

ADULTS AND COMMUNITIES SCRUTINY COMMITTEE	AGENDA ITEM No. 6
10 SEPTEMBER 2019	PUBLIC REPORT

Report of:	Adrian Chapman, Service Director for Communities and Partnerships	
Cabinet Member(s) responsible:	Cllr Irene Walsh, Cabinet Member for Communities	
Contact Officer(s):	Sarah Ferguson - Assistant Director of Housing Communities and Youth Cate Harding - Community Capacity Manager Bill Tilah - Estates Surveyor - NPS Peterborough Ltd	Tel. 01733 317497

COMMUNITY ASSET TRANSFER

RECOMMENDATIONS	
FROM: Adrian Chapman, Service Director, Communities and Partnerships	Deadline date: N/A
<p>It is recommended that the Adults and Communities Scrutiny Committee:</p> <ol style="list-style-type: none"> 1. Scrutinise the progress made to date regarding the properties in scope for community asset transfers 2. Note and comment on the assurances in place to support community groups 3. Comment on the final steps required to conclude the programme 	

1. ORIGIN OF REPORT

1.1 This report is presented to the Committee at the request of Cllr Irene Walsh, Cabinet Member for Communities.

2. PURPOSE AND REASON FOR REPORT

2.1 The report is presented in order for the Committee to be informed about the progress made to date regarding the properties in scope for community asset transfers, ensure that there are sufficient arrangements in place to support community groups, and comment on the final next steps required to enable the programme to be successfully concluded.

2.2 This report is for the Adults and Communities Scrutiny Committee to consider under its Terms of Reference No. 3, Section 4 - Overview and Scrutiny Functions, Paragraph 2.1. Functions determined by Statute:

4. Neighbourhood and Community Support (including cohesion, community safety and youth offending)

2.3 Appendix 1 is an exempt annex which is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to the business affairs of the Council. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

2.4 This report links to the following corporate priority:

Keep all our communities safe, cohesive and healthy

Community centres play a vital role within our communities, providing space for local communities to come together for social interaction and inclusion, helping to build strong, resilient and cohesive neighbourhoods.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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4. BACKGROUND AND KEY ISSUES

4.1 Peterborough City Council owns many community facilities across the city which include community centres, village halls, youth centres, former play centres, and sports pavilions and other leisure facilities. 48 of these facilities have been subject to a due diligence exercise as part of the Community Asset Transfer process, an increase from the previously reported 32 due to additional properties being considered, mainly the youth, sports and leisure facilities.

4.2 All of these assets play a vital role in the delivery of community-led services and activities and play an essential role in bringing together residents and small groups for a wide range of social, cultural and physical benefits. These facilities are often at the heart of the community, helping the public to find out basic information, deliver public services and foster a real sense of belonging and cohesion in a local area.

4.3 Whilst most of the community buildings are owned by the council, they are already managed by various community organisations on a voluntary basis, and have been for many years. The management arrangements vary, having developed over a number of years, but broadly speaking, the council is responsible for the repair and maintenance of the buildings and in some cases, due to long standing agreements, cover the utility and rental costs (where a third party owns the property for example), whilst the day to day management and running of the centre is delivered by the voluntary management committee.

4.4 In 2013, the council published its Community Asset Transfer Strategy which sets out the vision for securing the long term future of community facilities through community ownership or long leasehold arrangements. The council is committed to the principle that local communities should have the opportunity to own or long-lease public buildings that are of local value and provide services for that community.

4.5 The model where community organisations own the freehold or have long term leases of community facilities generates a number of significant advantages when compared to ongoing local authority ownership, including:

- the ability to attract commercial and external funding opportunities where communities can attract money that councils are unable to apply for
- the ability to achieve greater community empowerment in local communities
- the ability to respond much more effectively and quickly to the needs of local people and provide tailored community services
- the opportunity to build the capacity and skills of individuals and organisations
- the power to increase volunteering

4.6 As set out within the Community Asset Transfer Strategy, the council is committed to supporting existing community organisations to take over the ownership or long term lease of their facility, where they wish to do so. Over the last two years, due diligence work, including extensive consultation and engagement, has taken place with each organisation to explore the options open

to them.

4.7 There have been a number of similar challenges that have been identified during this process. First, a number of buildings have not been considered to be in a fit state of repair for transfer and could potentially become a significant liability to the new community owners or leaseholders. The council's approach is to ensure that no community organisation inherits a liability that they cannot afford or that might cause them financial hardship in the short to medium term. Negotiations have therefore taken longer than anticipated in some cases, to enable agreement to be reached on works that need to be carried out, assuring the groups that the goal of sustainable community centres can be achieved going forward. A further challenge has been the need to carry out extensive checks, with community groups, on their management, governance and financial arrangements. These challenges, coupled with the increase of buildings going through the transfer process, has extended the original programme timescale. However, by working diligently in this way we can be more certain that no community organisation becomes responsible for a building they cannot manage sustainably going forward.

4.8 At the November 2018 meeting, the Scrutiny Committee endorsed an extension of a further year to finalise the future plan for each individual facility. This has enabled significant progress to be made, resulting in more formal agreements being reached that will lead to completion of both freehold transfers and long term leases. The agreement for the council's capital expenditure programme to invest up to £100k per annum for the financial years 2018/19, 2019/20 and 2020/21, has assisted the Community Asset Transfer negotiation process, allowing our property team to agree schedules of work with the groups assisting progress towards the completion of the transfers.

4.9 Additionally, full support has been offered to each community group via a commissioned 'support package' provided by Peterborough Council for Voluntary Services (PCVS). This package includes a minimum of an organisational health check of policies and procedures, fundraising training, and business and financial planning.

4.10 Due to several centres recently being re-classified as community assets (not community centres) and being progressed by property on commercial terms, see case study 1, and a small number being deemed to be unviable, the total number active on the programme has now reduced to 40. Of the original 48, 25% of the programme has either completed or with legal and expected to be completed by end Sept 2019, 21% are with Legal to progress to Completion as soon as practical but by March 2020, 29% are at a stage of advanced CAT Negotiation for confidence in completion within 2020, leaving 25% of the programme considered to be a risk of not completing in 2020 and mitigating proposals are being offered for consideration, such as final offers leading to bid process if not accepted, repurposing for operational uses, declassification of community centre status and offer for alternative local services.

Case study 1: *The Charteris Centre is a former Play Centre, which ceased to operate as a play centre in 2014. Following a high level of public interest to retain this centre in Welland, a community group agreed to take on the management of the facility with a view to entering into a CAT lease. Due diligence checks identified that the community group were unable to operate the facility as a financially viable community centre due to limited hireable space. The facility benefits from a valuable pre-school and open access play offer for the local community. It was therefore agreed that in order to protect these valuable community services, the centre would be better managed on a commercial lease with these providers which is soon to be in place following a provider bidding process.*

Case study 2: *the Orton Goldhay Centre is a community facility formally managed and run by a local church group. The building is a former 3 storey house and whilst benefiting from a good sized hall and catering kitchen, it is not designed to support hireable mixed community use. Family Voice, a Peterborough based charity, are therefore taking on the management of the facility which will permit their own occupancy for the running of a valuable citywide service whilst also managing the public access of the community hall for the whole of the wider community.*

Based on the current status of negotiations with the facilities going through the programme, it is

4.11 predicted that by the end of September 2019, 75% of the programme will be either completed or close to completion. The remaining 25% are likely to need to be advertised as opportunities for new groups and organisations to take over the management arrangements.

A summary of the status of each centre can be found at appendix 1.

Next Steps

4.12

1. The capital programme allocation, as described above, is committed until the end of March 2021, by which time all repair works will need to be complete and the remaining transfers fully achieved
2. The CAT Team will continue to proactively work with the c.25% (c.14 facilities) that have not yet agreed terms to bring these to a successful conclusion
3. As the landlord (where a freehold transfer has not taken place), the council will retain responsibility for monitoring compliance with the lease terms. Any reports of misuse will be looked into by the relevant council service area
4. Management bodies will continue to be able to access ongoing support and advice in relation to governance matters, fundraising and training via PCVS
5. The council's Community Capacity Team will monitor the accompanying Occupancy Agreements for the leases to ensure the groups are remaining financially viable and compliant with their governance responsibilities. In line with the Think Communities principles, community groups will be actively supported to ensure that the facilities are viewed as a community hub and that the centre is offering a wide range of community activities and services to meet the needs of the local residents

5. CONSULTATION

5.1 Extensive engagement and support has taken place, and will continue to do so, with each community organisation on the options available and the council's intentions.

Ward councillors are updated on progress with the centres in their area and active involvement and support requested where complex issues may occur.

A monthly working group, including representatives from Community Action Peterborough, receives regular updates from officers and partners. This meeting is chaired by the Cabinet Member for Communities

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 The programme is anticipated to secure the sustained asset transfer of community buildings currently in council ownership.

7. REASON FOR THE RECOMMENDATION

7.1 To ensure the effective and sustainable completion of the asset transfer programme for community buildings.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Two options were considered at the start of the programme:

- A Trust Model: It was agreed that this was not viable due to the majority of community groups entering into individual negotiations with the council.
- Disposal of all community buildings: Whilst this option would remove the financial liability from the council and provide a capital receipt, it has been rejected. Such an option would lose vital services in the community, increase social isolation and reduce community resilience.

9. IMPLICATIONS

9.1 Financial Implications

Based on the current status of negotiations with the centres going through the programme, it is predicted that by the end of September 2019, 75% of the programme will be either completed or close to completion. The remaining 25% would need to enter the CAT bidding process to enable, where possible, a new management group to be found. This will realise a saving on the council's revenue budgets that support property maintenance. For example, while the centres vary greatly in size and state of repair (related to age, construction type and lease obligations), the average annual cost to the council, per centre, are estimated to be:

- Statutory Testing - £3,300
- Repairs and Maintenance - £6,000
- Buildings Insurance - £346

The council will retain corporate asset management responsibilities as property owner/landlord where a leasehold transfer has taken place. This means that in the event that a community group is unable to continue running a transferred asset, and the centre returns to the council, the council would need to cover repairs, maintenance and utility costs until a new group is established, or the property is deemed as unsustainable. Should this occur, each facility would be considered on a case by case basis. Where properties are deemed unsustainable they may be considered for alternative uses or for disposal.

9.2 Legal Implications

The council is obliged to obtain best value for any land transfer pursuant to s123 Local Government Act 1972. Ordinarily this is achieved by way of a transfer by the Council to provide a capital receipt. In the case of the community facilities, the transfer is unlikely to generate a capital receipt. However, market valuation calculations are undertaken to support any transfer which take into account the ongoing cost of maintenance and management to the council and the value to the community in keeping the building in community use to ensure that the obligations under s123 are met.

9.3 Equalities Implications

An Equality Impact Assessment has been completed in relation to the identified savings in the October 2018 budget proposals.

9.4 Rural Implications

N/A

10. BACKGROUND DOCUMENTS

10.1 Peterborough City Council Community Asset Transfer Policy

11. APPENDICES

11.1 Appendix 1 - Summary of the status of each centre (Exempt)

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