



CABINET REPORT

Report Title	Community Centres
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AGENDA STATUS:**PUBLIC**

Cabinet Meeting Date:	8 July 2009
Key Decision:	YES
Listed on Forward Plan:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Chief Executive's Office
Accountable Cabinet Member:	Cllr Hoare
Ward(s)	All

1 Purpose

- 1.1 To gain approval for a review of the management and ownership arrangements for the Council's community centres, in order to secure financial savings and to safeguard facilities for the community.

2 Recommendations

Cabinet is recommended to:

- 2.1 Approve a review of community centres to ensure they can contribute effectively to thriving communities and provide improved value for money;
- 2.2 Endorse the exploration of Community Asset Transfer in appropriate cases;
- 2.3 Authorise officers to explore opportunities with other providers of community facilities actively to seek shared solutions to meeting community needs;

- 2.4 Authorise officers to undertake the discussions necessary to understand the opportunities and interest locally in the transfer of community centre assets to appropriate community groups.

3 Background

- 3.1 Northampton Borough Council owns 21 Community Centres (see Appendix 1). There are many other community buildings in the town which are not owned by the Council, including church halls, school premises and buildings owned by community and voluntary groups. Although this report concentrates on the Council's current assets, these other facilities are relevant to future provision.
- 3.2 As part of its budget for 2009-10 and following years, the Council approved a reduction in the revenue budget for community centres of £190,000 – approximately half the previous year's figure. This was to be achieved by reviewing the management arrangements, working with local management committees to identify efficiencies.
- 3.3 Current management arrangements are complex, but there are two broad categories. Some centres are directly managed by the Council's staff, while others have a management committee composed of local volunteers. In the latter case, lettings and minor internal maintenance are organised by the committee, which also receives the letting fees. For all the centres except one, whether directly managed or self managed, the opening, cleaning, and securing of the premises is carried out by Council staff and paid for out of the Council's General Fund.

4 Issues

4.1 Role of Community Centres

- 4.1.1 This Council is committed to encouraging vibrant neighbourhoods and engaged communities, and there is no doubt that community centres play a major role in this. They are also, rightly, valued by local people. So the future of community centres needs to be considered as part of a wider strategy aimed at improved outcomes and quality of life in local communities.
- 4.1.2 However, while their potential to contribute to agreed outcomes for local communities is not in question, under current arrangements there is little evidence that the use and role of community centres has been actively managed to produce such results. This means that opportunities for community centres to play a planned role in improving the health, education, cohesion and involvement of local people are not being fully exploited. It also means that the kind of facilities that will be best able to make a difference in these ways need to be assessed, and that the existing nature and distribution of buildings cannot be taken for granted.
- 4.1.3 At the same time the Council must seek to achieve value for money for all its residents, and so has to seek appropriate efficiencies. One way of doing this is to work with other bodies which own community buildings – including schools – to see where a community's needs can be better met by collaboration over assets while also generating savings.

- 4.1.4 An important consequence of recognising the centres' role in achieving wider community objectives is that this Council retains an interest in the development of community centres whether it owns them or not. This interest would need to be safeguarded, if that ownership were to change in any way, through appropriate legal and contractual means but also through dialogue and partnership with the owners.

4.2 Community Assets

- 4.2.1 Community Asset Transfer, which involves handing premises over to appropriate community groups by either giving them the freehold or granting a long lease, is seen by Government and many representatives of community organisations as desirable. The national review by Barry Quirk 'Making Assets Work' concluded that there were many examples showing how community management and ownership of assets could deliver social or community benefits without unacceptable risks.
- 4.2.2 The Council's community centres are one part of its asset portfolio where, in appropriate cases, transfer to the community could be realistic and beneficial. It would allow local people a much greater say in the use of these facilities within their communities, with the potential for the community centre to become the hub of increasingly active neighbourhoods. For this to happen the benefits would need to be safeguarded – for example, the continuing and sustainable access by the diverse community to the premises, and the financial security that is necessary to achieve this. There needs to be a suitable group able and willing to take on the responsibility, and a plan that shows how the centre can be a sustainable concern.
- 4.2.3 The Quirk review recognises that there is a scale of community involvement, and already Northampton's community centres are at different points on that scale. Arrangements need to be responsive to local conditions and this includes the availability of alternative premises locally, the capacity and willingness of volunteers to take on greater responsibility, the foreseeable running costs of the buildings, the social issues in the neighbourhood and its capacity to generate income.
- 4.2.4 Initial discussions with managers of community centres indicate that there is interest in asset transfer, but also concern. This stems from causes such as whether a financially viable operation can be achieved, whether local people will offer practical support so that an effective management body can be sustained, and how equitable access can be ensured.
- 4.2.5 For these reasons it is proposed that the Council endorses the principle of Community Asset Transfer for community centres in appropriate circumstances. For some this may not be the most suitable way of ensuring effective future provision, so a 'mixed economy' may be the right result at least in the short term. And in all cases it would be prudent for the Council to retain a formal interest in a way which means that if a managing organisation becomes unable to continue operating effectively, the community does not lose its facilities.

4.3 Working with Partners

- 4.3.1 Providing facilities in the community is not solely the responsibility of the Borough Council. Other public and voluntary agencies and organisations already own and operate a variety of buildings which can support communities in various ways – for example schools, the health service, faith groups and community organisations. A thorough review of community centres will need to consider these premises as well, and recommend ways in which partners can work together to provide for community needs in the most effective and efficient way. This should provide opportunities to explore collaboration on new or improved facilities, reducing duplication and underused assets, and sharing costs.

4.4 Efficiency and Value for Money

- 4.4.1 Whether community centres are retained under direct Council management or not, it will be necessary to review the practical operation of the centres to ensure that the service is efficient and providing value for money. The form such a review takes will depend in part on the discussions about asset transfer. Any proposals which involve changes to staffing arrangements will follow the Council's agreed human resources procedures.

5 Options

- 5.1 The options available to the Council in respect of the ownership of community centre assets are essentially:
- (a) Retain and manage the asset
 - (b) Retain the asset but contract with another party for the management
 - (c) Transfer the asset to a suitable community organisation
 - (d) Sell the asset on the open market

These could be applied to each centre individually, or to several or all of them as a group.

- 5.2 The current mixture of options (a) and (b) will not in itself generate the required savings, nor will it deliver the benefits outlined in the Quirk review. Option (d) reduces the Council's financial liabilities and should generate a capital receipt. However it would mean the likely loss of community facilities, and it is unlikely that the open market value would be high in the current economic climate. For these reasons option (d) is not recommended, unless in a particular case the community's needs could be better met through a clearly identified alternative.

- 5.3 Option (c) is therefore an attractive option. The advantages include that it:
- fits the Quirk review philosophy of community control of assets
 - ensures continued community use and sense of real ownership by the community with added safeguards
 - allows centres to bring in additional revenue via charitable status
 - could increase a positive image of the Council within local communities
 - would reduce financial and other liabilities for the Council

- 5.4 It does however depend on the ability to identify or facilitate an appropriate organisation. This could be an existing community association which is already managing a centre, or it could be a community organisation interested in a number of centres. There will be costs associated with setting up a community asset transfer, which cannot be quantified until the option has been explored further with interested parties. It remains possible that some centres will not be suitable for transfer, and in these cases one of the other options may need to apply.
- 5.5 In conclusion, it is likely that at least in the short term – around five years – a combination of arrangements or ‘mixed economy’ may be the best practical solution, but with a preference for Community Asset Transfer where this can be shown to be suitable.

6 Proposals

- 6.1 The proposal is to discuss the transfer of community centre assets to the community with interested parties. This will involve continuing discussions with existing management committees, and it is recommended that these should be given a first opportunity to express interest and make proposals. Some existing centre management associations may be interested in running additional centres, and other local community organisations and parish councils may also wish to make proposals for one or more centres.
- 6.2 The process needs to be informed by understanding the views of local people generally, and users and potential users in particular, as well as many other key individuals and bodies. Support in understanding the options and best practice is available from national bodies such as the Development Trust Association, and there is a countywide project looking at community assets generally which will help to identify opportunities to work together with partners.
- 6.3 Strategically, the exercise needs to be informed by a developing understanding of the Council’s vision for creating and sustaining vibrant and healthy communities, and working with partners to maximise opportunities and value for money. The timing therefore needs to be flexible; while some centres may be in a position where their future status can be resolved fairly quickly, others will inevitably take longer.
- 6.4 The achievement of efficiencies will come about through both reviewing operations, and enabling more dynamic management which is able actively to seek growth.

7 Implications (including financial implications)

7.1 Policy

- 7.1.1 These proposals are consistent with commitments in the Corporate Plan to encourage vibrant neighbourhoods and engaged communities. They do represent a development of the Council’s existing asset management policies, which do not currently address Community Asset Transfer directly. However,

the central importance of the Council using its assets to support its objectives – the key aim of this review – is a fundamental principle of asset management.

7.2 Resources and Risk

- 7.2.1 The target saving required is £190,000 in the current and future years. The savings from asset transfer cannot yet be quantified, prior to detailed negotiations. However, community organisations do have the ability to access external funding and voluntary contributions which are not available to the Council, and to actively develop programmes for the use of their centres to generate income.
- 7.2.2 The total net cost to the Council of operating its 21 community centres in 2008-09 was approximately £433,000, of which the main spending components were employee costs (£293,000), rates (£32,000), utilities (£75,000) and maintenance/repairs (£152,000). Responsibility for these areas of expenditure would transfer with the building. It is possible that community organisations might need financial support in order to construct a sustainable business case for taking over the asset. It is suggested that the Council should not rule out making a contribution, particularly over the short term, if such an arrangement still provides the best overall solution for the community.
- 7.2.3 Risks which have already surfaced in the community centre around loss of access to centres if a particular group ‘takes over’, and fears that prices for hire will be raised to levels which community groups cannot meet – this latter issue prompted in part by experience with schools under Private Finance Initiative schemes. Both issues need to be addressed clearly and robustly in any legal or contractual agreements for future arrangements
- 7.2.4 Other risks include the perception that the Council is withdrawing its interest in local communities and seeking to dispose of assets purely to save money. While this is not accurate, the real nature of the review needs to be effectively communicated.

7.3 Legal

- 7.3.1 In most cases the Council’s relationship with local management committees dates back for many years and is not supported by comprehensive paperwork setting out legal and other obligations. This may lead to additional complexity in negotiations over the future of some centres, as may any which have been given to the Council under a restrictive covenant.

7.4 Equality

- 7.4.1 An initial screening equality impact assessment was carried out on the budget option. This indicated that there was a potential for this review adversely to affect some sectors of the community, particularly where groups which support minorities use community centres to meet, hold activities and generally support their communities. This risk will be minimised if the continued access to premises can be safeguarded through any changes resulting from the review. To ensure that this happens, a second impact assessment has been conducted on the asset transfer proposals.

7.5 Consultees (Internal and External)

- 7.5.1 Chairs of local management committees have already been involved in two meetings for initial discussions about the potential options. This has produced a range of responses, including some positive enquiries about transfer and concerns about the continuing viability of the centres.
- 7.5.2 A programme of consultation is being drawn up for the next stage of the review. This will include ward councillors, parish councils and user groups as well as the management committees.
- 7.5.3 Staff and unions have been consulted informally on the need to review operational efficiency. Should this, or the asset transfer process, lead to potential changes in employment status or redundancies then there will be formal consultation in accordance with established Council policy.
- 7.5.4 Overview and Scrutiny Committee 1 have debated this subject and the findings of their pre-decision scrutiny will be reported to this meeting.

7.6 How the Proposals deliver Priority Outcomes

- 7.6.1 The proposals are designed to help encourage thriving neighbourhoods and engaged communities, and to achieve a significant efficiency saving to help ensure a sustainable budget.

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