



WHINNEY BANKS YOUTH & COMMUNITY CENTRE

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PURPOSE OF REPORT

1. To report on progress in developing a new Youth & Community Centre at Whinney Banks School site in conjunction with the West Middlesbrough Neighbourhood Trust (WMNT) and seek agreement to progress to implementation of the scheme.

BACKGROUND AND EXTERNAL CONSULTATION

2. In March 2007 a proposal to demolish the existing Youth & Community Centre in Harehills Road, Whinney Banks and reconstruct on the site of Whinney Banks School was considered.
3. A report outlined the background to the proposal to construct a replacement Centre. The key features of the proposal are as follows:-
 - The development is to be part of the wider WMNT plans for Whinney Banks.
 - The site of the existing Youth & Community Centre in Harehills Road has been identified for housing as part of the Trust's overall regeneration scheme and this requires the demolition of the existing facility once it has been replaced at a new location on the campus of Whinney Banks Primary School.
 - The capital funding for the development is largely to be met from WMNT resources with a contribution from Middlesbrough Council using the Connexions Grant. The WMNT element is to be provided from the capital

receipt from land sold by the Trust in the Whinney Banks and West Lane areas.

- The proposed new Centre on the Whinney Banks School site is to complement the development of a full-sized floodlit all-weather pitch. This has been funded by Barclays in conjunction with Middlesbrough Football Club.
- The necessary agreements for the funding are in place and the capital funding contributions for the proposals can be summarised as:-

WMNT	£2,100,000
Barclays	£650,000
Capitalised Connexions Budget	<u>£100,000</u>
	<u>£2,850,000</u>

- The new Centre will be owned by WMNT but built on Council land.
 - The first floor of the new Centre will be leased to:-
 - Middlesbrough Council for Youth & Connexions provision;
 - the PCT for a neighbourhood health centre.
4. Significant consultation has taken place with stakeholders in the area, particularly young people. Stakeholders are supportive of the proposal.

Location of New Centre

5. The proposed new Centre is to be located on the campus of Whinney Banks Primary School, as shown on the attached plan. Designated areas to be used by the Council and the PCT are also indicated on the Plan (Appendix 2). The Headteacher and governors of the school welcome the development as it enables the facilities of the school campus to be both extended and enhanced. The Whinney Banks site already includes Middlesbrough's Early Excellence Centre, which plays a key role in the provision of Sure Start services in West Middlesbrough. The site is designated as a Sure Start Children's Centre.
6. Sport England is fully supportive of the development, which includes the redesignation of open space into formal sports and community facilities. The Department for Children, Schools and Families (DCSF) has raised no objections to the use of the school site for this purpose.

Existing Centre

7. The existing Youth & Community Centre is directly managed by Children, Families and Learning Department. All the building and staffing costs are met through Middlesbrough Council budgets held by the Youth Service. A local Management Committee is responsible for day to day operational management. All site generated income is retained by the Management Committee and these funds are used to provide a programme of activities for young people and other community groups. A Management Agreement between Middlesbrough Council and the Management Committee sets out what the Council and Management Committee are respectively responsible for.

8. The centre also has budgets relating to its use as a youth centre and a community centre/library. These budgets are currently held by the Children, Families and Learning Department. The apportionment between youth centre and community centre/library services is as follows:

2007/08	Youth Centre	Community Centre/ Library	Total
Rates	£14,148.00		£14,148.00
Water Rates	£941.51	£3,017.40	£3,958.91
Electricity	£4,022.81	£2,057.42	£6,080.23
Gas	£5,888.76	£5,220.68	£11,109.44
Insurances	£1,305.00		£1,305.00
	£26,306.08	£10,295.50	36,601.58

9. It is proposed that the majority of the above funding be made available as an annual contribution to WMNT towards the running costs of the new Centre. The remaining budget would be vired to library budgets.
10. A further repairs and maintenance budget is held by Mouchel but it is not possible to use this as a contribution to WMNT running costs.
11. The annual contribution to the running costs of the proposed new Centre would not be rent as it would not be directly linked to the occupation of a particular part of the new Centre. It would, rather, be a contribution to the operation of the whole Centre.
12. Since March 2007, officers from Middlesbrough Council have been working with officers of the WMNT to confirm the legal basis of the development and to address outstanding issues. The discussions have sought to ensure that the interests of both parties are protected in the new provision and in particular, that the financial risks to the Council are minimised.

BUSINESS PLAN AND UNDERLEASE

13. Discussions between the Council and WMNT have concentrated on three areas that were a potential risk to the Council:-
- the development of a viable business plan for the new Centre;
 - the grant of a building lease for the new premises;
 - agreement on an underlease to enable the Council to use part of the proposed new Centre for youth activities.
14. The development of a business plan to show how use of the new Centre can be managed to ensure that the objectives of the Council can be met alongside those of WMNT, has involved detailed discussion about how the new Centre will be staffed and how financial forecasts reflect expected use. The business plan originally produced by the Trust in November 2007 has been modified to reflect what has been agreed as a realistic financial forecast. This incorporates funding for a basic staffing structure. Whilst income targets remain high, within the plan, ongoing expenditure can be modified to ensure that the Centre can operate on a viable basis. WMNT have also given a written undertaking that they will

underwrite any deficit in the running costs of the proposed Centre for a five year period. The modified business plan forms Appendix 1 to this report.

15. The site on which the new Centre is to be constructed is owned by the Council and is part of the Whinney Banks Primary School site. It is proposed that the land be leased to WMNT for a peppercorn rent on the basis that an underlease or sub-lease sets out the basis of the Council using part of the building for youth activities. At the present time, this Head Lease is with the Trust's solicitors. Outstanding issues are still to be resolved.
16. A major factor has been a determination that the Council should not pay rent to WMNT for use of part of the proposed new building for youth activities. This view has been reached for the following reasons:-
 - (a) The site of the existing Youth & Community Centre in Harehills Road would be gifted by the Council to the Trust for housing development. The value of this land is calculated to be £340K. A cost of £178K is estimated to pay for demolition, leaving a net benefit of £162K to WMNT.
 - (b) The Council would commit to make an annual contribution of circa £35K to the Trust as a contribution towards running costs. This contribution would be made from the existing Youth Service budget.
 - (c) The Council is providing the land on which the proposed new Centre will be built for a long term lease at a peppercorn rent. The site includes the land for the building plus the existing all-weather pitch and the Multi Use Games Area (MUGA).
 - (d) The Council is providing £100K towards the capital of the new building and has already guided an external capital grant from Barclays of £650K to the site to construct the all weather pitch/MUGA.
17. The direct/indirect contributions to the capital elements of the proposed development being made/facilitated by the Council can be summarised as follows:-

• Net benefit from disposal of the existing Youth & Community Centre at Harehills Road	£162,000
• Capital investment made in the all weather pitch/MUGA	£650,000
• Council contribution towards capital	£100,000
	£912,000

These figures exclude the value of the long term lease at a market rent for a plot of land measuring 1.4 hectares. In addition, an annual contribution of around £35,000 (inflation linked) would be made to running costs.
18. After much discussion, WMNT has accepted the Council's position and is no longer seeking a rent to be paid for the area of the new Centre to be used by the Council for youth activities. This has allowed an underlease to be drawn up and the agreed heads of terms for this underlease are attached at Appendix 3.

19. A further issue arose in the later stages of negotiations when the Trust began consideration of opportunities to outsource management of the Centre. The Trust has indicated that this is not likely in the short term and has agreed that any consideration of tendering for an external contractor would be with the agreement of the Council.
20. It has been agreed that, should WMNT cease to exist, disposal of the Centre's assets would be agreed with the Charities Commission to an organisation with similar charitable objectives, following consultation with the Council.

OPTIONS APPRAISAL/RISK ASSESSMENT

21. Agreement has therefore now been reached between the Council and WMNT on the two main areas of risk, namely:
 - having a viable business plan;
 - agreeing the terms of the building lease and the underlease to enable the Council to use part of the new Centre for youth activities.
22. Options for the way forward are therefore to:
 - proceed with the proposed development as set out;
 - not to proceed with the proposed development.
23. Given that acceptable arrangements are in place to address the major risks identified for the Council, the option to proceed is recommended. This would make effective use of the resources available, enable the Council to work in partnership with the Trust to provide facilities for local people and maintain support from local stakeholders.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

Capital

24. The proposal to relocate the Whinney Banks Youth & Community Centre to the site of Whinney Banks School requires £2.2M capital. This can be met with a commitment from the 2007/08 Connexions budget of £100K to add to the £2.1M to be provided by WMNT. GONE have approved this expenditure.
25. Transfer to the Trust of the existing venue at nil consideration has been discussed in principal, but no formal approval exists. The land value of the cleared site as provided by valuers on April 2007 values is £340,000. The demolition costs are £178,394. The Trust has stated that it would be willing to meet demolition costs, so the net value of the asset to transfer to the Trust would be £161,606. An issue with this transfer is that under new financial regulations, Middlesbrough must in a statement publish details of any assets transferred at less or more than market value and provide justification for such decisions. A clear basis for this must be determined.

Revenue

26. It is proposed to lease the site of the new facility to WMNT at a peppercorn rent.
27. Existing Youth Service and Connexions staffing would be transferred to the new Centre. This would ensure that the Connexions and Youth provision could be met in West Middlesbrough from within existing budgets.
28. The necessary authorities would be sought to vire from the revenue budget premises costs for the existing Centre in Harehills Road the sum of £35K and to transfer this to the Grants to Voluntary Organisations budget to enable it to be transferred to the Trust on an annual basis once the Centre is open and £5,147 would be transferred to the libraries budget.

Legal Implications

29. Final agreement has yet to be reached on the Head Lease for the overall campus. The Heads of Terms for the underlease that would form the basis of the arrangement between Middlesbrough Council and WMNT have been agreed.
30. Formal consent is being sought through this report to transfer land at Harehills Road to the Trust. A self-certified Section 77 Notice has been served on DCSF to enable the Whinney Banks School site to be used for the new Centre and no objections have been raised.

Ward Implications

31. The new facility will play a major role in the community life of the Ayresome Ward. It is proposed that the new Centre will be managed by a Board or Management Committee (as with all the Council's Youth & Community Centre facilities). The Board will retain income from the site and would have appropriate representation from officers and Members of Middlesbrough Council.

RECOMMENDATIONS

32. That the proposals to create a new Centre on the Whinney Banks School site proceed in partnership with WMNT and that:
 - (a) Formal consent be given to transfer the land at the Harehills Road Community Centre site to West Middlesbrough Neighbourhood Trust.
 - (b) The Director of Legal Services in conjunction with the Director of Children, Families and Learning be authorised to progress the lease of land at Whinney Banks Primary School and the underlease for future use of the new Centre.
 - (c) The building based revenue budgets for the existing community centre in Harehills Road be used to enable an annual contribution to be made for the running costs of the proposed new facility at Whinney Banks School campus.

REASONS

33. To ensure that the redevelopment of West Middlesbrough is progressed and that the area is adequately served by community, health and youth provision.

BACKGROUND PAPERS

34. The following background papers were used in the preparation of this report:
- Whinney Banks Youth & Community Centre Report to CMT on 18.1.07
 - Whinney Banks Youth & Community Centre Report to CMT on 22.3.07

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