

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

Report Title: Hemlington Recreation Centre, Farmhouse Building and Depot – Proposed Community Asset Transfer

Deputy Mayor / Executive Member for Regeneration: Cllr Charles Rooney

Executive Director for Commercial & Corporate Services: Tony Parkinson

Date 15TH June 2016

PURPOSE OF THE REPORT

1. The purpose of this report is to update the Executive on progress, following their approval of a previous Executive Report on the 11TH August 2015, which agreed to seek expressions of interest for the Community Asset Transfer (CAT) of Hemlington Recreation Centre, the adjacent Depot building and the Farm House building.

SUMMARY OF RECOMMENDATIONS

2. That Executive approve:
 - Officers enter into negotiations with Tees Valley Community Asset Preservation Trust (TVCAPT) to facilitate the Community Asset Transfer of Hemlington Recreation Centre and Farmhouse.
 - Officers enter into negotiations with Hemlington Juniors Football Club to facilitate the Community Asset Transfer of the Depot building.

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

- | | | |
|----|--|-------------------------------------|
| 1. | 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

3. For the purposes of the scrutiny call in procedure this report is

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

If urgent please give full reasons

BACKGROUND AND EXTERNAL CONSULTATION

4. Hemlington Recreation Centre and associated buildings were included in the scope of the overall budget saving target for Sport and Leisure Services, however the facility was withdrawn from the project scope related to Leisure Trust procurement exercise as it was considered that this was more suitable to offer these facilities for a potential Community Asset Transfer (CAT).
5. A Community Asset Transfer (CAT) is where the Council transfer an asset, typically on a long leasehold basis (25 years), for a notional sum (peppercorn). The Council continues to retain the freehold interest in the property, however the CAT allows third party organisations to take over and run surplus facilities for the benefit of the wider community.
6. As detailed in the Executive Report on the 11th August a CAT would fall in line with both the Change Programme and the Council's Land and Property Estate Strategy, reducing pressure on Council resources, assisting in supporting/supplementing current Council services and allowing local charities, voluntary organisations and community groups to deliver in the community.
7. The buildings and associated land included in the potential CAT included:
 - The Hemlington Recreation Centre
 - The Farmhouse Community building
 - The Depot
8. Hemlington Recreation Centre has served as integral part of the local community since 1971. It offers a diverse range of facilities including physical activities supporting improved public health in a Ward with high deprivation issues. It is also acts as hub for important youth engagement work.
9. Hemlington Farmhouse is a grade two listed building, built in 1870 it provides a valuable location for a range of community groups. It currently makes an important contribution in the local community, providing a range of activities, some of which are focussed on supporting the aging population and improving mental agility.
10. The Depot building serves only as a storage facility at the moment and without ongoing maintenance will become more dilapidated.
11. Following the transfer of the Council's Sport and Leisure Services and the associated Leisure centres to a Leisure Trust, the buildings and service provision at Hemlington have become isolated from other Council services and are now being managed on a short term interim basis.
12. The continued delivery of these community based services from the Hemlington facilities would result in a significant budget pressure if they were to continue to be managed by the Council, however the buildings do provide an excellent base to continue to deliver this type of community engagement work.
13. The current running costs for the facilities amount to £138,700 per annum and the facilities generate an income of £60,500.

14. The staffing budget for the facilities had already been included in the wider Leisure Services budget savings for 2016-2017, therefore if the Council was to continue to manage these facilities, it would result in an annual budget pressure of £78,200.
15. This excludes any additional central support costs provided by the Council that are currently charged to the buildings. These costs in 2015/16 amounted to £46,785.
16. Initial expressions of interests for a CAT were sought and three organisations were invited to develop more detailed business cases. Two of these were deemed sufficiently robust to present to the Executive for final consideration.
17. Tees Valley Community Asset Preservation Trust (TVCAPT) have proposed to take responsibility for the Recreation Centre and Farm house building. This would entail the Tupe transfer of four Council employees as well as the responsibility for the management and maintenance of the buildings on a 25 year lease. An overview of the organisation can be seen in Appendix One.
18. TVCAPT would look to continue to work with all existing community groups and activities and seek opportunities to develop new income streams. The organisation would manage expenditure through an innovative community self-management model, and explore opportunities to reduce costs for operational management, utilities, administrative tasks and ongoing maintenance through various efficiency measures.
19. Hemlington Junior Football Club have proposed to take responsibility for the Depot building. No employees would be involved in this transfer but the Club would be responsible for management and maintenance of this building on a 25 year lease. An overview of the organisation can be seen in Appendix Two.
20. Hemlington Juniors would look to use and improve the facility to enhance its growing membership and its teams who currently play on the adjacent pitches. They propose to use the Depot as a Clubhouse and indoor training and meeting space.
21. The Club has ambitious income targets and aims to complete the majority of the work to improve the building through voluntary support.
22. Both detailed business cases were reviewed by senior officers from Strategic Asset Management, Community Regeneration and the Commercial and Corporate Accounting service areas.
23. Whilst the organisations are looking for significant financial subsidies, it is considered that the business cases are robust and sufficiently sustainable to put to the Executive for consideration.

IMPACT ASSESSMENT

24. The Community Asset Transfer process has been subject to a Stage One Impact Assessment. The continued use of the facilities and site would ensure no negative differential impact on diverse user groups, communities and employees from the implementation of this process. All organisations involved in developing the expressions of interest and subsequent business cases were encouraged to show due regard for supporting the existing community activities and partnership opportunities.

OPTION APPRAISAL / RISK ASSESSMENT

25. Four options are available to the Council:

A. **Close the facility and demolish the buildings.** This would result in:

- Loss of valuable facilities for the community
- Reduction in service provision in a deprived ward.
- Limiting community access to physical activities and health and well-being interventions.
- Demolition costs of approximately £50,000.

B. **Continue with Council management of the facilities.** This would result in:

- A minimum of £78,200 annual budget pressure.
- £236,000 current backlog maintenance requirements, without which further deterioration of the buildings would result.
- Transferring the management of the facility to an appropriate service area.

C. **Community Asset Transfer the buildings.** This would result in:

- Continued community use of the buildings in a deprived ward, providing access to physical activities and health and well-being interventions
- The Council providing tapered financial support in the early years
- A risk to the Council that the organisations fail to deliver on their proposals, however this is prevalent in all such transfers

D. **Place the buildings on the commercial market.** This would result in:

- Loss of all community and health/wellbeing facilities in a deprived ward.
- The potential for consideration of a range of alternative options for the future use of the site.
- Income for the Council through a potential capital receipt.

25. **Risk** – There is a risk to the Council that the organisations fail to meet their financial Projections and that the Council might be forced to take the facilities back, however both business cases have been scrutinised and appear to be robust and the larger organisation (which carries the greater risk) has a proven track record in other areas.

26. This risk is of course prevalent in all such transfers, and the Council has committed to supporting such organisations.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

27. **Financial** – Based on current income and expenditure Hemlington Recreation Centre and associated buildings will generate a minimum budget pressure of £78,200 per year from 2016-2017. A financial summary of the proposed business cases for transferring to TVCAPT and Hemlington Juniors are set out in Part B of this report.

28. The buildings are currently in a relatively poor state of repair, with a maintenance backlog of £236,000. Upon transfer the responsibility for future buildings maintenance would transfer to TVCAPT and Hemlington Juniors.

29. Whilst the two organisations are seeking a tapered subsidy over the first four years, this will be more than compensated by the significant surpluses generated from the Leisure Trust, which exceed the budgeted savings by an average of £400,000 per annum over the fifteen year life of the contract.
30. **Ward Implications** - The Recreation Centre and grounds are used by residents predominantly living in Hemlington, however many of the user group members accessing the farmhouse facility come from across Middlesbrough.
31. The Ward Councillors have been briefed in respect of the proposed Community Asset Transfers and consulted (along with others in the community) on the proposed business plans submitted by the aforementioned organisations.
32. **Legal Implications** - The land is subject to a number of covenants relating to its use. This dates from the 1970s when MBC transferred the land to Yuills for the wider housing estate.
33. Now it has been transferred back, the Council have both the burden and the benefit of those covenants (in legal terms); although the covenants relating to use for a club would be breached by the CAT use, they should not cause an issue, on the basis that the Council would not enforce covenants against itself.
34. However very occasionally covenants imposed in this way can be enforced by anyone on the housing estate, not just the named beneficiary. If this is raised as a potential issue by the other parties' solicitors then Council Legal Officers will need to consider this.

SCRUTINY CONSULTATION

35. The Community Safety and Leisure Scrutiny Panel included the subject of "Future Alternative Delivery Models for Sports and Leisure Services" in their work programme for 2014-2015. Hemlington Recreation Ground was included in these discussions, however it has not been the subject of a specific scrutiny investigation.

RECOMMENDATIONS

36. That Executive approve:
 - Officers enter into negotiations with Tees Valley Community Asset Preservation Trust (TVCAPT) to facilitate the Community Asset Transfer of Hemlington Recreation Centre and Farmhouse.
 - Officers enter into negotiations with Hemlington Juniors Football club to facilitate the Community Asset Transfer of the Depot building.

REASONS

38. The proposal is in keeping with the Council's Change Programme initiatives and the Land and Property Estates Strategy. Supporting local communities in reducing pressure on Council resources, assisting in supplementing and supporting current Council services, and allowing for local charities, voluntary organisation and community groups to deliver within the community.
39. The proposal safeguards a very important community asset in a deprived ward in Middlesbrough, helping to meet the needs of an aging population, providing

support for young people, and making a contribution to improving public health.

40. The proposal also encourages a more sustainable strategy for future development and investment in Hemlington.
41. The proposal is in keeping with the approved recommendations of the Community Asset Transfer Executive Report 11th August 2015.

BACKGROUND PAPERS

42. The following background papers were used in the preparation of this report:

- Hemlington Recreation Centre, adjacent land and buildings Executive Report (and appendices) 11th August 2015.

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17th March 2016

Appendix One: Tees Valley Community Asset Preservation Trust.

The Organisation:

Tees Valley Community Asset Preservation Trust (TVCAPT) has been created as a charitable organisation to specifically look to “preserve and protect” facilities that may be under pressure from local authority reductions in services.

The Charity is new, but its Board of Trustees have experience with community asset transfers in the Stockton and Darlington areas. Trustees also have professional backgrounds in managing in the voluntary sector, business development, finance, customer service, community engagement and building management.

Summary of Proposal :

TVCAPT wishes to take responsibility for both the management and maintenance of Recreation Centre and Farmhouse building. This includes four members of Council Staff (through Tupe)

To ensure that they have an effective and sustainable model TVCAPT propose to retain the existing customer base, provide opportunities for others to hire facilities, improve capacity and access through building improvements, reduce a number of operational inefficiencies, greater partnership working and securing marketing opportunities.

TVCAPT also wish to introduce a more innovative method of day-to-day facilities management with regular users being given more ownership and responsibility in the buildings and the employees providing a more concierge service.

Growth projections are ambitious in the long term, but TVCAPT recognises that it will be very challenging in the first five years to breakeven and establish themselves firmly in the Hemlington community. However the Board members have a proven track record on similar ventures and are confident that they can deliver with initial support from the Council

Gamini Wijesinghe 18/3/2016

Appendix Two: Hemlington Juniors Football Club.

The Organisation:

Hemlington Juniors Football Club was founded in 2013 by Anthony Walker. Providing Footballing opportunities for young people in the Hemlington community and surrounding areas.

The Club has grown within a short period of time and currently has six teams plus an academy for 4-8 year olds. Projections for future participation look extremely ambitious, but also realistic. The Club is affiliated to both the North Riding FA and Teesside Juniors Football Alliance. Consequently it conforms to all FA practices involving Junior football as well as insurance and safeguarding requirements.

It's is a fully constituted organisation with an Executive committee consisting of a Chairman, Treasurer, Secretary, Safeguarding/Welfare officer, Parent and Coaching representatives.

The Club has a relatively steady income stream and it's financial management practices look well managed and prudent. It is sponsored by a number of organisations including One Stop, Taylor Wimpey, and Neil Pollard pipe services.

Summary of Proposal:

Use the existing Depot as a Clubhouse and base. The Club already trains and plays matches on the adjacent pitches. It would convert the building to a facility that would accommodate the Club's growing demands. This includes delivering football activities on weekday nights during the spring/summer and also on a Saturday morning. Games will take place on a Sunday. During the holidays the Club will look to host Football camps and Tournaments.

Initial improvements to the building to a large extent will be completed by Hemlington Juniors existing adult volunteer base. However the Club does have concrete plans to look to other funding sources such as Sport England as the Club grows

Hemlington Juniors also wishes to work very closely with whoever is responsible for the Recreation Centre and sees partnership working very much as mutually beneficial to all stakeholders involved in Hemlington.

Gamini Wijesinghe 18/3/16.