

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

Community Services Review | Langdon Square Community Centre

Deputy Mayor and Executive Member for Resources

Director of Adult Social Care and Environment

22 August 2012

PURPOSE OF THE REPORT

1. To outline the salient points in the business case for the Community Asset Transfer of Langdon Square Community Centre to Langdon Square Community Centre Management Committee and seek approval for the transfer to proceed.

SUMMARY OF RECOMMENDATIONS

2. That Executive Sub-Committee for Property approves the transfer of Langdon Square Community Centre to Langdon Square Community Centre Management Committee.

IF THIS IS A KEY DECISION WHICH KEY DECISION TEST APPLIES?

It is over the financial threshold (£150,000)	<input checked="" type="checkbox"/>
It has a significant impact on 2 or more wards	<input type="checkbox"/>
Non Key	<input type="checkbox"/>

DECISION IMPLEMENTATION DEADLINE

For the purposes of the scrutiny call in procedure this report is:

Non-urgent	<input checked="" type="checkbox"/>
Urgent report	<input type="checkbox"/>

BACKGROUND AND EXTERNAL CONSULTATION

Background

3. To promote community-led regeneration and to support an increasingly robust Voluntary, Community and Social Enterprise Sector, the Council recognises the benefits of transferring surplus assets to community management.
4. To support increased community management of assets, Executive Sub-Committee for Property approved a Community Asset Transfer (CAT) policy on 3 February 2012. The standard terms of CAT are for a 25-year lease, under which the tenant is responsible for repairs, maintenance and running costs all sit with the tenant.
5. The Mayor's budget proposals for 2012/13 included withdrawing the subsidy to Langdon Square Community Centre. As the withdrawal of subsidy will result in a Council building being run separately from the Council, by the existing management committee, the legal position requires clarification. On 9th July 2012, Executive Sub-Committee for Property approved the proposal to utilise the Community Asset Transfer process to formalise the position.
6. In line with the Council's CAT Policy, the Centre's Management Committee has submitted a business case to the Council to demonstrate that its proposal for transfer is viable.

Business Case

7. Langdon Square Management Committee is a voluntary group that manages the Centre and has successfully done so under the terms of a Council management committee constitution for a number of years. The Committee has recently become a registered company, and is applying for charitable status, in preparation for the asset transfer.
8. The remit of the Committee is to provide a facility from which to deliver leisure, social and educational activities in response to local need.
9. The key points of the Management Committee's Business Case are as follows:
 - That the Committee will take over the Centre's financial responsibility on a tapering basis over three years (2012-2015).
 - The existing use of the Centre will continue.
 - Over 500 people a week use the Centre; many for over ten years. All groups have been consulted and are in support of this transfer.
 - The current Council caretakers associated with the Centre will remain in Council employment for the three-year handover period. At the end of this period, these posts would be made redundant and the Management Committee would employ caretakers themselves.
10. The Committee has established an Action Group to progress the transfer. The Action Group has put together an Action Plan to detail how control of the Centre will be passed to the Committee on a phased basis.
11. The Committee has reviewed the pricing policy and increased the cost of room hire to cover anticipated costs. This was done in consultation with the groups using the Centre, who supported this move towards financial sustainability.

Recommendation

12. It is proposed that this CAT proceed, for the following reasons:

- It would secure a valuable community facility for Coulby Newham for the medium to long-term.
- There is community support for the venture.
- There would be only a minimal cost the Council over three years, and the Council would achieve long-term savings on running costs and in avoidance of maintenance (or demolition).

Next steps and timescales

13. If approved, a 25-year lease for the transfer of Langdon Square Community Centre to the Management Committee, in line with the terms set out in this report, would be agreed and be in place by the end of September 2012.

IMPACT ASSESSMENT

14. The Community Asset Transfer process has been subject to a Stage 1 Impact Assessment. No negative differential impact on diverse groups and communities is anticipated from the implementation of the process.

OPTION APPRAISAL/RISK ASSESSMENT

15. The following options are available in respect of the future of Langdon Square Community Centre:

Option 1: Do nothing – not recommended

16. At present, an external organisation (the Management Committee) is running the Centre but the Council continues to be responsible for it. The asset transfer will ensure that responsibility for both parties is clear.

Option 2: Asset transfer the centre to the Management Committee – recommended

17. This option formalises the arrangement for management of the Centre, represents good value for money and has local community support.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial implications

18. The Business Case details how the Centre will move to being financially sustainable in Year 4 following the tapered withdrawal of Council subsidy over the three-year period. The projected income is based on income from 2011-12 with an increase of 40% for the elevation in room hire, as agreed with the groups using the Centre.

19. The Management Committee currently has a balance of approximately £42k, amassed from room hire. It is proposed that the Committee retains this balance to assist in the long-term sustainability of the Centre.

20. The Council subsidy required to secure the transfer, would be as follows:

	Year 1	Year 2	Year 3	Total	% of Total
Management Committee	32,636	33,964	35,454	102,054	67%
MBC subsidy	25,670	17,114	8,557	51,342	33%
Total running costs	58,306	51,078	44,011	153,395	100%

21. After year 4, the transfer of the Centre would save the Council £34,227 p.a. in running costs, and £40,081 in maintenance (reflecting the current backlog).
22. A subsidy of £51,342 over three years therefore represents a payback term against the running costs savings of 18 months.
23. In addition to the actual subsidy, any CAT involves the Council passing up the opportunity to rent to a commercial operator, and it is important to be transparent about this. For this centre, the Council has calculated a notional market rate for rent of £26,500 p.a.

Legal implications

24. The Council would sign a 25-year lease with the Management Committee for the transfer Langdon Square Community Centre, should the recommendation to proceed be approved.
25. In addition, a funding agreement will be put in place to cover the initial three-year subsidy outlined above, plus the notional rent for the term of the lease. This agreement will make provision for the Council to review terms on an annual basis, if required.

Ward Implications

26. This Centre is within Coulby Newham ward. Its transfer would secure a valuable community facility within this ward for the medium to long-term.
27. Ward councillors have been kept informed of the progress with this asset transfer.

RECOMMENDATIONS

28. That Executive Sub-Committee for Property approves the transfer of Langdon Square Community Centre to Langdon Square Community Centre Management Committee.

REASONS

29. To contribute to a robust VCSE sector and to maximise savings in relation to the Council's withdrawal of subsidy from Langdon Square Community Centre.

BACKGROUND PAPERS

- Business Case for Langdon Square Community Centre (confidential)

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