



CABINET REPORT

Report Title	ST CRISPINS COMMUNITY CENTRE & SPORTS PITCHES – LEASE APPROVAL
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	16 November 2016
Key Decision:	YES
Within Policy:	YES
Policy Document:	NO
Directorate:	Customers & Communities
Accountable Cabinet Member:	Cllr Anna King
Ward(s)	Upton

1. Purpose

- 1.1 The purpose of this report is to seek authority to grant a lease for the new St Crispins Community Centre and sports pitches, under a 30-year lease and management agreement, in accordance with the policy framework approved by Cabinet in December 2010.

2. Recommendations

Cabinet is recommended to:

- 2.1 Approve in principle the grant of a 30 year lease for the new St Crispins Community Centre and sports pitches, the location of which is shown on the attached plan at Appendix 1, to Community Spaces Northampton (CSN), at a notional rent for the life of the lease.
- 2.2 Subject to the Director of Regeneration and Enterprise first being satisfied that any issues of undervalue arising from s123 of the Local Government Act 1972 being satisfactorily addressed in accordance with paragraph 3.2.5 of this report, delegate authority to the Chief Finance Officer approve the final terms

of the lease and to the Director of Customers & Communities to approve the final terms of the management agreement in accordance with the Framework (Appendix 2) on the Council's behalf.

3. Issues and Choices

3.1 Report Background

- 3.1.1 A review of community centres was carried out in 2009/10 to ensure they met the needs of the local population while offering good value for money. This also included consideration of the transfer of these assets, or of their management, to community-based organisations.
- 3.1.2 A Policy Framework for setting up arrangements with community groups to manage community centres under appropriate circumstances involving a long-term lease and management agreement was approved by Cabinet on 15 December 2010. This framework is attached as an Appendix and provides that the leases are to be granted at a notional rent which is less than market value.
- 3.1.3 The newly built community centre and sports pitches are not planned to be managed directly by the Council, but instead by a community organisation experienced in running similar facilities.
- 3.1.4 The Council has been advised that a request for expressions of interest to run the new facilities was issued to six community organisations by Upton Parish Council in 2014/5. Responses were received from three of these organisations. A request was then made for a business plan to be prepared by each of these interested organisations. Only one organisation, Community Spaces Northampton Limited (CSN), submitted a business plan, based on the proposed size and design of the community centre at that time. In December 2015, the Council requested CSN to revise and update their business plan given that additional funding had been secured for a larger community centre with additional facilities. They were given till the end of January 2016 to prepare a Business Plan Application and financial projections. As a result of revisions to the centre design and re-submission of the planning application in March 2016, CSN revised and submitted their Business Plan and projections in May 2016.
- 3.1.5 The business plan application received was evaluated on the following criteria:

	Criteria	How Assessed/Priority
1	Legal governance, including legal set-up, policies, licensing, power to hold land/property	Pass/Fail
2	Current financial viability	Pass/Fail
3	Public Access experience	Medium
4	Community Engagement experience	High
Quality of Business Plan:		
5	Community Engagement plans	Medium
6	Community Activity plans	High
7	Achieving management agreement objectives	Low

8	Sustainable 5-year financial forecasts	High
9	Adequate processes/procedures/systems	Low

3.1.6 An evaluation panel consisting of Council officers met on 26 July and 2 August 2016. The panel met again on 16 August 2016 after detailed clarification questions had been answered by the applicant, and came to a joint decision to recommend CSN to go forward to manage the centre. The final recommendations of the Panel were reviewed and agreed by the St Crispins Project Board on 6 September 2016.

3.1.7 The organisation recommended to be appointed to run the new Community centre and sports facilities at St Crispins is Community Spaces Northampton (CSN).

3.1.8 CSN is a partnership-based, not-for-profit organisation, set up in 2011 as a company limited by guarantee, and also as a registered charity. The board of CSN was formed from trustees of Alliston Garden Youth & Community Centre (AGYCC), a well-established (almost 20 years) self-run Council community centre, and staff or trustees of the Doddridge Centre, a well-established community centre whose building is leased from the Doddridge Memorial United Reformed Church.

3.1.9 CSN has been running eight of the Council's 21 community centres under leases and management agreements approved by this Council in 2012/13. In addition, professional board members have been recruited onto the CSN board of trustees as well as experienced community practitioners. CSN works with a number of other organisations with whom AGYCC has existing relationships including Deaf connect, Service Six and Vernon Terrace Primary School.

3.1.10 CSN proposes to be financially sustainable after five years of operation, once income from users of the facilities outweighs the costs of running the facilities, given it is a brand new centre with no existing income. Their business plan requires funding support from the Council as follows:

Year 1	£55k
Year 2	£45k
Year 3	£35k
Year 4	£25k
Year 5	£15k

3.1.11 The Council proposes to use some of the £716k S106 funding provided by Taylor Wimpey for the ongoing maintenance of the community centre and sports pitches, to provide this funding support to CSN in the first five years.

3.1.12 CSN proposes to grant agreements to several community organisations as anchor tenants for certain facilities. They have been in discussion with the following bodies who are interested in medium to long term arrangements:

Organisation	Facility	Period
Football In The Community (FITC)	Circular building and use of football pitches (weekdays term time)	10 years
Gregory Celtic Football Club	Changing rooms and use of football	20-30

	pitches (weekends and some weekday evenings)	years
Northants Baseball Club	Use of baseball pitch (Spring/Summer Sundays and some weekday evenings)	20-30 years

3.1.13 CSN is recommended to be granted the lease as the business plan for the running of the new centre was of a very high quality. Key strengths in their application are as follows:

- Very credible application
- Local organisation
- Good community engagement experience
- Considerable community centre management experience
- Considerable community development experience
- Considerable analysis of the centre and detailed plans to maintain the property over the term of the lease.
- Good use of existing centre manager, caretaking, cleaning and community development resource across the 8 centres they currently manage on behalf of the Council.
- Sensible room hire income increase
- Good build-up of reserves
- Level of grants required are within the S106 operational budget

3.1.14 Potential concerns were as follows:

	Potential Concern	How Risk Mitigated
1	How this organisation is managing the centres leased to them in 2012/13	<ul style="list-style-type: none"> • NBC Partnerships & Communities review how existing centres are being run on a regular basis, identify issues and provide support where necessary.
2	Ability to manage taking over another centre on top of the existing eight centres	<ul style="list-style-type: none"> • The business plan includes additional centre management resource and community development resource; • A centralised room booking system used by CSN will be used for the new centre.
3	Financial sustainability of existing centres run by CSN	<ul style="list-style-type: none"> • CSN has provided its draft annual accounts to February 2016, and a financial forecast for their existing centres for 2016/17 which demonstrates the organisation is sustainable, including a series of actions that have been put in place this year to increase sales, increase other income, reduce costs, and improve profitability.

3.2 Issues

3.2.1 The basis for negotiation with interested organisations is the Framework attached as an Appendix to this report. This has been designed to meet the Council's need to ensure effective and fair community benefit consistent with the Corporate Plan, without unduly constraining the community organisation's ability to innovate and respond to local need. It also makes clear the intention of reducing the Council's financial liabilities over a period of time, hence the need for a viable business plan from the organisation.

3.2.2 The framework makes provision for:

- i) a governing document approved by the Council;
- ii) a formal lease which will cover matters strictly related to the asset as a building, and incorporating a service level agreement (see iii));
- iii) a service level agreement (Management Agreement), which will focus on community benefits and the associated behaviours required;
- iv) a five year Business Plan demonstrating financial viability.

3.2.3 The application required applicants to demonstrate appropriate legal governance for the organisation to be used to hold the lease and management agreement.

3.2.4 CSN will receive a copy of a pro-forma 30-year lease and a pro-forma 30-year management agreement. These have previously been developed with input from the Asset Transfer Unit's consultation draft documents and from an independent community support organisation, Community Matters.

3.2.5 A lease of the asset at a nominal consideration potentially raises issues of undervalue for the purposes of section 123 of the Local Government Act 1972 (which requires local authorities, as a first principle, to dispose of property at the best value reasonably obtainable). Prior to the completion of the lease to CSN, valuation evidence will be obtained to ensure that any such issue is clearly identified. Should the lease present a technical undervalue a general consent from the Secretary of State exists for matters to proceed provided that (a) the undervalue is less than £2 million and; (b) the disposal helps to achieve the objectives of economic, social and/or environmental wellbeing. It is considered that arranging for the management of this facility by a community-based local organisation can be justified as helping to achieve the social wellbeing objective for the reasons set out in paragraph 3.1.13 of this report and the decision is therefor justifiable subject only to a check of the valuation position.

3.3 Choices (Options)

3.3.1 Recommended Option is the grant of a 30-year lease and management agreement at a notional rent for the life of the lease to Community Spaces Northampton (CSN) to manage the new community centre and sports pitches. This is a local community organisation, well respected in the borough for delivering a range of services for local communities. It is both experienced in running buildings for public access and in engaging with communities to understand their needs and then deliver to their requirements. This option provides continuity in a clear way forward that provides opportunities for a local community organisation while protecting the Council's, and the wider community's, interests. It allows a local group to use its understanding of local need to play a major part in improving local people's wellbeing. It supports a thriving voluntary and community sector, while giving local residents better value for money.

3.3.2 Grant a lease to another organisation – this option is not recommended as CSN were the only organisation that chose to submit a business plan. CSN has been running community facilities and developing local communities in Northampton very successfully for almost 20 years. The organisation is

currently running 8 of the Council's community centres and developing the local communities across the Borough very successfully. No other community organisation in Northampton has this level of experience and capability to run multiple community facilities.

- 3.3.3 The Council to manage the new facilities - this option is not recommended. The Council will struggle to inject the same level of resource into these local facilities, while local people may expect to depend on the Council for a service it is not well placed to provide.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The proposals in this report are consistent with the policy adopted by the decision of Cabinet in December 2010, and with the Council's asset management policies.

4.2 Resources and Risk

- 4.2.1 The recommended proposals represent the most economical outcome for the Council. There will be no detrimental impact on the net expenditure on community centres as budgeted.
- 4.2.2 Development of a viable business plan has been a key requirement for the organisation. The Council has supported them in developing a business plan and has referred them to a number of community support organisations. These included the Northampton Volunteering Centre (now Voluntary Impact Northamptonshire), Locality, and Pro Help/Business in the Community. The business plan needs to show financial self-sufficiency within a reasonable period.
- 4.2.3 There is a risk that the organisation will find it difficult to identify sources of sufficient income to balance its expenditure. To mitigate this, the framework allows for a tapering grant to cover (part of) reasonable net revenue expenses over an agreed period. In this way the responsibility for these expenses passes to the organisation immediately, but they have the opportunity over a period to make decisions about how to spend their money. The tapering grant will be funded by monies provided by the developer of the St Crispins estate following the section 106 agreement in 2002.

To ensure the business plan submitted by CSN was fit for purpose it was robustly challenged by the council, including a detailed interrogation of the financial projections by a local authority accountant.

- 4.2.4 There is a risk that the newly appointed organisation may fail in whole or part in the near future. The likelihood of this is considered to be low, as the business plan has been scrutinised and in some cases amended to ensure that it is realistic. If despite this the organisation did fail, it would probably happen over time and the Council would be closely involved in attempting to

remedy the situation. The main impact would be in loss of community development opportunities and ultimately loss of access to the facility, which might require the Council to consider taking back the management responsibility or seeking an alternative provider. Within the lifetime of the Council's current Medium Term Financial Strategy this could be accommodated within budgets.

- 4.2.5 One of the major benefits of transferring responsibility to community organisations is their ability to innovate and to respond rapidly to local demand and need. Hence the Council has been concerned not to constrain unduly what these organisations can do. A consequence of this loosening of central control is that the development and use of some community centres may proceed in ways that the Council did not foresee, and possibly might not have chosen itself e.g. altering room hire charges. However, the management agreement remains as the definition of the minimum service required from the organisation in order that it can exercise these freedoms.
- 4.2.6 The 2002 section 106 planning agreement provides a sum of monies for ongoing repair and maintenance for the building and sports pitches during the term.

4.3 Legal

- 4.3.1 The content of the Framework (Appendix 2), the pro-forma lease and management agreement, and the content of this report have been checked from a legal perspective. The lease will be tailored to the individual premise's requirements but follows the model which has been successfully used for other community centres within the Borough which are run by CSN.
- 4.3.2 The pro-forma lease and management agreements contain clauses that retain for the Council the power to intervene should the community's interests be jeopardised, but that these powers would not be exercised unless that public interest was clear.
- 4.3.3 Reference has been made in paragraph 3.2.5 to the statutory requirements of section 123 of the Local Government Act 1972 regarding the value derived from a disposal of the asset by lease. A review against valuation advice will be undertaken to ensure that the statutory requirement is being met prior to completion of the lease.

4.4 Equality and Health

- 4.4.1 The Framework (Appendix 2) includes the requirement to ensure equality of access to community centres, in particular through the demand for evidence of
- “an appropriate documented equalities policy which ensures that its activities and the use of the centre(s) adequately reflects the diversity of the local population and does not discriminate unfairly against any group”,
- and that

“the Organisation must be able to account on an annual basis for how it has ensured the opportunity of fair and equal access to all members and groups within the local and wider community”.

4.4.2 In addition, the business plan application required applicants to present their equal opportunities policy. The recommended organisation did include such a policy in their business plan and the Council’s equalities expert has reviewed these and found them to be satisfactory.

4.4.3 With these safeguards in place, it is not considered that the proposals give rise to a significant risk of a negative equality impact.

4.5 Consultees (Internal and External)

4.5.1 The proposals have been considered by the Evaluation Panel, the Director of Customers & Communities and the St Crispins Project Board.

4.5.2 The members of the Evaluation Panel are:

- Partnerships & Communities Manager
- St Crispins Project Lead
- Group Accountant, LGSS

4.5.3 The members of the St Crispins Project Board are:

- Director Customers & Communities
- St Crispins Project Lead
- Partnerships & Communities Manager
- Senior Regeneration Project Officer
- Principal Estates Officer
- Environmental Services Manager, Direct Services
- Project consultant

4.5.4 Discussion on this project have taken place with Upton Parish Council on a number of occasions, including attendance at a parish council meeting.

4.5.5 The organisation, Community Matters, which supports the development of community organisations, was consulted on the draft framework and their comments have helped to shape it. There were a number of informal conversations with existing community centre management committees, which informed the framework.

- 4.5.6 Locality, Northampton Volunteering Centre, Enterprise Solutions Northamptonshire and Northamptonshire Community Assets Programme (NCAP) were also consulted on the Framework.
- 4.5.7 The lease proposals have been considered by an officer from the council's Asset Management team.

4.6 How the Proposals deliver Priority Outcome

- 4.6.1 Effectively run community centres have the potential to contribute towards many of the Council's corporate goals and priorities. In particular, the proposals will contribute towards the following priorities:

Priority 6 – Creating empowered communities: empower local communities with a greater capacity to become involved in community life. Increase capacity of our partners in the voluntary sector to better support communities. Community managed community centres.

Priority 7 – Promoting health and well-being: promote the health and well-being of residents through continued support of leisure and sporting opportunities in local clubs.

Effectively run community centres should also provide a more direct relationship between the Council's expenditure and the achievement of results for communities – ie better value for money.

5. Background Papers

- 5.1 Report to Cabinet 8 July 2009 'Community Centres'
- 5.2 Report to Cabinet 9 June 2010 'Community Centres Task and Finish Group'
- 5.3 Report to Cabinet 3 November 2010 'Community Management of Community Centres'
- 5.4 Revised report to Cabinet 15 December 2010 'Community Management of Community Centres'.

Julie Seddon, Director of Customers & Communities