

WIRRAL COUNCIL

CABINET

21 JULY 2011

SUBJECT:	COMMUNITY ASSET TRANSFER – HOYLAKE COMMUNITY CENTRE
WARD/S AFFECTED:	HOYLAKE AND MEOLS
REPORT OF:	DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	CORPORATE RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report seeks to remove the requirement for Hoylake Parade Community Centre (HPCC) to repay an element of the cost of building works as part of the Community Asset Transfer process. Members have previously approved the transfer of Hoylake Community Centre in accordance with the Community Asset Transfer policy and have also approved use of the Community Fund to provide revenue support in the sum of £104,500 over two years and capital works totalling £516,000.
- 1.2 The transfer will promote the Council's Corporate Policy to Increase enterprise and promote greater independence and choice.
- 1.3 There will be a saving in the Council's budget as a consequence of this transfer.
- 1.4 The transfer is not a Statutory duty.

2.0 RECOMMENDATIONS

- 2.1 That the transfer of Hoylake Community Centre proceeds, with the proviso that HPCC are not required to repay £115,000 towards the repairs out of future profits, as previously agreed.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 Proceeding in this manner will enable the transaction to proceed and will also deliver a good quality facility with the best chance of succeeding.

4.0 BACKGROUND AND KEY ISSUES

- 4.1 Cabinet at its meeting of 13 January 2011 approved the transfer of Hoylake Community Centre to the existing Joint Management Committee in accordance with the Council's Community Asset Transfer policy.

- 4.2 At that meeting Members were advised of the amount of revenue support required by the group through its business plan, to achieve a sustainable position. It also advised Members of the capital works required to bring the building up to a standard that would enable the group to operate from a suitable facility. Members approved the transfer along with use of the Community Fund to provide financial support.
- 4.3 The Capital works to the premises have been informed by independent surveys which identify a number of essential repairs, the main items of which include roof replacement and repairs to the drain and car park. As part of the Community Asset Transfer process the Council has committed to undertake these essential repairs in order that the centre is in a suitable condition to support the future sustainability of the group. The surveys also identified a number of items which are beyond the scope of essential repairs but are considered to support the sustainability of the centre.
- 4.4 Members will recall that Hoylake Community Centre has been held on a 25 year lease by the JMC since 2001. The proposal for transfer would involve the replacement of that lease with a new 99 year lease, in order to give the group an asset within which they could develop a viable and sustainable facility.
- 4.5 The existing 25 year lease makes the group responsible for the majority of repairs to the building. However, the terms of the lease have never been strictly adhered to and the Council has continued to pay for running costs, staffing and some items of repair. The proposed transfer of the building on a 99 year lease would replace this agreement and the support would be ceased.
- 4.6 The terms of the transfer were negotiated to reflect the repairing obligations within the existing 25 year lease and also the items identified in the survey which go beyond essential repairs. As a result, the JMC offered to contribute towards the specific repairs up to a figure of £35,000 from its reserves, plus 10% of its net operating profits for a period of 25 years up to a maximum of £150,000 in total, towards the works.

ISSUES ARISING

- 4.7 An issue has been identified which relates to the use of monies from the Community Fund on capital works which the Council would then recoup and use for any purpose it chooses.
- 4.8 There are a number of ways of addressing this issue, which would enable the transaction to proceed:
- I. Firstly, the Council could fund the additional works, in the sum of £150,000, from its own resources in order that it would be recouping its own funds.
 - II. Secondly, the Council could simply not undertake these additional works as part of the process and HPCC could undertake them over the course of the lease. However, many of the items of additional works relate to the roof or its appended structures and a considerable proportion of expenditure relates to the scaffolding, so it makes economic sense to undertake all of the works at the same time. To

undertake these additional works separately at a later date would be disproportionately expensive.

- III. Thirdly, HPCC would fund certain additional works from its reserves, up to the previously agreed figure of £35,000, and the council would provide the balance of works in the sum of £481,000 plus fees and contingencies (ex VAT) from the Community Fund, but not seek to recoup any of this balance from HPCC.

PROPOSAL

- 4.9 The property will benefit from all of the works being undertaken and will enable the Council to transfer a facility which should not require the group to incur significant expenditure in the early part of its lease term. It will also prove more cost effective to undertake the works at the same time.
- 4.10 As the Council is unable to recoup monies spent from the Community Fund, rather than allocate the additional funds from its own resources, it is proposed that HPCC be asked to contribute up to £35,000 from its reserves towards the cost of certain works and the total balance be funded by the Community Fund, with the requirement for HPCC to repay part, being removed. This would also give HPCC the best chance of achieving viability and sustainability.

5.0 RELEVANT RISKS

- 5.1 Removal of the requirement to repay any of the works will reduce the burden upon the Hoylake Parade Community centre, which in turn will reduce the risk of the centre failing.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 Other options considered have been described in 4.10.

7.0 CONSULTATION

- 7.1 There has been no wide consultation on the issues raised in this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 8.1 The Joint Management Committee is a voluntary group. To satisfy the transfer process, it has formed the Hoylake Parade Community Centre, a charitable trust, which will employ staff to run the facility. The facility will however, still be reliant on voluntary support to continue to provide this community facility.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

FINANCIAL IMPLICATIONS

- 9.1. Should Members agree to the recommendation, the Council will support use of Community Fund monies for a grant for the full cost of the works in the sum of £481,000 plus fees and contingencies (ex VAT).

STAFFING IMPLICATIONS

9.2 The JMC currently makes its own arrangements for cleaning and janitorial services. There are therefore no staffing implications arising directly from this report.

ASSET IMPLICATIONS

9.3 None arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 The issues described in this report arise from Charity Law which is a relatively specialist area. The Director of Law HR and Asset Management will need to prepare the legal documentation as appropriate.

11.0 EQUALITIES IMPLICATIONS

11.1 There are no equality implications arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are no planning implications arising directly from this report.

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APPENDICES

None.

REFERENCE MATERIAL

Reference has been made to the Council's Community asset Transfer Policy which can be viewed through the Council's website.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet – Transforming Wirral	15 January 2009
Cabinet – Asset Management Update	19 March 2009
Cabinet – Community asset Transfer – Hoylake Community Centre	13 January 2011