



Report of the Director of Environment & Neighbourhoods

Inner North West Area Committee

Date: 31st July 2008

Subject: Freehold Disposal - Woodsley Road Multi-cultural Community Centre

Electoral Wards Affected:

Hyde Park & Woodhouse

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Council
Function

Delegated Executive
Function available
for Call In

Delegated Executive
Function not available for
Call In Details set out in the
report

Executive Summary

Since April 2008, negotiations have been undertaken between the Council and Woodsley Road Multi-Cultural Community Centre Management Committee (the management committee) regarding the sale the freehold of the centre. Officers are now in a position to recommend a sale of the freehold at the value shown at Appendix 1. This is based on the open market value of the premises, in their existing condition, with the disposal subject to a covenant that the premises must be retained in their present use for a period of 25 years .

Over the last four years the management committee have been working with the Council to develop governance, accountability and business planning structures in order for them to take a more proactive role in the day to day running and future use of the community facility. The committee has had aspirations to purchase the freehold of the centre back from the Council for the last five years. A number of development tests and milestones were set for the committee three years ago which needed to have been met before any freehold negotiations could be undertaken. These have now been mostly met as previously reported. An options report was considered and agreed by the Inner North West Area Committee in April 2008, which recommended freehold negotiations with the management committee to be undertaken.

A number of meetings have now been held between representatives of the management committee along with their professional advisers and the Council.

This report recommends a sale of the freehold of the Centre to the Leeds Muslim Council (LMC) acting on behalf of the management committee on the terms attached at Appendix 1.

1.0 Purpose of the Report

This report:

- 1.1 Updates Members on the outcomes of discussions between the management committee and the Council on the sale of the freehold of the above centre.

- 1.2 Seeks Member approval for the sale of the freehold of the Centre to LMC acting on behalf of the management committee on the terms detailed at Appendix 1.

2.0 Confidentiality

- 2.1 Appendix 1 discloses land valuations of Woodsley Road Community Centre and specific commercially sensitive terms, relating to a number of differing circumstances, and is therefore deemed exempt under the Access to Information Procedure Rule 10.4(3). The public interest in maintaining the exemption in relation to this appendix outweighs the public interest in disclosing the information by reason of the fact that by disclosing these details, the negotiation procedure to be undertaken between the Council and Woodsley Road Community Centre Management Committee could be undermined and detrimentally affected.

3. Background and Context

- 3.1 A report was presented to the Inner North West Area Committee requesting approval to undertake an options appraisal on the future model of tenure of Woodsley Road Community Centre in December 2007.
- 3.2 An options appraisal report was agreed by the committee in April 2008 which recommended the commencement of negotiations on the sale of the freehold of the centre to the management committee.

The Management Committee:

- 3.3 The management committee has been in existence since 1997 when the centre first opened. Over the past four years the committee has worked closely with both Area Management and Voluntary Action Leeds to develop into an organisation able to take on the responsibilities of managing a community facility.
- 3.4 In 2006 the committee registered as a charity, and therefore has to conduct its business in line with the rules and regulations of the Charity Commission.
- 3.5 In 2007 the committee signed up to a Management Agreement with the Council, which confirmed key objectives the Council required to have met before disposal of the centre would be considered (an update on progress towards these objectives was contained within the December 2007 report presented to Area Committee).
- 3.6 Officers advise that, although the formal documentation between the Council and the management committee was never completed, the effective position is that the management committee has a thirty year license to occupy the premises from 2002.

The Site:

- 3.7 Woodsley Road Community Centre is situated at the top end of Woodsley Road shopping parade and is shown on the attached plan . The centre is well used by local residents, specifically members of the Kashmiri and Pakistani communities.
- 3.8 The centre is of brick and concrete tile construction, built in 1996/97 and is situated in an area of mixed land use. The floor area of the centre is approximately 560m², and comprises of a large and medium hall, fully fitted kitchen, office space, reception room, toilets, 3 small meeting rooms, a mortuary and underground storage space and car park (12 spaces).

- 3.9 The site of the centre, prior to 1996, was owned by Leeds Muslim Council, but was gifted to the City Council on the condition that a community centre was built. The original building was enhanced and extended using SRB funding in 2003.

4. Leeds City Council Costs

- 4.1 As with the majority of Council managed community facilities, Woodsley Road costs considerably more to run than the income it generates. The 2007/08 council budget for the centre was **£80,670**. It is anticipated that actual spend for the centre will be on budget.
- 4.2 Income generated at the centre, through room lettings has for the past few years been approximately **£7,500**. However, it is anticipated that 2007/08 income will be approximately **£9,500**. This increase can be attributed to the work of the Management Committee who have been promoting use of the centre.
- 4.3 Only essential and minor repair work has been undertaken at the centre over the past few years, and there are now considerable backlog maintenance requirements. These include: a full roof overhaul; new floorings in both halls; replacement of damaged ceiling tiles; and internal decoration. The backlog maintenance requirements total an estimated **£55,000**.
- 4.4 Disposal of the freehold would result in a capital receipt for the Council a proportion of which could be allocated to the Area Committee specifically to meet the costs of dealing with Priority Major Maintenance works at other community centres in the area. It should be noted that Council policy means that the capital receipt cannot be used by the Area Committee for other purposes.
- 4.5 There are considerable revenue savings for the Council were the centre to be sold - if we use current revenue costs as a forecast – then over the next 25 years , were existing revenue commitments sustained there would be a saving to the Council of circa £2 million. These revenue commitments could either be saved in their entirety by the Council through the sale or reallocated to other Council run community facilities in development such as the new community space at Royal Park Primary School.

5. Comments of the Director of City Development

- 5.1 The open market value of the property has been assessed on the basis that the management committee Management Committee has, for all practical purposes, the benefit of a license to occupy the premises, at a peppercorn rent, for almost 25 years. This means that the valuation cannot be on basis of vacant possession and the negotiated figure does reflect this position.
- 5.2 The value of the property has to reflect its current condition. The most recent Condition Survey suggests that around expenditure of £55,000, exclusive of fees, would be required to bring the property back to full repair. It should be noted that by no means all of this expenditure need to undertaken in the immediate future. Disposing of the property in the way proposed would remove all of this burden upon the Council's resources. The Management Committee has provide its own estimate of the cost of dealing with the outstanding maintenance and, not surprisingly in the context of the negotiations, this estimate is considerably than the Council's estimate
- 5.3 The terms negotiated by the Director of City Development have not taken account of any other financial matters that there may be between the Council and the Management Committee.
- 5.4 The terms negotiated do not take any account of the revenue savings that will accrue to the Council though the disposal.

- 5.5 It would have been possible to require that the centre continued in its present use through the grant of a long leasehold interest but the Management Committee made it clear that it was not prepared to consider this alternative.
- 5.6 Accordingly, the only way to ensure that this present use continues for a reasonable period is through the imposition of a restrictive covenant.

6. Risks

Members are asked to note and consider the following risks in relation to the proposal to sell the freehold:

- 6.1 At the end of the period of the restrictive covenant, the new owners would be able to dispose of the property for any purpose for which planning consent could be achieved. Should the centre be sold at that time for other purposes, it may be that the Council would have to make some replacement provision.
- 6.2 Whilst the committee have made it clear that they intend to work in close partnership with the Council as local service providers there would be an inevitable loss of Council interest and control in the running of the centre.

7. Conclusions

- 7.1 The agreed value of the site represents the open market value of the premises subject to the restrictive covenant and their present condition.
- 7.2 The annual revenue saving which would be achieved through the disposal is in the order of £80,000. This revenue could be applied at other Area Committee community facilities or used to reduce the call on the Council's overall revenue position.
- 7.3 Part of the capital receipt could be used to help bring other community centres in the area up to a better standard of maintenance with the remainder of the receipt being used to support the Capital Programme.
- 7.4 Freehold ownership of the site would allow the Leeds Muslim Council, acting for the current Management Committee, to more easily realise their aspirations for the building, as they would be able to use the centre as collateral to raise funds for centre development or improvements.

8.0 Recommendations:

- 8.1 The Area Committee is asked to:

a) Approve the principle of the sale of the freehold of the centre subject to the terms negotiated by the Director of City Development.