

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

Community Services Review | Community Asset Transfer of International Centre

Executive Sub-Committee for Property: Report of Charles Rooney Executive Member for Regeneration and Economic Development.

Executive Director of Neighbourhood and Communities: Kevin Parkes

24thth September 2013

PURPOSE OF THE REPORT

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

SUMMARY OF RECOMMENDATIONS

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

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

It is over the financial threshold (£150,000)

It has a significant impact on 2 or more wards

Non Key

DECISION IMPLEMENTATION DEADLINE

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

Non-urgent

Urgent report

BACKGROUND AND EXTERNAL CONSULTATION

Background

3. To promote community-led regeneration and to support an increasingly robust Voluntary, Community and Social Enterprise Sector (VCSE), 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 all repairs, maintenance and running costs.

Business Case

5. Middlesbrough International Community Centre is an extensive two storey community facility located on Abingdon Road near the town centre, which facilitates a wide range of community activities for a wide range of groups and organisations from the Middlehaven and University Wards, and particularly for a range of Black and Minority Ethnic (BME) organisations. The centre is currently serviced by Middlesbrough Council with the support of the local voluntary management committee which is supported by the two ward councillors and also employs a part time Centre Manager. As part of the asset transfer process the management committee propose to establish a Charitable Incorporated Organisation.
6. The International Centre is seen as being unique in promoting the well being of the town's BME communities through social, leisure and educational activities. Offices within the facility are also hired to community groups and small business at affordable levels to encourage business start ups and support businesses in their infancy.
7. The key points of International Business Centre Business Case are as follows:
 - that the Committee will take over the Centre's financial responsibility on a tapering basis over three years;
 - the existing use of the Centre will continue;
 - support will continue to be given to the town's community groups to be able to take part in social, leisure and educational activities; and,
 - that space will continue to be made available to the local community (on a hire basis).
8. The Committee has established a Management Strategy to progress the transfer. The Management Strategy details how control of the Centre will be passed to the Committee and the processes to be undertaken in the first 12 months following agreement of a lease.
9. The Committee has reviewed the current pricing policy and recognise that its current pricing is unsustainably low. It has therefore developed a pricing policy based upon full cost recovery with a range of variables to reflect ability to pay. The policy recognises that some community groups may fail if hiring charges are increased too high, whereas some business users are able and willing to pay more for space within the facility. This was done in consultation with the groups using the Centre, who supported this move towards financial sustainability.

Consultation

10. This proposal is supported by the Centre's current users. Both of the Ward Councillors support the asset transfer of the facility and have been kept informed of the proposals

Next steps and timescales

11. If approved, a 25-year lease for the transfer of the International 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 November 2013.

IMPACT ASSESSMENT

12. The Community Asset Transfer process has been subject to a Stage 1 Impact Assessment. The continued use of the facility would ensure that no negative differential impact on diverse groups and communities is anticipated from the implementation of the process.

OPTION APPRAISAL/RISK ASSESSMENT

13. The following options are available in respect of the future of the International Community Centre:

Option 1: Close and re-let the centre – not recommended

14. It may not be possible to let the centre quickly, or at all, and this would mean the building standing empty for a period of time. It could then become a target for anti-social behaviour. The closure of this facility would also mean that a valuable resource for the community is lost.

Option 2: Transfer the centre to Management Committee – recommended

15. This option represents good value for money, has local community support and will offer social, educational and leisure services to the local community.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial implications

16. The Business Case details how the Centre will move to being financially sustainable by Year 4 (2016/17) following the tapered withdrawal of Council subsidy over the three-year period. As we are part way through this year there will only be a part saving to the Council for 2013/14 financial year. The phasing will therefore run from November 2013 – November 2016.
17. The projected income identified within the business case is based upon current income figures with a significant uplift in income from room hire to make the centre sustainable. Whilst this may seem ambitious, several rooms within the centre are under utilised/not used and with the proposed price increase and targeted increase in usage it seems achievable. Income from hiring the facilities at the International Centre is currently £31,500 p.a. and there is currently an accumulated balance of £80,000 in the revenue account. The Management Committee has identified potential sources of external funding to assist in the running and operating costs of the facility, however as these sources of funding are not guaranteed they have not been built in to the business case.
18. The site currently has an estimated maintenance backlog of £140,118, whilst on the face of it this seems high, it is anticipated that reductions could be made by carrying out some of the more cosmetic improvements internally rather than getting outside contractors to carry out the works.

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

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 | Total |
|----------------------------|---------------|---------------|---------------|---------------|----------------|
| Management Committee | 16,726 | 43,685 | 54,347 | 61,589 | 176,347 |
| MBC subsidy | 8,250 | 11,000 | 5,500 | 8,250 | 33,000 |
| Total running costs | 25,035 | 52,770 | 54,917 | 57,174 | 189,896 |

20. The transfer of the Centre would save the Council £46,447 p.a. in running costs, and £140,118 in maintenance (reflecting the current backlog). If the centre closed, and the Council were to look for new tenants, the Council would be liable for this maintenance backlog. There are two offices that are currently unused within the facility. It is proposed that these be rented out and any income generated be used to supplement any other surplus income generated to tackle the facilities maintenance backlog. The Management Committee will undertake regular reviews of their costs to ensure best value is achieved. Any savings in expenditure will be excluded from any financial projections and will be accumulated to contribute towards the maintenance backlog of the facility.

21. A subsidy of £33,000 over the four year period therefore represents a payback term against the running costs savings of approximately nine months. The subsidy would be paid from the Council's Community Services Review Transition Fund.

22. 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 £15,000 p.a.

Legal implications

23. The Council would sign a 25-year lease with the Management Committee for the transfer of the International Community Centre, should the recommendation to proceed be approved.

24. 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

25. This centre is within Middlehaven ward. Its transfer would secure a valuable community facility within this ward for the medium to long-term.

RECOMMENDATIONS

26. It is recommended that the Executive Sub-Committee for Property approve the transfer of International Community Centre to the Management Committee.

REASONS

27. To contribute to a robust VCSE sector and to maximise savings in relation to the Council's withdrawal of services from the International Community Centre. The retention of the facility for community usage would:

- secure a valuable community facility for the Middlehaven and town centre area for the medium to long-term which has strong community support; and,

- be only a minimal cost the Council over three years; the Council would achieve long-term savings on running costs and maintenance.

BACKGROUND PAPERS

- Management Committee | Business Case for International Community Centre (confidential)

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