

MIDDLESBROUGH COUNCIL

EXECUTIVE REPORT

PART A

Community Services Review:

Community Asset Transfer - Pallister Park Centre and Thorntree Park Pavilion & playing fields

Deputy Mayor and Executive Member for Resources

Executive Director of Children, Families and Learning

9 May 2012

PURPOSE OF THE REPORT

1. This paper outlines the salient points in the business cases for the Community Asset Transfer of Pallister Park Centre and Thorntree Park Pavilion (and associated playing fields) and seeks approval for the asset transfers to go ahead.

SUMMARY OF RECOMMENDATIONS

2. That Executive Land and Property Sub-Committee notes the detail of the business cases for the Community Asset Transfer of Pallister Park Centre and Thorntree Park Pavilion and associated playing pitches.
3. That Executive Land and Property Sub-Committee gives approval to the transfers of Pallister Park Centre to Southlands Judo Club, and Thorntree Park Pavilion and playing fields to Cargo Fleet Juniors Football Club.

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

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

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

4. To promote community-led regeneration and to support an increasingly robust Voluntary and Community Sector, as well as the Big Society agenda, the Council recognises the benefits of transferring surplus assets to community management. To support this process, Executive Land and Property Sub-Committee approved the Community Asset Transfer policy on 3rd February 2012.
5. As part of the 2012/13 budget reductions, a number of buildings were identified as being surplus to Council requirements. In February 2012, six buildings, including Thorntree Pavilion, were listed on the Council website as available for CAT, with a two-week window for Expressions of Interest. Early informal discussions with a viable interested party (Southlands Judo Club) regarding Pallister Park Centre had already begun, in advance of the CAT policy being established, so this building was not included on the public list.
6. For Thorntree, the EoI period ended on 29th February and EoIs were received from Cargo Fleet Juniors and Boro Rangers Football Clubs. The EoIs were evaluated and Cargo Fleet Juniors was recommended as the most viable. On 13th March 2012 CMT selected the CATs to proceed to business case stage, which included Cargo Fleet Juniors for Thorntree Park and Southlands Judo Club for Pallister Park Centre.
7. Business cases have since been developed by the two organisations to demonstrate that their proposals to take over the properties are sustainable. The terms of the transfers are 25-year leases, where responsibility for repairs, maintenance and running costs all sit with the tenant. The detail of each business case is below.

Pallister Park Centre (PPC) – the proposal

8. The asset transfer to Southlands Judo Club relates to Pallister Park Centre only. The surrounding park, football pitches and bowling greens will continue to be managed and maintained by the Council, remotely from the Neptune Centre and by regular patrols by the Parks team.
9. Southlands Judo Club's proposal for PPC is that it will be a Community Amateur Sports Club (CASC) housing Southlands Judo Club and Thorntree Boxing Club plus a sports injury clinic. The group have been occupying the Centre on licence since its closure on 19th March 2012 and have already undertaken significant internal alterations to transform it into one of the North's best quality martial arts centres.
10. In addition, the building already has two user groups, footballers and bowlers. The business case has been agreed on the basis that access for these groups will continue under the management of Southlands Judo Club. For the footballers, that means continued pay-as-you-go access to changing rooms. For the bowlers, that means retention of a room and storage inside the Centre plus access to toilets and kitchen. Representatives from these groups will be invited to be involved in the CASC, strengthening its position as a community club.
11. Southlands Judo Club has been established for over 50 years and is currently based at Southlands Centre. The CASC is a not-for-profit organisation, staffed solely by volunteers. This arrangement enables the CASC to keep the fees payable by members to a minimum – sessions are charged at £2 per child plus £1 for every additional sibling to ensure the club is affordable to families on low incomes. Any surplus income is invested back into the club.

12. The CASC has links with local schools, offering martial arts training as part of the curriculum. Links are also being developed between the club and the Council's leisure service based at Neptune Centre with the aim of co-referral to increase the number of people taking exercise.
13. Significant interest has already been raised from local people and the judo community about the new facility. Consultation has been held with Pallister and Town Farm Community Council and the ward members, who are in support of the proposal.

Pallister Park Centre (PPC) – financial position

14. Significant internal alterations are required to transform the Centre into a specialist facility. The initial total budget for capital works was £35,300 and it was requested that the Council fund this whole amount. The Judo Club then reduced this figure to £13,719 through sourcing cheaper materials and undertaking building works themselves. On 13th March 2012, CMT approved the Council's contribution of £13,000 towards this cost, enabling the group to continue with their alterations.
15. This capital contribution is minor in comparison to the capital savings in terms of demolition and maintenance backlog.

Capital contribution agreed	£13,000
Demolition	£86,570 saving
Maintenance backlog	£160,640 saving

16. In terms of running costs, to assist the CASC in becoming self-sustaining, the proposed funding profile is as follows:
- The Council provides a minimal three-year tapering subsidy to the CASC;
 - The Council provides a three-year tapering subsidy to the bowling groups to assist them in being able to raise their share of the running costs;
 - The Council does not provide any subsidy to the football groups;
 - The football groups hire the changing rooms on a pay-as-you-go basis from the CASC.
17. The table below shows the projected running costs for the building for the first four years. Note, the figures assume that the Club will be able to achieve Community Amateur Sports Club status that would mean a reduction in rates of 80%. Until CASC is achieved, the additional rates cost would be shared between the Judo Club, MBC subsidy and the bowlers.

	Year 1	Year 2	Year 3	Year 4	Total	% of total cost
Southlands Judo Club	22,335	24,001	25,740	27,425	86,822	75.7%
Income from hire of changing rooms (direct to Judo Club)	1,000	1,000	1,000	1,000	4,000	3.5%
Bowlers	701	1,403	2,104	2,805	7,013	6.1%
MBC subsidy to Judo Club	6,340	4,227	2,113	0	12,680	14.7%
MBC subsidy to bowlers	2,104	1,403	701	0	4,208	
Total running costs	32,480	32,034	31,658	31,230	114,723	100%

18. The running costs in 2010/11 were £72,421, which will be a saving to the Council. The investment of £16,888 over three years represents a pay-back term of less than three months.
19. There are some associated financial implications for the Council in agreeing this CAT. The Judo Club currently rents space at Southlands Centre and this income would be lost however the space will be available for re-letting.
20. The income from hire of changing rooms at Pallister Park Centre, equating to £1,000 per year would also be lost. The related income target needs to be adjusted to reflect this.
21. The terms of the lease with the Judo Club are a 25-year lease, where responsibility for repairs, maintenance and running costs all sit with the tenant. A notional market rate for rent of £19,700pa has been calculated on this basis. As no actual rent will be charged, this figure represents an in-kind contribution from the Council to support this CAT.
22. In summary, the asset transfer has strong community support, represents good value for money for the Council and assists in the maximisation of savings.

Thorntree Park Pavilion and playing fields – the proposal

23. The asset transfer relates to Thorntree Park Pavilion, the car park and the playing pitches directly outside the pavilion. The children's play area and MUGA are outside of the scope of the transfer and remain in Council control.
24. Cargo Fleet Juniors Football Club proposal for the site is for it to become the base for the Club's football teams. To ensure the site remains an open public facility, the club will offering use of the site to other football teams, where there is demand and where there is capacity.
25. The club has been occupying the site since 19th March 2012 and has already undertaken internal and external decorations and minor remedial works to bring the building back into use.
26. The Club is run by volunteers and has gained charter standard accreditation from the Football Association. The proposal is supported by the Football Association and North Riding County Association. Both have offered practical help in the completion of the business case and advice on running the pavilion and maintaining the pitches.
27. The Club has worked hard to achieve a significant increase in the number of players and volunteers from 22 players and 3 volunteers in 2008 to 108 players and 30 volunteers in 2012.
28. The catchment area for the Club is a five-mile radius from the park. Currently 90% of the members are from East Middlesbrough, within a ten-minute walking distance. The Club is keen to contribute to increasing the numbers of people from East Middlesbrough undertaking regular exercise. The number of young people playing football with the club has steadily increased and since moving into Thorntree Park, a full extra team has been recruited.
29. The business case is supported by a signed petition of 58 names from people living in the streets directly bordering the site.

Thorntree Park Pavilion and playing fields – financial position

30. The Club's proposal is that they will be responsible for the running costs of the building from the outset but that the Council continues to maintain the pitches until handover in year four. This will enable a sinking fund to be established to fund machinery and a specialist contractor to maintain the pitches from year four.

31. The maintenance of the pitches represents a total cost to the Council of £7,750pa for three years. This is minimal in comparison to the savings that will be achieved.

Pitch maintenance over three years	£23,250
Annual building running cost	£17,105 saving
Demolition	£44,104 saving
Maintenance backlog	£62,801 saving

32. There will be no charge to the Club for pitch hire at Thorntree. The Club has relocated from Pallister Park playing pitches where they paid £1,287pa in pitch and changing room hire. Income targets need to be adjusted to account for this loss of income.

33. The terms of the lease with the Club are a 25-year lease, where responsibility for repairs, maintenance and running costs all sit with the tenant. A notional market rate for rent of £11,800pa has been calculated on this basis. As no actual rent will be charged, this figure represents an in-kind contribution from the Council to support this CAT.

34. In summary, the asset transfer has strong community support, represents good value for money for the Council and assists in the maximisation of savings.

Next steps and timescales

35. 25-year leases for the two sites would be agreed by the end of May 2012.

IMPACT ASSESSMENT

36. An impact assessment has been completed demonstrating that there are no adverse impacts of the asset transfers on any groups.

OPTION APPRAISAL/RISK ASSESSMENT

37. There is a range of options in relation to the recommendations outlined in this report.

Option 1: Close and demolish Pallister Park Centre – not recommended

38. At £86,570, this option is not good value for money and would mean the opportunity to establish a high quality martial arts academy in Middlesbrough would be lost.

Option 2: Close and demolish Thorntree Park Pavilion – not recommended

39. At £44,104, this option is not good value for money and would mean the opportunity to bring the pavilion back into use by a football team offering exercise opportunities to local people would be lost.

Option 3: Community Asset Transfer both sites – recommended

40. This options represents good value for money, has local community support and adds to the Council's offer of exercise opportunities in East Middlesbrough.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

41. **Financial implications** – For minimal investment in the first three years, the asset transfers deliver long-term savings in terms of running costs and avoidance of maintenance and demolition.

42. **Legal implications** – Community Asset Transfers are to be undertaken via a 25-year lease.

43. **Ward Implications** – The asset transfers are within two wards: Pallister Park and Thorntree. The asset transfers will enable the community venues to remain open and offer a service for local people.

RECOMMENDATIONS

44. That Executive Land and Property Sub-Committee notes the detail of the business cases for the Community Asset Transfer of Pallister Park Centre and Thorntree Park Pavilion and associated playing pitches.

45. That Executive Land and Property Sub-Committee gives approval to the transfers of Pallister Park Centre to Southlands Judo Club, and Thorntree Park Pavilion and playing fields to Cargo Fleet Juniors Football Club.

REASONS

46. To enable community organisations to contribute to a robust VCS and to maximise savings in relation to the closure of the two sites.

BACKGROUND PAPERS

- Southlands Judo Club business case (confidential)
- Cargo Fleet Juniors Football Club business case (confidential)
- Thorntree Park Equality Impact Assessment
- Pallister Park Centre Equality Impact Assessment

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