2.2 Following a public meeting on 1 December 2012, a steering group was set up by local residents and interested parties. This subsequently became constituted as the Scrattons Community Association, which is now negotiating with the Council to take on the operation of the new Community Centre on the same conditions as the other community asset transfers the Council has agreed for its community halls.

2.3 However, as this is a brand new building and in line with more recent decisions, it is proposed that the lease will be on commercial financial terms but the rent to be paid will be wholly offset by a grant from the Council, which will be conditional on the Community Association achieving the anticipated social objectives for the Community Centre.

2.4 The approval of the lease will also be conditional on the Council having the opportunity to appoint trustees (directors) to the Community Association if so required, and the lease will not permit the premises to be sub let and will include break clauses (the first at two years into the life of the lease) to protect the interests of both the Community Association and the Council.

2.5 It is understood that corporate guidelines are to be produced that will set out how the grant to provide rent subsidy will be monitored consistently across the Council. However, as the Scrattons Community Association is a new organisation that has not had time to build up any cash reserves and there is no programme of activities yet in place at the new centre to generate income, it is not proposed to review the appropriateness of providing a grant to offset the commercial rent for a period of three years.

- 2.6 If for any reason it does not prove possible to enter into a lease agreement with the Scrattons Community Association by 1 November 2013, then it is proposed to put in place a temporary management agreement to protect the interests of the Council.
- 2.7 Should negotiations break down with the Community Association it is proposed to advertise more widely the opportunity to take on the lease.

3. Options Appraisal

- 3.1 The options available to Cabinet centre around deciding on the most efficient and effective way to manage the new community centre. Three options have been identified:

Option A - Offer the Scrattons Community Association the opportunity to take on the operation of the community 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.

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 Community Centre. Also, at Assembly, Members specifically supported a local community management arrangement for the Community Centre.

Option C – Seek to enter into a lease for the Community Centre with an alternative provider. This remains an option should the Scrattons Community Association not wish to take on the lease or cannot provide suitable reassurance of their ability to manage the facility. However, given the work that the Community Association has done to date and the closeness of their members to the community, it is considered appropriate to give them the first option to take on the operation of the Centre.

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

4. Consultation

- 4.1 Thames Ward Councillors are directly involved in shaping the development of the new Scrattons Community Association.
- 4.2 Public meetings have been held to inform local people about the proposals for the future operation of the community centre and to encourage interested people to become directly involved in its operation.

5. Financial Implications

Implications completed by: Roger Hampson, Group Manager - Finance

- 5.1 There are no direct financial implications for the Council. The preferred option would see the community centre operated at no cost to the Council by the Scrattons

Community Association via a long term lease. However, it should be noted that if the community association fails to meet the terms of the lease the community centre would revert to the Council.

- 5.2 If this occurred it is likely that the Council would incur revenue costs, which have not been budgeted for, until a new management arrangement could be put in place.

6. Legal Implications

Implications completed by: Jason Ofosu, Acting Senior Property Lawyer

- 6.1 The Council will retain the freehold interest and grant a long lease of 30 years for a commercial rent to the relevant Community Association.
- 6.2 The Council will enter into a management agreement with the relevant Community Association to deal with the management of the Centre.
- 6.3 The Council and the relevant Community Association will agree heads of terms for leasing arrangements.
- 6.4 The Chief Executive can agree the terms of the lease and management agreements in consultation with the Chief Finance Officer (Constitution Land Acquisition and Disposals Rules refer) and on the advice of Property Services and the Legal Practice.
- 6.5 Section 123 Local Government Act 1972 and the Council's Land Disposal rules require land to be disposed of at market value. The Council has a general power of competence under section 1 of the Localism Act, although as always its application of these powers must be carefully considered and appropriate to the relevant circumstances. Section 1 of the Localism Act allows the Council "to do anything that individuals generally may do". Therefore the council could decide the rent does not have to be market value since the Community Association is acting for the benefit of the Council, its area or persons' resident or present in the area.
- 6.6 The lease should be a full repairing and insuring lease so that the Council do not bear the cost of repair and maintenance of the Property. The Legal Practice should be consulted on the preparation and completion of the lease.
- 6.7 In the Assembly report (5 December 2012) it was noted by the Legal Practice to continue to have due regard to S.149 of the Equality Act which requires public bodies to consider all individuals when carrying out their activities.
- 6.8 Public bodies are therefore required to have regard to the need to eliminate discrimination, advance equal opportunities and foster good relationships between different people when undertaking activities. Additionally, this provision encourages public bodies to understand how different people will be affected by their activities, so that their policies are appropriate and meet different people's needs.

7. Other Implications

7.1 **Risk Management** - The following risks have been identified in relation to this proposal:

- i) The Community Association do not have the necessary skills or capacity to successfully manage the Community Centre. This risk is mitigated by the provision of advice and support to enable Associations to get appropriately constituted, and to build capacity.
- ii) The Community Association 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 the 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) The Community Association 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 the Community Association does 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 Association. The drafting of the lease will seek to ensure that any obligations entered into by the Community Association remain the legal duty of the Association and do not revert to the Council in the case of termination.
- v) The Community Centre becomes 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. Also the Council could of course review whether it is appropriate to continue to provide a grant to offset the commercial rent being paid by the Community Association.
- vi) There may be an impact on the affordability and accessibility of space available to groups using the community centre, as the Association 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.
- vii) In the recession, the Community Association cannot find funding sources to enable them to do the necessary works to the Community Centre 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.

- 7.2 **Customer Impact** - Provisions will be inserted into lease with the community association to ensure that the Community Centre remains accessible by all groups in the community. This should mitigate the risk of impacts on equality groups and customers.

The transfer of the Community Centre 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 the Community Association to leverage funds not currently available in relation to Community Centres to enable their further development.

If the Community Association or other organisations cannot be found to take on the centre and a closure is 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.

- 7.3 **Safeguarding Vulnerable Adults and Children** - It is expected that the Community Association will provide a programme of positive and diversionary activities for young people. Officers will work with trustees of the club to establish a robust safeguarding policies and procedures. .

- 7.4 **Health issues** – the Community Centre will provide a safe, comfortable and accessible space 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 Community Centre will provide a wide range of activities and quality facilities, which will provide positive activities the local residents. When the previous Community Centre was closed and not in use it became the target for vandalism and arson. Consideration will be given as to how to protect the asset should a delay in issuing a lease arise.

Due to previous incidents at the Community Centre, the leaseholder should be required to agree plans with local police and Fire Brigade to ensure minimisation of the possibility of any further incidents.

- 7.6 **Property / Asset Issues** - To avoid leaving the building open to possible vandalism it is important that the completion of the building work be timed to occur after or at the same time as the signing of the lease.

It is intended that the terms of the lease will require the Community Association to repair, maintain and insure the facilities. Regular monitoring by Property Services will ensure that the Community Association 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:

- 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)
- Report to Cabinet, Future management of Community halls, 21 December 2010 (Minute 76)
- Report to Assembly, Response to Petition re Scrattons Sport and Social Club, 5 December 2012

List of appendices:

None