

Report to Scrutiny

Item Number: **9**

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 28 January 2016
Service report author:	Jonathan Kirby – Assistant Director Major Projects kirbyjo@ealing.gov.uk 020 8825 6099
Scrutiny officer:	Anna-Marie Rattray rattraya@ealing.gov.uk 020 8825 8227
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 November 2015, this is an update briefing note on the actions from that meeting and any progress over the past 8 weeks, with regards to the ECS run community Centres.
Recommendations:	To note the report and provide comments as appropriate.

1. Service Briefing Note:

- 1.1. Following on from the last Scrutiny Meeting the service area has completed its staff consultation, which releases its year 2 savings. The service received two voluntary redundancy requests, which were both accepted, from the at risk roles of Community Centre Manager and Administrative Officer. The reduction in support, by these services will come in affect as of April 2015.
- 1.2. The service has a 3 year saving target, as accepted by Cabinet in November 2014; indicated in the FAQ document presented to the committee in July 2015. For ease this profile is copied below. The final saving required, for the service to meet the cabinet agreed objective of being subsidy free, is £114k. Staffing proposals for this saving will be put forward and consulted on in November 2016, as this is the main cost within the subsidy of the externally leased community centres,

Table 1.1.

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. Instruction was given to the council's new property Agents, Lambert Smith and Hampton (LSH) who have completed their formal Market Rent Assessments for the sites, as these are indicated in the table below. This MVR is based upon the current usage of the site as a community centre and upon the current operational business plan and revenue income.

Table 1.2.

Community Centre	Market Value Rent (MVR)	Current Rent	Rent Post subsidy*
Greenford	£25,000k	£1,872	£5,000
Northfields	£18,000k	£1,152	£3,600
Northolt Grange	£18,000k	£900	£3,600
Northolt Village	£18,000k	£696	£3,600
Perivale	£30,000k	£3,540	£6,000
Islip Manor	£15,000k	£540	£3,000
Viking	£15,000k	£500	£3,000
West Acton	£15,000k	£1,080	£3,000

*Assumes a full attainment of the 80% subsidy and therefore fully meeting the Rent Subsidy Criteria

- 1.4. As part of the new successful leased offer to a range of community and voluntary organisations within the ECS service area; organisations are able to apply for up to 80% rent Subsidy. This is assessed against a set of criteria indicated in the supporting document, which does not generate significant additional work and a well-run site would meet this criteria.
- 1.5. A Majority of the subsidy is achieved through having charitable statuses, for which the attainment of is fully under the control of the Management Committee of each site. Development plans are between 3-5 years, therefore clear goals are set and discussed between the parties on an annual basis. Again the operational delivery of this plan sits fully with the Associations Management committee, and therefore is under their full control.
- 1.6. Should an association not meet the criteria, which must be assessed on an annual basis; then they will only receive a percentage of the 80% subsidy against the MVR. This allows the council to have a strong mechanism for discussing and negotiating with the associations, should the site not be operated to the best of its ability or the intended objectives of a community centre site. For example being open and accessible to the community and reflecting the needs and demands of the local community in which they are based.
- 1.7. A copy of the updated Heads of Terms, to what which the panel has already reviewed, is attached as supporting information. The italic text reflects the amends and worked examples. All of the Associations have received a copy of these Heads of Terms and also the Rent Subsidy Criteria. Feedback at the 1-2-1's has been positive in regards to the contents of the HOT's and specifically the Rent Subsidy Criteria.
- 1.8. Cabinet have approved the £0.750m capital contribution towards enabling the development of a subsidy free community centre service, and a range of Priority works have been recommended by the council Facilities Management Team. Further items, such as Energy saving measures or incoming generating ideas will be discussed further with the Associations in the upcoming 1-2-1's.
- 1.9. As announced at the last Scrutiny meeting by representatives of the Greenford Community Centre Management Committee; they were facing significant challenges both as a result of the removal of the subsidy and a reduction in usage of the centre. This meant that they would be facing a significant loss within their financial operating model, which was predicted to be worse for the coming years. Officers were able to meet with the Association, prior to Christmas, and talked through a range of scenarios with the Association to inform their Committee Meeting planned for January 2016.
- 1.10. The Management Committee held an emergency meeting at the beginning of January 2016 and unfortunately has taken the decision to give notice to the council and cease operating as of July 2016. This news has only been received in the past week, therefore Officers are not able to give details of the mitigation plan or transition at this stage, until they have held discussions with the Management Committee.

1.11. What both parties have always been clear on, and a shared objective, is the support and protection of the activities which take place at the site, and this will remain the focus of both parties. Greenford Community Centre Association, in running the site up until July 2016, will be using their reserves to fund the shortfall in their revenue model. This will allow time for the council to look at options and potential alternative locations for the current user groups. The council will support the site and user groups in looking at and sourcing alternative sites, and work closely with the Association in this transition.

1.12. A more specific update will be provided as part of the next Scrutiny Panel Paper, once the parties have detailed out a Transition Plan.

1.13. A high level time line is indicated below, relating to the core work streams of the Community Centre Consultation.

Timetable for Implementation:

- Further round of 1-2-1 meetings – January – February 2016
- Lease negotiations and issue of intention to serve Notice – February 2016
- Development of initial capital proposals for Site – January to March 2016
- Second phase of saving achieved & further reduction in staffing support – April 2016
- Notices as required issued to Associations to facilitate a new lease as per the HOTs – April 2016
- Drafting of the lease and further development of capital proposals – April to October 2016
- Agreement for lease signed and capital works begin – January 2017
- Capital works completed January 2018
- Third phase of saving achieved and all subsidy removed – April 2018
- All subsidy removed and new operating models, as required, and leases in place by April 2018

Support Information – Draft Heads of Terms for the Community Associations

Re: Lease – Draft Heads of Terms (HOTs) for proposed community Centre leases.

1.	The Premises:	Insert Name of the Community Centre
2.	Proposed Tenant's full name:	Trustees of the Community Association
3.	Private address or registered office:	TBC
4.	Names and addresses of two sureties:	TBC – <i>Sureties will only be required where the Association is not set up as a charity, and incorporated to allow them to sign as an organisation. The council will be able to support with developing the governance structure as required.</i>
4a.	Demise	All that land shown coloured red on the plan annexed hereto being part of
5.	Commencement date of lease:	TBC – Estimated new Lease date to commence no later than March 2018 in accordance with budget saving. <i>This start date could be as soon as required by the Association and is for the Association to feedback their preferred date</i>
6.	Expiry date of lease:	TBC – This is linked to the term of the lease agreed.
6a.	Term	Up to 25 years – <i>The council are prepared to offer a lease of up to 25 years on the site. Associations are to feedback if they wish to have a 25 year lease, or if they wish to discuss a shorter term with the council</i>
7.	First rent period:	Upon commencement of this lease.
8.	Rent reviews:	On every 5th anniversary to Market Rent, upwards only.
8a	Rent Free:	None
9.	Initial Rent:	Rents are expected to be between £10 – 30K. Site visits have taken place by the council's property agent, Lambert Smith and Hampton. The estimated rent for your site, subject to final confirmation is
10.	Rent payment:	Rent payable quarterly in advance on the usual quarter days. Eligibility for Rent Subsidy to be reviewed annually. Terms have been certified by the Valuer to be the best consideration reasonably obtainable or reasonable in the circumstance.

11.	Service Charge:	N/A
12.	Permitted use:	Any activity relating to the operation of the community Centre, in accordance with the Business plan/Development plan and objectives of the Community Association. Examples of use: a) Administrative offices b) A reference base for community organisations. c) A meeting hall for local residents
13.	Parking/Loading:	Within the Demise and existing car park of the named facility
14.	Landlord and Tenant Act 1954:	The security of tenure provisions WILL NOT apply to this Lease.
15.	Break Clauses:	Associations need to feedback as to the this break clause provision: <i>Option 1</i> <i>No Break provision should this be a requirement of external grant funding. This is often required should the association wish to go for external Grant funding, as the applicant needs to show security of tenure, normally for a period of 25 years.</i> <i>Option 2</i> <i>Breaks at year 3, 5, 10, 15, 20 and 25 years, applicable to both parties.</i>
16.	Responsibility for rates and other outgoings	The Tenant will be responsible for payment of all property outgoings, e.g business rates, utilities costs etc
17.	Tenant's covenants:	These will include a prohibition against smoking within the building and the keeping of pets (except guide dogs).
18.	Payment of arrears:	Any rental arrears must be settled prior to the completion of the new Lease.
19	Any other terms	1. The lessee is responsible for undertaking the duties and weekly checks, as indicated by the properties Fire, Legionella, Asbestos and Health & Safety risk assessments, which will be completed by the landlord. <i>Example – The Landlord will produce an overall Fire risk assessment for the building. This overall risk assessment will produce a risk schedule and activities, which the Tennent is</i>

		<p><i>responsible for complying with. For example, as part of the daily checks, are fire exits clear and operational, and that fire alarms are working, as part of weekly checks.</i></p> <p>2. It is the lessee's responsibility to provide quarterly, gas and electric consumption data in kilowatt hours (kWh's) to meet the UK Government National Indicator in reducing carbon emissions for LBE buildings.</p> <p><i>This is a requirement for all large organisations, and public bodies with a property holding above a certain number. The council as a whole has to report on its energy usage.</i></p>
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Standard Lease Terms

The key terms included within the Council's standard form of lease are as follows:

21.	<p>Liability for repairs – Tenant:</p>	<p>The tenant will be responsible for all internal repairs and decoration of building. Externally they will be responsible for all decoration and maintaining in a good condition</p> <p>To maintain the demise in good condition.</p> <p><i>The council will continue to provide Facilities Management (FM) Service via Property Ealing. Therefore if an item is broken, as per the current situation, a call is logged with the FM helpdesk and a contractor is called to provide an assessment and quote for the works. The first £500 of any quote is covered by the FM contract, any subsequent costs are the responsibility of the Association.</i></p> <p><i>For example, A door repair job of £450 would be covered by FM.</i></p> <p><i>A door repair of £750, would mean FM cover the first £500 and the Association would need to cover the £250</i></p> <p><i>Associations may choose to complete the work outside of the FM contract, using local trades and can seek quotes to secure a better deal, if they feel the FM contract quote does not offer VFM</i></p> <p><i>Examples of Internal repairs and decoration would be, painting of corridors, fixing light sockets, replacing taps, toilet seats etc.</i></p> <p><i>External decoration and maintaining in good condition would be items such as painting boundary fences, external doors, de-weeding, cleaning brickwork from Algae/moss/ivy etc</i></p> <p><i>A full condition Survey will be completed, in conjunction with</i></p>
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		<i>the drafting of the main lease, once the Heads of Terms (HOTs) are agreed. This condition survey and schedule will outline the specific areas and responsibility of both the Association and the Council.</i>
22.	Liability for repairs – Council:	<p>Repair of the roof and external Structure, including the replacement of major plant</p> <p>The council will continue to provide cleaning in accordance with the current arraignment as well as Facilities Management Support</p> <p><i>Linked to point 21, a full schedule will be provided, but for the purpose of examples for major plant</i></p> <p><i>A broken Radiator would be the responsibility of the Association to replace. A full replacement of the boiler would be the responsibility of the council</i></p>
23.	Building Insurance:	The Council
24.	Assignment:	Not permitted.
25.	Subletting:	<p>Sub-letting of part is permitted with Landlord consent.</p> <p><i>This allows for the Associations to enter into agreements with other organisations, both community and private as required, to enable the development of a sustainable business model. This could mean leasing of areas to a Nursery provider for example, educational provider etc</i></p>
26.	Compliance with Other Regulations:	<p>All Alterations, subject to Landlords consent, not to be unreasonably withheld</p> <p><i>Example – Any internal alteration that does not require planning permission, and is in accordance with association objectives and business development will be approved and the council would be unreasonable in refusing them as landlord</i></p> <p><i>Any Alteration that required building control approval or planning approval, would be agreed, should planning and building control approval be achieved</i></p>
27.	Costs:	<p>Each Party to bear their own costs</p> <p><i>This is in relation to the surveyor or legal fees associated with the agreement of a lease. For example the condition survey, LSH costs would be met by the council. Associations would need to cover legal advice given to them by their solicitors in relation to the lease.</i></p>
28.	Other	The Council will consider an application from the Association to renew the lease after 25 years, for a period to be agreed, subject to confirmation of permitted uses as per this lease will continue

	<p>The Tenant is required to inform himself of all statutory obligations in relation to the occupation, operational plant, equipment and work activities undertaken within their demise.</p> <p>The Tenant is further required to ensure that they, at all times, retain or obtain all relevant and current knowledge of statutory obligations to include for Health and Safety and Environmental Law(s).</p> <p>In particular such matters will include for Fire Risk Management, including a Fire Risk Assessment, Gas safety, identification of any Asbestos bearing materials and the management thereof, management of water hygiene (including risk assessment), electrical safety, assessment of health & safety risk in accordance with the Health and Safety at Work Act 1974 and the Management of H&S at Work Regulations 1999, and other such regulations as appropriate to the undertaking within the Tenants demise.</p> <p>Assessment and management of risks to the environment are to be managed in accordance with the Environment Act 1990 and any regulations relevant to the occupation of their demise.</p> <p><i>Examples –</i></p> <p><i>The council will ensure a full hand over and training for association members and staff, so that they are aware of the above responsibilities. Again, linked to the full schedule of asset and condition, a list will be provided of the statutory obligations and with whom the responsibilities sit.</i></p> <p><i>For example, the council will be responsible for the completion of Asbestos risk assessments and annual monitoring. The Association will need to understand the legislative responsibilities associated with Asbestos management, and ensure that groups, contractors they employ or any activity in the building they instruct, does not cause a breach of these obligation.</i></p> <p><i>Worked example – If Asbestos is known to be under a floor board area, it is assessed by the risk assessment, identified and deemed safe; then should the association instruct a handy man to lift the floor board and sand it, therefore exposing the Asbestos and creating a risk, then the Association would be in breach of the legislation.</i></p>
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Supporting Information - Rental subsidy criteria for Community Organisations on Ealing sites

Ealing Council's Cabinet agreed criteria for granting levels of subsidised rent, to ensure transparency and consistency. The rental subsidy is for a period of 12 months and not for the length of the term of the lease; an annual application is required for assessment to ensure that the correct groups are receiving the subsidy and that the subsidy to be granted does not need to be increased/decreased or declined. As such tenants who actively support the Council must apply for the rental subsidy on an annual basis if they wish to continue to receive it. Organisations should note that a rental subsidy cannot be considered without the clearance of any arrears and a signed lease agreement in place. The table below shows the assessment criteria on the left hand side and the information required by organisations applying for an annual rent subsidy on the right hand side.

Criteria	Information required and comments	%
<p>The Community Association has Charitable Status and complies with the quality standards and criteria relating to this status</p> <p>Community Association has an open membership policy and equity policy in place encouraging young people and adults of all abilities to use the facilities</p>	<p>Information required:</p> <ul style="list-style-type: none"> • Copy of Charitable Status certification • Copies of policy documents and minute of board/committee/AGM meeting when policy formally adopted by Club 	30
<p>Community Association has a 1 – 3 year Business Development Plan agreed by the Management Committee and endorsed by Council, to demonstrate how the Association will develop in the future</p> <p>Community Association is meeting a specific identified need in the local area identified by the councils Corporate Plan</p> <p>Community Association is sustainable, through its internal structures and recruitment and retention policies concerning; officers, groups and volunteers</p>	<p>Information required:</p> <ul style="list-style-type: none"> • Copy of Business development plan and minute of board/committee/AGM meeting when formally adopted by the Association • Evidence that this is the case e.g. is it the only Association in the area with an Adults session focusing on Mental Health etc. • Latest set of accounts • Latest AGM minutes and Committee minutes • Committee minute identifying named officers to appear on rent agreement 	15
<p>The Community Association is affiliated to other community bodies, organisations etc, and, has a junior as well as adult programme of activities.</p> <p>Community Association has all necessary insurances in place, including Public Liability Insurance appropriate for the levels of activity</p>	<p>Information required:</p> <ul style="list-style-type: none"> • Membership breakdown – Junior/Adult, Male/Female, etc • Affiliation number or reference letter • Checked copies of original certificates – updated when necessary 	10

<p>All staff, volunteers and session leaders are appropriately qualified, licensed and DBS checked</p>	<p>Information required:</p> <ul style="list-style-type: none"> • Checked copies of qualifications and licences and evidence that DBS checks have been completed (certificates not needed) • Log of Volunteer hours delivered at the site, either directly by the Association or by its user groups. 	<p>10</p>
<p>Community Association can show a pro-active commitment to developing and maintaining links with other organisations, including Schools, Public Health etc</p>	<p>Information required:</p> <ul style="list-style-type: none"> • Details of local organisations the Association is already working with and list of potential Organisations identified for the coming year • Details of the activity delivered e.g. after school club Satellite club, etc 	<p>5</p>
<p>Community Association has an appropriate registration and monitoring process in place to submit user data – overall membership figures broken down by age, gender, etc.</p>	<p>Information required:</p> <ul style="list-style-type: none"> • Baseline membership information to be submitted with application, future information to be submitted annually with subsidy application showing year to year changes in figures 	<p>5</p>
<p>Community Association to provide details of external funding secured for specific projects e.g. facility improvements or development of a new Activities</p>	<p>Information required:</p> <ul style="list-style-type: none"> • Copy of funding award(s) detailing the amount and what project/activity it was awarded for 	<p>5</p>

Consultation

Name of Consultee	Department	Date Sent to Consultee	Date Response Received from Consultee	Comments Appear in Report Para:
Internal				
Keith Townsend	Director ECS	18 Jan 16	18 Jan 16	
External				

Report History

Decision type: For information	I. Urgency item? 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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