

# MIDDLESBROUGH COUNCIL

## EXECUTIVE REPORT

**Community Services Review | Community Asset Transfer of Charlbury Road Community 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**

**24th September 2013**

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### **PURPOSE OF THE REPORT**

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

### **SUMMARY OF RECOMMENDATIONS**

2. Executive Sub-Committee for Property approve the transfer of Charlbury Road 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

X

### **DECISION IMPLEMENTATION DEADLINE**

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

Non-urgent

Urgent report

X

## **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. Charlbury Road Community Centre is a purpose built community facility serving the Pallister Ward. The centre is a modern two storey building with adjoining play facilities, which occupies a prominent site adjacent to open space. The building comprises an entrance foyer, main hall, conference room, meeting room, lounge, kitchen and a small office. The site is situated on a prominent bus route and towards the eastern edge of the Pallister ward and the centre also attracts users from Brambles Farm, Park End and Thorntree Wards. As part of the asset transfer process the management committee propose to establish a Charitable Incorporated Organisation.
6. There is an extension to the building with independent access, known as the Children's Centre, in which Sure Start operate from. Sure Start will continue to operate as a tenant of the Management Committee and will be responsible for all costs associated with the use of the Children's Centre.
7. Charlbury Road Community Centre serves an area with multiple social disadvantages. The Management Committee intends to develop a programme of activities that will make a positive contribution to improving the quality of life for people who live in the surrounding areas. The positive social impacts associated with the community centre include: reduced anti social behaviour, reduced isolation for single parent families and the elderly, healthier living through interaction with others and reduced crime. The Management Committee also intends to develop life long learning programmes and, through community activities, assist with the rehabilitation of young offenders. The Centre is currently used by community groups, after school groups, private parties, community events and as a work base for Erimus Housing.
8. The key points of the Charlbury Road Community 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 residents of the Pallister ward 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) and further business will be targeted.
9. The Management Committee has recognised that they need to acquire new skills and increase the number of experienced volunteers within its structure. Middlesbrough Voluntary Development Association (MVDA) has confirmed they will provide support and mentoring throughout this process to ensure the Committee have the skills and personnel needed to successfully manage the Centre.

10. 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 on a lease.
11. The Committee has reviewed the current pricing policy and recognise that current hire charges bear no relation to running costs. 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**

12. 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**

13. If approved, a 25-year lease for the transfer of the Charlbury Road Community Centre to the Management Committee, in line with the terms set out in this report, would be agreed and estimated to be in place by the end of November 2013.

### **IMPACT ASSESSMENT**

14. 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**

15. The following options are available in respect of the future of the Charlbury Road Community Centre:

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

16. 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. This would also leave the Children's Centre part of the building that is used by Sure Start isolated and vulnerable to any potential vandalism. 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**

17. 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**

18. 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.

19. The projected income is based on income figures from 2012-13 with almost a three times increase in income from room hire. Whilst this may seem ambitious, several rooms within the centre are under utilised and with the proposed price increase and targeted increase in usage it seems achievable. Income from hiring the facilities at the Charlbury Road Community Centre is currently £5,145 p.a. and there is an accumulated balance of £19,000 in the revenue account, which will provide a safety net in the initial stages of the transfer.
20. The site currently has an estimated maintenance backlog of £33,318, which in comparison to other community buildings is relatively low. The majority of maintenance backlog on the building is cosmetic and it is anticipated that the improvements will be carried out from skills within the community rather than external contractors, thus reducing costs.
21. The Council subsidy required to secure the transfer, would be as follows:

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>Total</b>
Management Committee	6,048	18,148	25,322	26,591	76,109
MBC subsidy	5,700	7,600	3,800	5,700	22,800
<b>Total running costs</b>	<b>9,303</b>	<b>19,745</b>	<b>20,532</b>	<b>21,357</b>	<b>70,937</b>

22. The transfer of the Centre would save the Council £23,267 p.a. in running costs, and £33,318 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.
23. The Management Committee has recognised that there will be the requirement for a significant uplift in use in order to make their case viable and have already began discussions with potential new user groups regarding the hiring of the facility. They also propose to develop a promotional strategy which will include: developing a website, using social media to promote facilities and activities, develop links with training and statutory service providers and also producing a newsletter for event and programme promotion. It is envisaged that the role of Website Manager could be given to a young community resident looking to develop skills within an I.T specialism.
24. The Management Committee will also undertake regular reviews of their costs to ensure best value is achieved. Any savings in expenditure will reduce the income requirements from hiring out the facility. A closer review of the operating costs could identify further savings i.e cleaning costs and costs of events, which again would reduce the income requirement from the hiring of the facility, whilst improving income from refreshment sales would increase income generated from the facility.
25. A subsidy of £22,800 over the four year period, therefore, represents a payback term against the running costs savings of just over 12 months. The subsidy would be paid from the Council's Community Services Review Transition Fund.
26. 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 including the Children's Centre, the Council has calculated a notional market rate for rent of £11,000 p.a.

## **Legal implications**

27. The Council would sign a 25-year lease with the Management Committee for the transfer of the Charlbury Road Community Centre, should the recommendation to proceed be approved.
28. 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**

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

## **RECOMMENDATIONS**

30. It is recommended that the Executive Sub-Committee for Property approve the transfer of Charlbury Road Community Centre to the Management Committee.

## **REASONS**

31. To contribute to a robust VCSE sector and to maximise savings in relation to the Council's withdrawal of services from the Charlbury Road Community Centre. The retention of the facility for community usage would:
  - secure a valuable community facility for the Pallister Ward and surrounding 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 of the building and maintenance.

## **BACKGROUND PAPERS**

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

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