



Report of the Director of Environments and Neighbourhoods and the Director of City Development

Executive Board

Date: 5 January 2010

Subject: Woodhouse Community Centre

Electoral Wards Affected:
Hyde Park and Woodhouse

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

1. The local charity Oblong has submitted a proposal requesting a 50 year lease of the Woodhouse Community Centre on 'less than best consideration' terms. Oblong believe taking over the centre presents them with an opportunity to expand their services as well as enabling the local community to maximise their use of the centre. This report provides Executive Board with more detail on the proposal and recommends that the requested lease be granted using the Council's Well Being powers to dispose at less than best consideration in order to facilitate greater investment in the building and use of it for community purposes.

1.0 Purpose Of This Report

- 1.1 This report seeks Executive Board approval to grant a 50 year lease of the Woodhouse Community Centre to the local charity Oblong, using powers to dispose at less than best consideration.

2.0 Background Information

- 2.1 Woodhouse Community Centre is located on Woodhouse Street within the Hyde Park & Woodhouse ward. The centre is a former church built around 1890 which has a large hall with stage, some offices, meeting rooms, a kitchen and a café. The gross internal floor area is approximately 6,920ft².
- 2.2 The building is used as an office base for some groups as well as being available for community lettings. Children's Services also deliver youth programmes from the centre.
- 2.3 Oblong is a registered charity established in 1996. Its objects are "to develop the capacity and skills of people living in socially and economically disadvantaged areas of Leeds in such a way that they are better able to identify, and help meet, their needs and to create active, flourishing communities". It operates a user led resource centre with four staff and around 70 volunteers which aims to support people to create active and flourishing communities. Current services include; volunteering programmes; IT training, free English for Speakers of Other Languages classes; mental health wellbeing and a graphic design and video production service for voluntary sector organisations; community development courses; an environmental programme; advice, guidance and support for individuals or groups looking to undertake community activity.
- 2.4 These activities are funded by a variety of grants, from one off grants of £400 to large, match funded ERDF projects that last a number of years. Some of these grants will no longer be available in the future as funding sources decline generally. Oblong's proposal for transfer of Woodhouse Community Centre will make them less reliant on grant based income.

3.0 Main Issues

- 3.1 Oblong has been based at the centre since January 2010, renting one of the office spaces and it now wishes to take on the whole building in order to expand its potential for community benefit.
- 3.2 Oblong has applied to DCLG's Community Builders programme for funding towards refurbishment at the centre. This would including adding a mezzanine floor above the main hall to increase floor space, interior improvements to link different areas together, access improvements, and a reception.
- 3.3 The centre will continue to offer office space and community lettings. Oblong aims to make the centre an accessible, sustainable and thriving community hub that provides a wide range of learning, recreational, cultural, social and health activities. The centre will provide a wide range of activities available to all members and sections of the community. Oblong will provide activities themselves and work with current users of the centre and other voluntary and statutory bodies to ensure the provision of a range of services including; healthy living; learning and employment;

community involvement and volunteering; local democracy; children and young people's services; elderly people; art and culture; environment; celebrations and social events.

3.4 Oblong has a number of targets which it aims to achieve through management of the centre, including:

- To improve access to the centre by facilitating events and activities seven days a week upon completion of the transfer;
- to improve the range, volume and diversity of classes/events/activities seven days a week by 100% by the end of 2012, whilst working with existing tenants to ensure that, whenever possible, current services at the centre are maintained;
- to increase use of the centre for family events by two per month within a year of transfer completion;
- to improve physical access to the building;
- to develop IT drop in facilities five days a week by the end of 2011;
- to establish five community gardens, including one at Woodhouse Community Centre, in Woodhouse by the end of 2012.

3.5 Oblong proposes a charging scheme that discounts voluntary sector and not for profit use by 40%. This will mean that some current users who currently receive free lettings will begin to be charged. However, in these circumstances, Oblong will work with current users to help them to find alternative sources of funding or a plan to reach full payment. Oblong states in its business plan it has no intention of asking current users to vacate or cease to use the building if they cannot pay the proposed charges. However, increased income is vital to the revenue affordability of the business plan so it will be in Oblong's best interests to help the groups raise the necessary finance. Oblong has provided a detailed lettings policy and this will form part of any lease agreement.

3.5.1 The main organisation to be affected by this policy is Caring Together in Woodhouse and Little London (CTWLL) who provide services for the elderly. CTWLL occupies two offices permanently and hires rooms for service delivery for a total of 39 hours per week. Further to a discussion between Oblong and CTWLL attended by a Ward Member and LCC officers, agreement has been reached between CTWLL and Oblong that CTWLL will pay the full rent chargeable at the not for profit rate for their office space from September 2011. This is the date the building works will be completed. Oblong have agreed to waive a significant proportion of the room hire charges for service delivery from September 2011 to March 2014. After that no additional concession will be given to CTWLL. This agreement will be subject to annual review and dependent on CTWLL's ability to raise funding to pay the charges..

3.6 The Council's Youth Service uses the centre for service delivery. At present this is not charged for. As part of the agreement for transfer, Oblong will not charge Youth Service for use of the centre, for up to 10.5 hours including set up time, for the period of the lease. The 10.5 hours represents the current level of usage by the Youth Service. Any booking required by Youth Service in addition to 10.5 hours will be chargeable at the appropriate rate which for the main hall is £25 per hour.

3.7 Oblong has applied for funding of approximately £400,000 from the Community Builders programme. This programme provides funding as a mix of loan and grant.

Oblong have applied for the maximum grant rate of 40% which will require an accompanying loan of around £240,000. This loan will be repaid over a period of ten years with the interest rate fixed at 5% for the first two years. Oblong will be taking advantage of a payment holiday option for the first year.

- 3.8 A five year business plan has been produced. The funding element has been forecast on a worst case basis and assumes 0% grant and 100% loan. This shows the proposal to more or less break even annually when loan repayments are made every month. Should the maximum grant be provided the project would have a revenue position that is approximately £23,000 better off.
- 3.9 The business plan does not assume any income from Leeds City Council. Oblong is aware that there is no possibility of ongoing or one-off grant funding to support their project.
- 3.10 Oblong recharges overhead costs to grant funders, as is common practice. However, the business plan is reliant on this grant funding continuing at its present level. If this grant funding ceased then the worst case scenario is that almost £21,000 each year would fail to be achieved in terms of overhead recharges. However, even given the current situation with third sector funding, it is considered highly unlikely that Oblong would lose all of its funding. Furthermore, this project in itself aims to make Oblong less reliant on grant funding and more sustainable in its own right.
- 3.11 Total rental income will be almost £103,000 per year. This figure is based on room hire of between 25% and 40%, depending on the room. This is based on current usage levels plus the increase that Oblong believes it can achieve. These usage levels are high for a community centre. Oblong will proactively market the centre and make it easier to book rooms. There is the potential for non-achievement of these incomes to have a significant impact on the business plan, but having considered the detail and assumptions made officers believe them to be challenging but achievable.
- 3.12 The business plan has little sensitivity if Community Builders funding is loan only. However, it is unlikely that Community Builders would only provide loan funding and correspondence between officers and Community Builders staff on this and other cases has shown that while the starting point for their negotiations is 100% loan, this is never the actual case. If the maximum grant is provided then the business plan would have a degree of sensitivity and the effects of income not being achieved could be mitigated. In officers' opinion it is considered realistic that the project will break even or make a small surplus in the first five years. Therefore the request for rent to be set at a peppercorn is considered appropriate.

4.0 Implications For Council Policy And Governance

- 4.1 The transfer will contribute towards achieving the following outcomes outlined in the Leeds Strategic Plan:
- Increased entrepreneurship and innovation through effective support to achieve the full potential of people, business and the economy;
 - More inclusive, varied and vibrant communities through empowering people to contribute to decision making and delivering local services

- 4.2 The transfer will also contribute to the current Neighbourhood Improvement Plan in the following areas:
- To increase to 33% the number of residents satisfied with the delivery of local services and believing service providers are more responsive to their needs;
 - To increase to 18% the number of residents who feel their neighbourhood has improved or at least stayed the same.
- 4.3 The following LAA Outcomes will also be contributed to:
- Local people feel that they have a greater voice and influence over local decision making and the delivery of services in their area;
 - There is a greater sense of belonging and pride in local neighbourhoods.
- 4.4 Hyde Park and Woodhouse Ward Members have been consulted and are supportive of the proposal. The Area Committee considered the matter on 16 December and supported the proposal to transfer the centre to Oblong.
- 4.5 An equality impact assessment has been completed and no issues have been identified.

5.0 Legal And Resource Implications

- 5.1 The site has an unrestricted open market value of £275,000. However, no desire has been expressed by Environment & Neighbourhoods or the Area Committee for the centre to cease operating as a community centre for the benefit of the local community. This proposal
- 5.2 The proposal is focussed upon enabling a well organised community organisation to take on ownership and management responsibilities for delivery of community activities through asset transfer. This falls within the spirit of the Government's community empowerment proposals which have now been put forward to parliament within the recent Localism Bill. The Bill will give community organisations greater opportunity to identify and bid for assets of value to them, from which they can deliver existing or new services. As well as empowering communities, this aims to diversify the providers of services and stimulate creative and imaginative new patterns of service and enterprise.
- 5.3 The open market rental valuation is £35,000 per year.
- 5.4 The Local Government Act 1972 Section 123 requires local authorities to dispose of land at the best consideration or price reasonably obtainable. This means disposals must be at market value unless specific powers or approval of the Secretary of State are used to justify a disposal at less than best consideration.
- 5.5 The General Disposal Consent (England) 2003, now gives a general consent which allows the Council to dispose of local authority land at less than best consideration, without obtaining specific consent from the Secretary of State, where the Council decides that the disposal is likely to contribute to the promotion or improvement of the economic social or environmental well being of their area or people living or working there, provided that the difference between the unrestricted value of the land and the actual consideration received for the disposal does not exceed £2,000,000.

The Director of City Development considers that the proposed community uses set out in the report are likely to achieve well being and meet with the outcomes and improvement priorities set out in the Council's Leeds Strategic Plan

- 5.6 The centre is currently part of Inner North West Area Committee's community centre portfolio. Running costs for 2009/10 were £76,490 with total income generated of £9,490, resulting in net costs of £67,000. The transfer proposed by Oblong is for a 50 year full repairing and insuring lease. Transfer of the site will therefore result in revenue costs savings of £67,000 pa.
- 5.7 By increasing activity and saving some costs, especially through implementing their own lettings charging policy, Oblong believes they can operate the centre sustainably.
- 5.8 Improvement works have been undertaken to the building recently to improve DDA items such as accessible toilets. Outstanding backlog maintenance stands at £20k essential, £14,130 desirable and £3,222 long term. These works will take place as part of Oblong's investment.
- 5.9 Oblong has applied for funding of £400,000 from the Community Builders fund. This will be a maximum of 40% loan and minimum of 60% grant. Community Builders have indicated that a 50 year lease would be required in order to secure the grant agreement.

6 Conclusions

- 6.1 Since moving into Woodhouse Community Centre in January 2010 Oblong has realised that the centre offers the potential to expand their services. Oblong also believes the centre to be underutilised and that it could be used to further benefit the local community.
- 6.2 A five year business plan has been developed and although some of the targets may prove to be challenging, the plan is considered realistic and sustainable, especially if Community Builders provide a reasonable percentage of grant in their funding.
- 6.3 Operating the centre under the current lettings policy resulted in a deficit to the Council of £67,000 for 2009/10. Oblong's proposal is for a 50 year full repairing and insuring lease. Provision of such a lease and associated responsibilities to Oblong would result in the Council no longer having to fund these deficits.
- 6.4 Oblong's business plan does not assume any ongoing or one-off funding from the Council towards running costs. It has been made clear to Oblong that no such funding will be forthcoming.
- 6.5 The centre is a current community facility and is the responsibility of Inner North West Area Committee. The Area Committee has no desire for the facility to be anything other than a community centre and had Oblong not proposed taking it over it would continue to operate as a Council run community centre. There is no suggestion that the site would be sold on the open market in the foreseeable future and the proposed lease will restrict its use to community related purposes.
- 6.6 Given the community benefits arising from the proposal, the running cost savings to the Council, the investment being made in the centre, the significant financial borrowing Oblong will be taking on, the agreement for continued free use for the

Youth Service and the fact that the centre is an existing community facility, it is considered appropriate to enter into a community asset transfer by way of a 50 year lease set at a peppercorn rent rather than an agreement on commercial terms at best consideration.

7 Recommendations

7.1 That Executive Board notes the proposal from Oblong.

7.2 It is recommended that the Council agrees to provide Oblong with a 50 year lease for the Woodhouse Community Centre for peppercorn rent on the basis that:

- Evidence is provided of an offer of funding of at least £400,000 from the Community Builders programme;
- The lease will restrict use for community purposes;
- Youth Service can access free lettings for the period of the lease as detailed at paragraph 3.7

Background papers:

City Development (Strategic Asset Management Service) file

Environment and Neighbourhoods (Area Management) file

Equality Impact Assessment