

COMMUNITY ASSET TRANSFER – HOYLAKE COMMUNITY CENTRE

1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval for a transfer by lease of Hoylake Community Centre, Hoylake in accordance with the Council's Community Asset Transfer Policy.

2.0 BACKGROUND

- 2.1 Cabinet, at its meeting on 15 January 2009, identified a number of facilities, including Hoylake Community Centre, which should be transferred to community management, where the community expressed an interest.
- 2.2 Cabinet, at its meeting on 19 March 2009, approved the Community Asset Transfer policy. The policy sets out the mechanism to pass over the ownership and control of assets to community based groups and explains in detail the key principles and basis for transfer. The minute also resolved that Community Centres first be offered to the established and viable Joint Management Committees.

3.0 HOYLAKE COMMUNITY CENTRE

- 3.1 Hoylake Community Centre is a two storey brick built former school building, located on Meols promenade at its junction with Hoyle Road. The centre is shown thickly edged on the attached plan.
- 3.2 The property has been used as a community centre since the 1980's and is run by a Joint Management committee (JMC) which provides a number of activities and facilities which it proposes to expand to include the following:
- Celebrations, including weddings and parties
 - The Red Cross area office is based in the centre
 - A range of Fairs including History, Food, Art etc.
 - Activities including dance, drama and visual arts
 - Conferences and meetings
 - School and summer school activities
 - Office to constituency MP
- 3.3 The JMC took a lease of the property in 2001 for a term of 25 years at a peppercorn rent. The terms of the lease make the JMC responsible for all repairs to the main building with the Council retaining an obligation to repair some elements within the complex. The lease also requires the JMC to be responsible for all outgoings and running costs with the exception of insurance which remains with the Council. The JMC entered into the lease primarily as a mechanism to secure funding. Despite the existence of the lease the Council has continued to pay the running costs, staff costs

for a janitor and some repairs. With the Council's support the JMC has developed this centre into a thriving and well used local facility.

4.0 TRANSFER PROPOSAL

- 4.1 The JMC of Hoylake Community Centre wishes to take a transfer of the community centre from the Council and proposes to form Hoylake Parade Limited (HPL), a Charitable Company Limited by Guarantee, to proceed with the transfer. A transfer will require the replacement of the existing lease with a longer lease. With support, the group intends to develop the activities at the centre to grow income, in order that it will become a sustainable and viable centre, without the need for input from the Council.
- 4.2 As part of the transfer process, the JMC has produced a five year business plan. This has been assessed and is commented on later in this report. To achieve a sustainable position the business plan identifies the need for short term revenue support from the Council as part of the transfer process.
- 4.3 The Community Centre has been well maintained in recent years with considerable investment funded by the JMC. However, an independent property condition survey of the Centre has been undertaken and this, together with further specialist surveys, has identified a number of areas, described in paragraph 6.1, which would require addressing in order to achieve long term sustainability.

5.0 COMMUNITY BENEFITS

- 5.1 Hoylake Community Centre currently offers a wide range of activities and functions for the community. The group's business plan explains its approach to the delivery of community benefits as follows:

"We are very aware of our position as the local Community Centre and as part of this brief we intend to make facilities available at low or no cost to assist groups starting up or where they cannot expect to generate revenue to rent rooms. This naturally has to be done reflecting the need to generate revenue to keep the Centre viable but is an important part of our vision. We have given the facilities free of charge for example to assist other groups like the RNLI with fundraising.

The preservation, maintenance and improvement of this great landmark building also remain vital to our thinking. We see our role as being consistent with the 'Community Anchor' model,

- A community building that is **community led**
- A focus for **local services** and activities
- A vehicle for **local voices** to be heard
- A platform for **community development**, cohesion and diversity
- A home for existing and emergent **community groups**
- A catalyst for community led **social and community enterprise** and independent income generation
- A **forum for dialogue** within communities
- A **bridge between communities and the state**

- 5.2 Members should be aware that Hoylake Community Centre is currently used for a number of Local Authority functions including Area Forums along with other public meetings such as Police presentations, Residents Association meetings etc. Post transfer, HCCL would still wish to offer the use of the facility for those functions. However, this will be a community run facility that needs to generate income to cover its costs. Should the various groups, including the Council, wish to continue to use the premises, they will have to pay in accordance with the Centre's charging policy.

6.0 ISSUES ARISING

6.1 Repairs

The building was originally constructed as a school around the turn of the last century. The JMC took on the facility in the 1980's and, with Council support, has developed it in to the facility it is today. Due to the age of the building and its original use, there are a number of items of repair which need to be addressed, which have been estimated at a cost of £516,000 (ex VAT) plus fees and contingencies. The major item are the roofs which have been estimated at £211,000 (ex VAT) plus fees and contingencies, with other large items including the car park, which was designed as a playground, and the drains which suffer from blown sand due to its location overlooking the promenade, which combined will cost approximately £127,000 plus fees and contingencies. Under the current arrangements the JMC would have been able to save and programme the works in the future. However, given that financial and staffing support from the Council will be withdrawn following the transfer of the premises, the JMC's business plan shows that they would have difficulty achieving viability and sustainability, whilst at the same time making sufficient provision to undertake major repairs in the future. Should these large items of repair be addressed now, as part of the asset transfer process, then the group will be in a far better position to operate the centre in a viable and sustainable manner.

6.2 The Lease

The centre is currently held on a 25 year lease granted in 2001. The lease puts the responsibility for maintenance of the main building, and the majority of the other buildings, with the JMC. The responsibility for all outgoing, with the exception of insurance, also lies with the JMC. The lease was entered into to attract grant funding. However, in practice there are a number of terms of the lease which have not been strictly adhered to. The Council has continued to provide staffing support and financial support in the form of running and energy costs and has also undertaken some minor repairs, although the JMC has undertaken the majority of repairs and improvements over the years. With some initial support, the JMC will be able to develop a sustainable business plan without the continued support of the Council. A new long term lease will also enable the group to secure additional funding. The current lease, having 16 years unexpired would not be adequate for some funding bodies.

6.3 Business Plan and Viability

a) The centre has two major tenants who provide most of the income which is supplemented by the hiring out of other rooms in the building. The Business Plan identifies the retention of the "anchor tenants" and proposes an increase in hiring charges and greater marketing to increase the usage of hired space within the

building for existing and new activities. The Business Plan demonstrates that this approach is viable and sustainable.

b) The Business Plan contains within it a reserve which is carried over from the existing operation of the centre. The Business Plan proposes to make a contribution of £35,000 from reserves towards the cost of works (explained in more detail at paragraph 7.3 of this report) that the group are responsible for with the remainder of the reserve being required to fund any liabilities which arise from the operation going forward and to cover any unforeseen circumstances. This is a prudent approach and the level of reserve will allow this to happen without putting any financial strain on the proposed operation. The reserve identified in the plan, net of the financial contribution towards the works, is justifiable for the size of the operation and it will assist the sustainability of the business.

c) The Business Plan identifies that the new organization will need revenue support for the first two years of operation to fund a centre manager and two part time caretaker posts. These posts are needed to manage the centre, market its availability and to extend its hours of opening to include weekends. In addition some revenue support for legal costs associated with the transfer documentation is also required. The total cost of the revenue support required for the staff over the first two years of the Business Plan is £100,000 and £4,500 for the legal fees. These sums will be funded from the Community Fund.

d) The Plan makes assumptions in future years about income being generated from a number of grant sources. On the best information currently available these appear to be realistic assumptions but the new company will have to carefully monitor the situation as it moves forward. If these grants cannot be realized then either they will have to increase their income, reduce some areas of expenditure or use their reserves to compensate for this. The business plan as presented could sustain this if required.

6.4 Value for Money

The support required to enable this facility to become viable and sustainable is considerable. This is largely due to the building repairs described earlier. Post transfer the Council would cease its contributions to the running of the centre and would generate an annual saving of £39,900. The annual savings to the Council, in comparison to the funding, show a long term payback period, when the terms of the existing lease are taken into account. The financial considerations are, however, one element of value for money. The proposed investment in the facility and its transfer to a sustainable local group will give some certainty over its future; to the provision of community activities for the locality and to the provision of the benefits to the community as described in section 5.0.

7.0 CONCLUSION

7.1 Hoylake Community Centre is a thriving and well managed centre offering a wide range of activities, which is operated by a dedicated team of volunteers who take a very active role in the running of the centre.

Examination of the business plan shows that it can achieve sustainability, however, to achieve this the business plan identifies the need for short term support, which has been assessed as being reasonable.

The JMC has provided lots of investment over the years, but major building elements will require attention in the short term and it is considered appropriate that these are addressed now. Without assistance from the Council, this would put a severe strain on the business plan.

The terms of the existing lease do not require the Council to undertake the extent of works previously described, however, the lease has never been strictly adhered to and to do so now would significantly affect the viability of the centre.

In recognition of the responsibilities within the lease, the JMC was invited to make a contribution towards the works and repayment based upon its ability to pay, which has been assessed and is considered to be a reasonable approach, which would still enable delivery of a sustainable business plan.

7.2 The Community Asset Transfer policy advises that the Council will not normally seek payment from community based groups, unless substantial commercial use of buildings generates large profits in excess of the running costs of the property. However, the Council will normally expect community based groups to be responsible for the running costs of the building, including repairs, maintenance and all insurance. In light of the business plan and the community benefits described later in this report, the main terms of the proposed lease are as follows:

- Term: 99 years
- Rent: Peppercorn
- Liabilities: The lessee to be responsible for all outgoings and maintenance.
- User clause: Community Activities

7.3 In recognition of its obligations within in the existing lease, the JMC has included in its proposal provision for the repayment of the proportion of the capital works for which it is responsible for within the lease, based upon its ability to repay. The proposal includes an initial contribution of £35,000 plus 10% of the organisation's profits, post transfer. This proposal is considered to be a suitable balance between repaying the capital works and the group's ability to achieve sustainability.

7.4 Members will be aware of the Council's obligation to obtain the best price reasonably obtainable on the disposal of its land and property. However, under the General Consent, the Council does have the power to restrict the value of land by imposing restrictions as to its use on the grounds that to do so is in the interest of the economic and / or environmental and / or social well being of the inhabitants of the Borough and provided also that any such restriction in value does not exceed two million pounds, per transaction.

7.5 Given the input from the JMC to date and its ability to achieve long term sustainability, it is recommended that the centre be transferred on the terms described.

8.0 Financial implications

- 8.1 The Council will support use of Community Fund monies for a grant for the following items:
- The repairs described in the report, which relate predominantly to the need for a replacement roof, replacement drains and repairs to the car park have an estimated cost of £516,000 plus fees and contingencies (ex VAT).
 - The deficit in years one and two totalling £100,000 plus £4,500 for legal fees.
- 8.2 The group proposes to offer a contribution to the Council in acknowledgement of its liability under the lease on the basis of an initial payment of £35,000 plus 10% of its annual profits after year four of the business, until it has repaid the element of the works for which it would be liable for under the current lease, estimated at £365,000. If the group is able to make its full contribution, the final estimated cost of grant-aiding repair works will be £151,000 (net of fees and contingencies).
- 8.3 The transfer of this asset on the terms described will result in annual revenue savings to the Council which has a budget for 2010/11 in the sum of £39,900.
- 8.4 If the Council were to sell the property with vacant possession it could achieve a capital receipt, the actual amount would be determined by a marketing exercise, but is expected to be in the region of £600,000. In light of the existing lease the full figure could not be obtained until the current lease is surrendered or expires which would give a current equivalent value in the region of £150,000.

9.0 Staffing implications

- 9.1 There is one caretaker currently employed by the Council at the centre who will be managed in accordance with the Council's Human Resources Policy. Arrangements for facilities management services are currently under review.

10.0 Equal Opportunities implications/Equality Impact Implications

- 10.1 The transfer lease will require the group to adhere to current legislation including equal opportunities.
- 10.2 An initial Equality Impact Assessment has been undertaken in respect of the wider Community Asset Transfer process.

11.0 Community Safety implications

- 11.1 None arising directly from this report.

12.0 Local Agenda 21 implications

- 12.1 As part of the transfer, repairs will be undertaken to the centre which will improve CO2 emissions and reduce its carbon footprint.

13.0 Planning implications

- 13.1 The site is designated by the Unitary Development Plan as a Primarily Residential Area. Any future planning application for a material change of use would be assessed for compliance with UDP Policy HS15, which makes provisions to protect the neighbours amenity.

14.0 Anti-poverty implications

- 14.1 None arising directly from this report

15.0 Human Rights implications

- 15.1 None arising directly from this report

16.0 Social Inclusion implications

- 16.1 Transfer of the centre will result in increased and improved provision of services to a wide cross section of the community.

17.0 Local Member Support implications

- 17.1 The property is located within the Hoylake and Meols Ward.

18.0 Background Papers

- 18.1 Cabinet reports:

27 November 2008 – Strategic Asset Review

15 January 2009 – Transforming Wirral

19.0 RECOMMENDATIONS

- 19.1 That a transfer by lease of Hoylake Community Centre be agreed and the Director of Law, HR and Asset Management be authorised to complete the necessary legal documentation on the terms set out in this report.
- 19.2 That the agreed works to the property, together with the transitional costs for the first two years of the business plan, be funded from the Community Fund.
- 19.3 That the proposal for repayment of the cost of the works under the current lease obligations be accepted.

Bill Norman

Director of Law HR & Asset Management.