

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

Community Services Review | Linthorpe Cemetery Lodge – Groundwork North East and Cumbria (Groundwork)

Executive Member for Regeneration and Economic Development: Charles Rooney

Executive Director of Neighbourhood and Communities: Kevin Parkes

9th September 2014

PURPOSE OF THE REPORT

- 1. To present the business case for the Community Asset Transfer of Linthorpe Cemetery Lodge to Groundwork and seek approval for the transfer to proceed.

SUMMARY OF RECOMMENDATIONS

- 2. That the Executive Sub-Committee for Property approves the transfer of Linthorpe Cemetery Lodge to Groundwork on a 25 year peppercorn lease.

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

It is over the financial threshold (£150,000)	<input type="checkbox"/>
It has a significant impact on 2 or more wards	<input type="checkbox"/>
Non Key	<input checked="" 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 (VCSE), the Council recognises the benefits of transferring surplus assets to community management.
4. Such transfers have a number of benefits for both the Council and Voluntary Sector Organisations (VSO). The Council will save resources in the long term by increased value for money through sharing costs, increased usage and levered investment. For VSO such transfers provide increased financial security, promoting growth, increased capacity and sustainability and the potential for increased investment, in terms of potential bank borrowing and external funding.
5. 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 for the transfer of Linthorpe Cemetery Lodge to Groundwork

6. Groundwork is a registered charity that has been present in Middlesbrough since 2000 and expanded in to other areas of the Tees Valley over the next nine years. Groundwork North East and Cumbria was formed in 2009 as a result of a merger of four local Groundwork Trusts.
7. Linthorpe Cemetery Lodge has provided a base for Groundwork for 14 years. The building is the Tees Valley HQ for Groundwork, who support 19 jobs in the town. Throughout this time Groundwork has undertaken significant investment in the building to make it suitable for their requirements and also contribute towards improvements to the wider landscape of the cemetery in which it is situated. Project and Landscape staff deliver a broad community focussed programme worth in excess of £2 million across the Tees Valley with a large proportion in Middlesbrough.
8. Groundwork deliver a broad range of projects to a range of people, communities and service providers under three strategic priorities:
 - improving People's Prospects – delivering support to increase the confidence, skills, well-being and employability of those furthest removed from the labour market, in particular young people;
 - creating Better Places – supporting people to work collectively to make their surroundings green, safer and healthier and be actively involved the way decisions are made about services in the area; and,
 - helping People Live and Work in Greener Ways – helping people and businesses learn more about their environmental impact and act responsibly to reduce natural resource use and improve their health.
9. A key principle of Groundwork's work is that they are located in communities in which they operate. In 2013/14 Groundwork delivered a programme in Middlesbrough of over £410,000, this included:

- implementation of the Forestry Commission funded Big Tree Plant around Ormesby Beck and Thorntree Park;
- delivering Green Exercise activities in partnership with the Clinical Commissioning Group;
- delivered the Street Eats project, to encourage local production of food in targeted areas of Middlesbrough;
- establishment of an ex-offenders Green team (called Galvanise) in partnership with Middlesbrough Council;
- development of community based environmental training centre in partnership with Middlesbrough College and Erimus Housing; and,
- development of the River Tees Rediscovered Landscape Partnership to submit Heritage Lottery Fund bid to improve the River Tees from Piercebridge to Teesmouth.

10. In 2014/15 Groundwork will deliver a programme in Middlesbrough worth £650,000, this includes:

- environmental improvements in Pallister Park, Thorntree, Grove Hill and Hemlington in partnership with Erimus Housing;
- implementation of the River Tees Rediscovered Landscape Partnership which will see significant investment in the landscaped area adjacent to the river through Middlesbrough;
- development of a volunteering programme to continue work with the Boro becks programme;
- continuation of the Galvanise programme which currently employs 6 ex-offenders from Middlesbrough to deliver small scale environmental tasks.
- development of partnerships across all Middlesbrough allotment sites.
- continuation of the Street Eats project;
- development of a series of environmental initiatives with youth groups across Middlesbrough; and,
- operation of the Environmental Training Centre in Grove Hill.

11. As Groundwork are a third sector organisation they are able to access additional funding that the Council is unable to, to develop projects that improve employment prospects and peoples health and wellbeing.

12. The work undertaken by Groundwork assists the Council in delivering its Change Programme Principles. Groundwork builds and develop their services around resident and community needs. They work with community groups to assist in accessing funding for projects and work on skill and capacity building with the community. This encourages and supports communities to take on and deliver services in their locality reducing the requirement of the Council to do so. Through the projects ran by Groundwork there are also employment and training opportunities created for local people.

13. Groundwork view Middlesbrough as a key area for which they can deliver projects across the town and the wider Tees Valley. Given the funding pressures facing the voluntary and charitable sector Groundwork are rationalising the buildings that they currently operate out of, the ability of Groundwork to invest in a building that they do not own or have on a long term lease would be severely constrained. A CAT transfer and 25 year lease would provide Groundwork with the security of tenure that would give them the confidence to continue to invest in the building and allow them to access

capital grants to continue to improve the building. It would also allow them to plan longer term projects and secure their future in Middlesbrough.

14. The CAT of Linthorpe Cemetery Lodge will deliver the following benefits:

- enhancement of the asset through investment to improve the fabric and surrounding landscape of the building;
- continuation of dedicated Middlesbrough base to deliver local community projects in Middlesbrough and the wider Tees Valley;
- reduction in project costs associated with travel which can be re invested in to projects;
- room to accommodate additional staffing resources which would enable more projects to be delivered in Middlesbrough;
- groundwork's occupation of Linthorpe Cemetery Lodge helps facilitate the informal security of the wider cemetery, reducing the requirement for the Council to provide such security;
- maintaining 19 jobs in the town, which may otherwise be transferred elsewhere;
- increased employment and training opportunities for local people;
- continuation of investment in projects across Middlesbrough; and,
- maintaining Middlesbrough as the focal point for Groundwork's Tees Valley operations.

15. The key points of Groundwork's business plan are as follows:

- that Groundwork will continue to assume responsibility for the buildings financial management and upkeep without any tapered subsidy from the Council;
- the existing use of the building will continue;
- that Groundwork will continue to work with the local population through engagement, education and community involvement to improve people's lives, their environment, community cohesion, health, capacity and skill base of community groups, local training and employment opportunities; and,
- that Groundwork will continue to work with partner organisations to source new external sources of funding to develop projects.

Next steps and timescales

16. If approved, a 25-year lease for the transfer of Linthorpe Cemetery Lodge, in line with the terms set out in this report, would be agreed and estimated to be in place by the end of December 2014.

IMPACT ASSESSMENT

17. 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

18. The following options are available in respect of the future of the Linthorpe Cemetery Lodge are:

Option 1: Do not proceed with the asset transfer – continue with current lease arrangements

19. This option would ensure that in the short term the services provided by Groundwork would continue in Middlesbrough. However, it does not secure Groundwork's long term future in Middlesbrough and also reduces the potential of Groundwork to access capital grants for building improvements and also their ability to deliver longer term local projects.

Option 2: Transfer the building to Groundwork – recommended

20. This option represents good value for money and will offer social, educational and training and employment services to the local area. The 25 year lease will allow Groundwork to continue to provide and improve the valuable service to Middlesbrough and will also enable them to bid for certain capital funding that is only available with such security in place that would safeguard their position.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Financial implications

21. The Business Case details how Groundwork is a well established organisation that has operated at Linthorpe Cemetery Lodge for the last 14 years, providing an important service to Middlesbrough. Groundwork work on a full cost recovery model applied to all staff across the region. This provides income for Groundwork's core assets which include buildings. This model has been applied to Linthorpe Cemetery Lodge for the past 14 years and has proven successful in managing the facility. Groundwork is responsible for the running and maintenance costs of the building.

22. Groundwork has confirmed they are able to meet the running and maintenance costs of the Linthorpe Cemetery Lodge. Given the funding model they are unable to attribute direct income targets to the Linthorpe Cemetery Lodge, however nationally they predict to operate at a surplus over the next three years. This surplus takes into consideration all of the operational costs for Groundwork nationally and includes the running of the Linthorpe Cemetery Lodge.

23. Under the asset transfer of Linthorpe Cemetery Lodge, the Council will not be required to provide a subsidy to assist in the running costs of the building.

24. Linthorpe Cemetery Lodge has been valued at £142,000 if the Council were to dispose of the asset on the open market. Any CAT also involves the Council passing up the opportunity to rent the building to a commercial operator, and it is important to be transparent about this. For this building, it is estimated a rent of £9,800 p.a.

25. Groundwork is responsible for accessing significant amounts of funding and delivering projects across Middlesbrough, which the Council would be unable to do. The work undertaken by Groundwork provides significant social benefits (see paragraphs 9 and 10) to Middlesbrough, not only place making but investing in people and improving their

opportunities through providing employment and training opportunities. Although no direct savings can be attributed to the Council, the work undertaken by Groundwork in Middlesbrough (circa £1m in 2013/14 and 2014/15) ensures that the Council can prioritise funding to other areas and projects. It is considered that the social and physical benefits provided by the work of Groundwork to Middlesbrough including: place making, employment and training opportunities for local people and environmental enhancements supports the Council's corporate priorities and improves the lives of the residents of Middlesbrough by providing opportunities which may not be available without their work.

Legal implications

26. The Council would agree a 25-year lease with Groundwork for the transfer of Linthorpe Cemetery Lodge, should the recommendation to proceed be approved. Ward Councillors have been informed during this process.

Ward Implications

27. This building is within the Linthorpe ward. The transfer would secure a valuable service for the whole of Middlesbrough and the wider Tees Valley. Ward Councillors have been informed of the proposal from Groundwork.

RECOMMENDATIONS

28. That the Executive Sub-Committee for Property approves the transfer of Linthorpe Cemetery Lodge to Groundwork on a 25 year peppercorn lease.

REASONS

29. To contribute to a robust Voluntary Community and Social Enterprise sector and to ensure the continuation of a valuable service to the residents of Middlesbrough.

BACKGROUND PAPERS

- Business Case for Groundwork, Linthorpe Cemetery Lodge (confidential)

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