

MIDDLESBROUGH COUNCIL

EXECUTIVE SUB COMMITTEE FOR PROPERTY
REPORT

Community Services Review | Beechwood Youth and Community Centre

Deputy Mayor and Executive Member for Resources

Director of Neighbourhoods and Communities

29 October 2012

PURPOSE OF THE REPORT

1. To outline the salient points in the business case for the Community Asset Transfer of Beechwood Youth and Community Centre to Endeavour and seek approval for the transfer to proceed.

SUMMARY OF RECOMMENDATIONS

2. That Executive Sub-Committee for Property approves the transfer of Beechwood Youth and Community Centre to Endeavour.

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 the closure of Beechwood Youth and Community Centre (Y&CC) and the building subsequently closed at the end of March.
6. In February 2012, six buildings, including Beechwood Y&CC, were listed on the Council website as available for CAT, with a two-week window for Expressions of Interest.
7. The Expression of Interest (Eoi) period ended on 29th February and Eois were received from Endeavour and MAIN Project. The Eois were evaluated and Endeavour was recommended as the most viable. On 13th March 2012 CMT selected the CATs to proceed to business case stage, and this included Endeavour for Beechwood Y&CC.
8. A business cases has since been developed by Endeavour to demonstrate that the proposal to take over the building is sustainable. The terms of the transfer is a 25-year lease, where responsibility for repairs, maintenance and running costs all sit with the tenant. The detail of the business case is below.

Business Case

9. Endeavour is a national educational charity, established in 1955, with 22 projects ongoing nationally working with over 1,500 young people per year. In Middlesbrough, Endeavour is currently based in Southlands Centre but would like to make Beechwood its base.
10. The aim of the organisation is to reach young people currently not in employment, education or training (NEETs) and offer them a range of alternative education programmes. On Teesside, Endeavour run three programmes from their base at Southlands Centre:
 - the Moving On Up Project working with NEETs aged 14 to 24;
 - the Youth Participation Project aimed at preventing 14 to 16 year olds becoming NEETs;
 - the Inside Out Project working with the Youth Offending Service to reintegrate young people coming out of police custody.
11. Beechwood Y&CC would provide Endeavour with space to deliver these projects. The layout of the Centre, with its large hall and external areas, lends itself to the training activities Endeavour would undertake. The maximum size of any one programme would be 12 young people with a minimum staff to student ration of 1:6. Work with ex-offenders has a lower minimum ratio of 1:4, and often 1:1.
12. The young people will be brought to Beechwood by minibus and returned to their point of origin by minibus after their session. This will ensure access to the Centre and local community by the young people is controlled.

13. As Beechwood is a large Centre and the training programmes are delivered on a part-time sessional basis, Endeavour would also offer space in the building for use by local organisations and groups. This would ensure the building becomes a vibrant community facility and would also provide an income stream that is integral to the financial projections.
14. Endeavour have already contacted many of the groups and organisations who used the Centre before it was closed and have had positive responses for ad hoc hire of space as well as long term leasing of the office spaces.
15. The key points of Endeavour's Business Case are as follows:
 - that Endeavour will take over the Centre on standard Community Asset Transfer terms of a 25-year lease;
 - the building will be used to house Endeavour's programmes working with NEETS;
 - Endeavour would move out of their current base, Southlands Centre;
 - the building will be available for use by local groups;
 - Endeavour would employ a building manager whose remit is to maximise use of the Centre.

Next steps and timescales

16. If approved, a 25-year lease for the transfer of Beechwood Youth and Community Centre to Endeavour, in line with the terms set out in this report, would be agreed and be in place by the end of December 2012.

IMPACT ASSESSMENT

17. 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

18. The following options are available in respect of the future of Beechwood Youth and Community Centre:

Option 1: Do nothing – not recommended

19. The Centre closed in March and has not been used since. Transferring the building to Endeavour will enable the Centre to reopen as a valuable community resource.

Option 2: Demolition

20. The cost of demolition has been estimated at approximately £89,000 and it is not expected that there would be demand for a development on the site. It would also result in the loss of a reasonable building that could be utilised for other uses. This option has therefore been rejected.

Option 3: Asset transfer the centre to Endeavour – recommended

21. This option enables the retention of the Centre for use by the local community, as well as providing a long term base for a national training organisation to work with a hard-to-reach section of the town's population.
22. Financially, this option avoids the cost of demolition as well as future maintenance.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial implications

23. 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.
24. A significant proportion of the projected income comes from rental of space within the Centre to other groups. Endeavour as an organisation has significant reserves and has confirmed that any shortfall in income will be covered from this source.
25. It should be noted that Endeavour currently rent space within Southlands Centre at a cost of £12,000 pa. This arrangement would cease upon transfer of the Centre.
26. The Council subsidy required to secure the transfer, would be as follows:

	Year 1	Year 2	Year 3	Total	% of Total
Endeavour	47,500	55,222	59,439	197,911	77%
MBC subsidy	24,000	14,000	10,000	60,000	23%
Total running costs	71,500	55,000	55,500	257,911	100%

27. The transfer of the Centre would save the Council £74,474 p.a. in running costs, and £300,327 in future maintenance (reflecting the current backlog).
28. A subsidy of £60,000 over three years therefore represents a payback term against the running costs savings of ten months.
29. 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 £52,000 pa.

Legal implications

30. The Council would sign a 25-year lease with the Endeavour for the transfer Beechwood Youth and Community Centre, should the recommendation to proceed be approved.
31. 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.

Ward Implications

32. This Centre is located within Beechwood ward. Its transfer would secure a valuable community facility within this ward for the medium to long-term.
33. Ward councillors have met with Endeavour's Chief Executive to discuss the proposal. Ward Councillors had concerns regarding the number of young people who would be accessing the building at any time and also the potential for an increase in anti-social behaviour around the local area.
34. Endeavour have confirmed that each cohort will be a maximum number of 12 young people who will be supervised by staff at a maximum ratio of 1:6 (in some instances 1:1), and also that the young people will be brought to and from the site in a controlled way.

35. Following the meeting, Cllr Clark confirmed he is in support of the proposal.
36. Cllr McTigue has requested a local public consultation exercise before the decision is taken by the Committee to transfer the asset. In line with all other asset transfers, a public information session will be held by Endeavour after the transfer is approved. It is not proposed to undertake consultation to inform asset transfer decisions as recommendations for transfers are made based on the criteria within the Community Asset Transfer policy. This approach has been confirmed by the Deputy Mayor.

RECOMMENDATIONS

37. That Executive Sub-Committee for Property approves the transfer of Beechwood Youth and Community Centre to Endeavour.

REASONS

38. 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.
39. To secure a valuable community facility for Beechwood for the medium to long-term.
40. There would be 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).

BACKGROUND PAPERS

- Business Case for Beechwood Youth and Community Centre (confidential pursuant to paragraph 3 of Schedule 12A of the Local Government Act 1972)

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