

Report to Scrutiny

Item Number: **6**

Contains Confidential or Exempt Information	No
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Subject of Report:	Environment and Customer Services Consultation with Community Associations - Update
Meeting:	Scrutiny Review Panel 2 - Community Centres Thursday 26 November 2015
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Cabinet Responsibility:	Cllr Ranjit Dheer, Cabinet Member for Safety, Culture and Community Services and Deputy Leader
Director Responsibility:	Keith Townsend, Executive Director, Environment and Customer Services
Brief:	Following on from the Scrutiny Review panel in September 2015, where an update briefing note was produced on progress since the July 2015 full report; this paper focusses on the key areas of support that the council has been able to offer associations, to mitigate the impact of progressing to a zero based subsidy for community centres.
Recommendations:	To comment on how the work to date, to enable community centres to become self-sustaining, has progressed, focusing upon the councils offer of support within 6 key areas, as detailed in the report. To comment on the actions and progress of the associations in meeting the proposed reductions in subsidy as part of their operational responsibilities.

1. Environment and Customer Services Consultation with Community Associations - Update

- 1.1. Panel members were informed that in November 2014 Cabinet had approved in a saving within the community centre service, which would remove the subsidy from the community centre provision; including directly run sites. The service has a 3 year saving target, profiled in such a way as to mitigate the impact of the reduction in subsidy, and to allow the Associations responsible for the leased sites; to work with the council on proposals to mitigate this reduction in subsidy.
- 1.2. The Saving amount of £0.302m, and its associated profiling, was indicated in the FAQ document presented to the committee in July 2015, which for ease the table is shown below. It should be noted that the £0.302m subsidy relates to staffing support provide to the associations. The council has achieved its 2015/16 saving target, via a reduction in staffing support, following completion of the April 2015 Staff consultation process.

2015/16 saving (remaining budget)	2016/17 saving (remaining budget)	2017/18 saving (remaining budget)	Total savings
£74k (complete) (£228k)	£114k (£114k)	£114k (£0)	£302k

- 1.3. In terms of moving to a zero subsidy position by 2017/18, the following measures are available to the Council and are being discussed with community associations as part of the ongoing consultation:
- reducing, and eventually removing, staff provided by the Council (this forms the majority of the subsidy);
 - reducing other costs currently covered by the Council, such as grounds maintenance;
 - Increasing the rent paid by community associations.
- 1.4. The objective is to make community centre operations self-sustaining by 2017/18, so that each centre has long-term security, is no longer reliant on a Council subsidy, and can afford an increase in rent. The main ways for community centres to become self-sustaining are:
- increased income generation;
 - a range of cost saving measures; Energy efficiency measures, capital improvements
 - Longer leases.
 - Governance and Operational Structures
- 1.5. Progress has been made for a number of the bullet points above, and for ease

these will now be taken in turn throughout the report.

Staffing support and proposals -

- 1.6. The council has achieved its 2015/16 saving target, via a reduction in staffing support, following completion of the April 2015 Staff consultation process. This was achieved via two Voluntary Redundancy requests from a Manager and caretaker. The Manager has subsequently been employed directly by one of the Associations.
- 1.7. The council are currently undertaking a 45 day consultation, which started on the 10th November 2015, with regards to further staff saving proposals across the organisation; for which community centre proposals are included. Where possible, within a public forum, details have been included on these proposals below.
- 1.8. Ealing Council directly manage Hanwell Community Centre and Dominion Centre & Library, with the remaining 8 sites being leased to community associations. Ealing council provide support to the associations with their day to day operational running of the sites in the following ways:
 - Community Centre Managers
 - Administrative officers
 - Care Takers
 - Cleaning, planned, preventative and reactive maintenance
 - Corporate Business Services support – Health and Safety, HR and training
- 1.9. The management support provides leadership, direction and site management working with the Community Associations where applicable. They ensure the delivery of the Council's objectives, as defined in agreed service plans, in accordance with statutory requirements, national standards and procedures. This management support is also tasked with providing a balanced programme of activities, although under the terms of the lease the operational responsibility, and therefore final decision, remains with the Association Committees. The associations are also responsible for their own accounts, operational income and budgets.
- 1.10. In addition to this support the Council also provides administrative and caretaking support to assist the manager in supporting the associations via dealing with enquiries, bookings, H&S responsibilities and general service delivery.
- 1.11. It is proposed to delete 2.78 FTE roles within the Community Centres current 12.73 FTE, from the Management and Administrative Officer posts. A number of roles within the 12.73 FTE total, work at the directly managed sites and a majority of their costs are covered by income generated, as are directly employed staff by the Associations who supplement the councils staffing support provision.

- 1.12 The role of Administration Officers (2 full-time positions and 3 part-time positions) roles are to be replaced by 1 full-time and 4 part-time Administration Officers. This will provide circa 7hrs per week of administrative support to the community centres, with the current level of caretaking provision remaining the same for 2016/17. It should be noted, that based on the current profile, a further reduction in subsidy is planned, as part of the £0.302m saving, which will result in all staffing support for the leased sites being withdrawn by 2018.
- 1.13 The 2 Centre Managers roles, currently occupied by 2 post holders are to be replaced by 1 full time Centre Manager position. The remaining manager will not work directly at a specific site(s) but will provide an area based management support across the Community centres.

Reduction in associated costs, covered by the council, such as Grounds maintenance and Facilities Management –

- 1.14 The information in the FAQ stated, as discussed with the associations to date, that the saving target of £0.302m does not include any of the grounds maintenance and FM costs. Therefore this element of support to the associations will continue as is.
- 1.15 However, should an association wish to take on more responsibility for these areas, then it is something that can be discussed with the Councils Business Services Group. For example, the current costs associated with a cleaner, provided by BSG, may be able to be transferred to the Association directly, whereby the cleaning function could be included in a generic caretaking role. Therefore that member of staff assumes key holding/opening and closing responsibility, whilst completing their cleaning duties.
- 1.16 Associations will be asked to confirm in writing, following the current round of 1-2-1 meetings if this is something they wish to explore, as part of the new lease provision, which will be covered in a subsequent section.

Longer leases and Rent Reviews -

- 1.17 The current leases date to circa 1980, in most cases, and the market value rent of each community centre does not reflect a true Market Value position, which the council are required to show as part of its Best Consideration duties. The annual rents are currently very low (£0.001m to £0.003m), and as reported at previous meetings the new rents reflecting the market value are likely to be much higher, between £0.010 – 0.030m
- 1.18 Community associations would be able to apply for a rent subsidy, of up to 80% in accordance with other community, leisure and recreational facilities; meaning future rents could be around £0.002m to £0.006m per site

- 1.19 The council's new property Agents, Lambert Smith and Hampton (LSH), having recently taken over the council's property portfolio management contract; have completed their site visits and assessment of the MVR. These values are within the above predicted ranges. The exact value applicable to each leased site will be discussed individual 1-2-1 meetings first, and then a full summary provided in the next Scrutiny update report.
- 1.20 A draft Heads of Terms (HOT's) was included in the previous report, and now that the lease value is known, these will be formerly issued to the Associations for comment.
- 1.21 The reason for taking this approach is that a longer lease, of up to 25 years can provide certainty to communities about the future of their centre, and may help community associations to access funding and/or secure long-term tenants.
- 1.22 There can be some flexibility about the terms and conditions in new leases. For example, longer leases would not necessarily require associations to take on responsibility for all repairs – this could be limited to internal repairs and decorations only.

Cost Saving measures, such as Energy Efficiency and capital improvements

- 1.23 One area of potential saving for Associations related to their energy costs, which was discussed with all of the associations. Contact details were included in the FAQ document, for the councils Sustainability Programme Manager and Energy Manager. For those Associations who expressed an interest in the offer, site assessments have taken place and sites have been offered the opportunity to buy into the council's corporate energy contract, which should reduce the unit price of energy paid at the sites. In addition, a list of potential energy saving solutions, such as PV's, which will be covered in the capital support section below, have been identified.
- 1.24 Officers discussed with associations that whilst no capital budget had been identified at the time, the council would be keen to explore options for capital improvements, which could help to reduce expenditure or increase income generation.
- 1.25 A Capital bid was submitted for £0.750m, towards supporting Community Centres move towards a self-sustaining operating model, at a zero based subsidy; as part of the councils budget setting process. This bid has been recommended for approval by Officers, and will be subject to a Cabinet decision in November 2015.
- 1.26 These capital funds, once approved by Cabinet, will facilitate further discussions with the Associations on what provision they may be spent on to help achieve the objective of becoming a self-sustaining facility. Any Capital Investment will be linked to the new leases that the council will be negotiating with the Associations.

- 1.27 For the Directly run council sites, such as the Dominion Centre and Hanwell Community Centre, assessments have also taken place. Where significant capital investment is required, in the case of Hanwell Community Centre, external funding options are being considered, utilising minimal match funding contributions from the council. This is enabled very much by the security of tenure on the facility, both current and as part of any future Governed Structure.

Governance and Operational Structures –

- 1.28 During the consultation process to date, officers have discussed with Associations their Governance and operating structures, based upon the experience gained from our Environment and Customer Services, externally funded leisure and Heritage Programme. To date the council have set up a number of governance models, such as Community Interest Companies (CIC), Trusts etc. Therefore there is currently a wealth of knowledge that has been built up within the council's service areas, including HR and Legal.
- 1.29 Given a number of our sites are not Charitable Organisations or Incorporated this does limit potential options to them. The council does have a limited budget, as part of this consultation period, to pay for support from external agencies we are currently working with, such as Winkworth Sherwoods LLP for Pitzhanger Manor and Gunnersbury Park. In addition to this external support, the above mentioned officers would also be able to offer support, based upon their knowledge and experience gained to date. So far there has been limited uptake of this offer from the Association Committees.
- 1.30 The above mentioned budget, could also be used to offer Business Planning support and Advice to the Associations; again something that is available and has been offered to sites with minimal take up.
- 1.31 It should be noted that this advice and support can be provided, but it would be the responsibility of the Associations to seek their own legal advice on any leases, or Governance Routes which subsequently follow. This is to avoid any conflict of interest.
- 1.32 With regards to the Business Planning, the council does not have any operational powers in relation to the leased Community Centre Sites. Therefore any suggestions by a Business Planning Consultant, such as modest increases in pricing policies or operational hours which are likely outcomes; would not be implementable without the approval of the Associations.
- 1.33 Despite the low take up on this particular part of the consultation, the council are still prepared to offer this support to the Associations. However, it is for the Associations to come forward and also lead on what they wish to gain from this offer, on a site by Site basis.
- 1.34 With regards to Hanwell Community Centre, Cabinet have agreed to look at Future Governance Operating Models, utilising the advice of the above mentioned external organisations, which has also involved the development of

independent Business Models.

Increased income Generation -

- 1.35 As mentioned above the council does not have any operational responsibility for the leased sites. Therefore any business plan reviews, cost increases or new business developments are the responsibility for the leased Association sites. Updates on the progress in this area, by the Associations, will be requested as part of the upcoming 1-2-1 meetings.
- 1.36 With regards to Hanwell Community Centre and the Dominion Centre, both sites have started to develop their operational business models, based upon the externally produced Business plans. This is starting to yield positive income results for the centres. This process has been useful in providing a fresh look at pricing structures, current occupancy levels, new business development areas; business cost reduction and informing capital priorities for the sites over the coming years.

Summary

- 1.37 Throughout the consultation period to date, the council have been discussing with Associations, and exploring on its own sites; opportunities to mitigate the impact of the moving to a zero based subsidy. These areas are:
- *Staffing support and proposals*
 - *Reduction in associated costs, covered by the council, such as Grounds maintenance and FM*
 - *Longer leases and Rent Reviews*
 - *Cost Saving measures, such as Energy Efficiency and capital improvements*
 - *Governance and Operational Structures*
 - *Increased income Generation -*
- 1.38 The council have been able to progress a number of these areas, to enable positive outcomes, if the opportunities are taken up. Specifically areas such as the capital funding (Subject to Cabinet Approval), energy solutions, Access to external legal and business planning advice and a fit for purpose long term lease.
- 1.39 The council will now be moving forward with negotiating and offering these new long term leases, developing proposals for Capital investment, on a site by site basis (subject to the leases being agreed) and with our staffing proposals.

2 Legal implications

- 2.1 This report is for information only and there are no direct legal implications.
- 2.2 Leases for the community centres are granted, and can be reviewed and terminated, in accordance with the Landlord and Tenant Act 1954. It is anticipated that new leases will be negotiated with community associations. While the specific provisions of the new leases will depend on the outcomes of these negotiations, community associations have been provided with a draft 'heads of terms'

3 Financial implications

- 3.1 This report has no direct financial implications.
- 3.2 The decision to remove the £0.302m subsidy for community centres from the Council's revenue budget has already been made, and started to take effect at the beginning of the 2015/16 financial year. There is a phased approach to making the savings, meaning budgets will reduce by £0.074m in 2015/16, and £0.114m in 2016/17 and 2017/18.
- 3.3 The market value rent of each community centre is currently being assessed to ensure the Council is getting full value for money for these assets. Community associations would be able to apply for a rent subsidy. This process involves consideration of the community benefits generated by the centre.

4 Other implications

- 4.1 It was identified at the time, that Cabinet's decision to remove the subsidy for community centres from the Council's revenue budget would have implications for the operation of those centres, and potentially for their users. The objective of the consultation exercise, completed to date, has been to explore these implications with the community associations that lease and run the centres, and to identify a way forward.
- 4.2 While it is hoped that ways will be found for all community centres to become self-sustaining, it is possible that one or more community association will not be in a position to carry on running their centre. If this happens, the Council will seek an alternative association/organisation to take on the lease, or find alternative facilities for community groups to use.
- 4.3 An initial Equalities Impact Assessment was attached to the December 2014 Cabinet report. A more detailed Assessment, informed by details gathered during the consultation exercise (including community centre usage information), will accompany the report that is due to be considered by Cabinet in September 2015.
- 4.4 The council are currently in consultation with its directly employed staff who will

be affected by the savings proposal.

5 Background papers

- 'Community centre strategy' – considered by Cabinet on 16 December 2014.
- 'Budget strategy, including proposals affecting employees across several service areas' – considered by Cabinet on 25 November 2014.
- July 2015 & September 2015 Scrutiny Panel 2 Community Centre Papers

Consultation

Name of Consultee	Department	Date Sent to Consultee	Date Response Received from Consultee	Comments Appear in Report Para:
Internal				
Jonathan Kirby	Assistant Director Major Projects	30 th Oct 2015	10 th Nov 2015	Throughout
External				

Report History

Decision type:	I. Urgency item?		
EITHER: For information	No		
Authorised by Cabinet member:	Date report drafted:	Report deadline:	Date report sent:
N/A			
Report no.:	Report author and contact for queries:		
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