



Report of the Director of Environment and Neighbourhoods

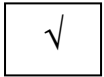
Executive Board

Date: 14th October 2009

Subject: **Bangladeshi Community Centre: Community Asset Transfer**

Electoral Wards Affected:

Gipton and Harehills



Ward Members consulted
(referred to in report)

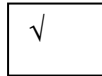
Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In



Not Eligible for Call In

(Details contained in the report)



EXECUTIVE SUMMARY

The purpose of the report is to seek approval for a community asset transfer of the Bangladeshi Community Centre on the basis of a 50 year lease to the Bangladeshi Management Committee at less than best consideration (peppercorn rent) for the provision of services to the Bangladeshi and wider communities of Harehills & Chapeltown.

The Bangladeshi Management Committee is made up of members of the local Bangladeshi community. The Committee has had an involvement in the centre since it was opened and its members are keen to manage the centre themselves.

The Bangladeshi Management Committee has requested a 50 year long lease as security for fundraising to deliver services to the Bangladeshi community and improve the property.

1.0 Purpose of this report

- 1.1 The purpose of the report is to advise Executive Board of the outcome of discussions that have taken place with the Bangladeshi Management Committee over a number of months and to seek approval for the transfer of a 'Community Asset' on a 50 year Full Repair and Insurance lease at less than best consideration as detailed in the report.

2.0 Background Information

- 2.1 The Bangladeshi Community Centre, situated on Roundhay Road, Harehills, is a large and relatively modern centre in good condition which was opened in 1989. The construction of the building was funded by grants from the Urban Programme and Chapeltown and Harehills Task Force to provide for the social and economic development of the Bangladeshi community. The centre was built by the Council and operated in partnership with the Bangladeshi Management Committee.
- 2.2 Members of the local Bangladeshi community have had an involvement in the centre since it opened and the current Management Committee are keen to take on responsibility for managing the centre. The current net operating costs for the centre are approximately £40,600 per annum.
- 2.3 At present the main users of the facility are Thomas Danby College, the Youth Service, Shantona Women's Centre who provide supplementary classes and homework clubs. In addition, the main hall is well used for social functions such as weddings and large gatherings as well as conferences and seminars. There are some User Rights in favour of the College but current use exceeds the number of hours covered by the User Rights agreement.

3.0 Main Issues

- 3.1 The Quirk Review and subsequent DCLG guidance on transfer of community asset ownership to community and voluntary organisations recommends that authorities consider a range of tenure transfer options including freehold, leasehold and management arrangements. In this instance, a long term lease was considered the most appropriate means of tenure transfer that would balance the benefits, opportunities and risks to both the proposer and the Council.
- 3.2 The transfer of the community centre on the proposed lease terms will demonstrate the Council's commitment to community asset transfer, community cohesion and empowerment objectives and will assist in realising substantial financial efficiencies. Moreover, the transfer provides the opportunity to strengthen and enhance the Council's relationship with the Bangladeshi community and build skills within this disadvantaged community. The transfer will support the delivery of community focused benefits including improved access to services, establishing services that are culturally appropriate and which aim to enhance local well-being of the Bangladeshi and wider communities of Harehills and Chapeltown.
- 3.3 To demonstrate its commitment, the Committee has developed a business plan for the centre which includes forecast expenditure, income, cash flow, forward planning for community focused services, policies and procedures and maintenance plans for the asset. A new Memorandum and Articles has also been developed and the Committee is now seeking registration as a company limited by guarantee and plans to register as a charity with the Charities Commission.
- 3.4 The Management Committee is seeking a lease at nil rent for a term of 50 years under the Council's Less Than Best Consideration policy and restrictions are included to ensure community focused use and access with provision to protect the current level of services and users.
- 3.5 Discussions were opened with the Bangladeshi Management Committee in February 2008 and Formal Heads of Terms were offered in January 2009 for a 50 year lease at peppercorn rent with a management agreement to safeguard existing

users, delivery of services and transfer of the college user rights. The Management Committee would bear its own legal costs.

- 3.6 The Bangladeshi Management Committee has accepted the terms and conditions and a Tenancy at Will was completed in April 2009 as an interim measure to provide the legal framework for the Bangladeshi Management Committee to manage the building.

4.0 Transitional arrangements

- 4.1 It is proposed that in addition to the proposed rental subsidy, the Bangladeshi Management Committee be allocated transitional grant funding for a maximum of 3 years totalling £45,000. Grant would be provided annually on a reducing scale and funded through the budget savings that the Council will realise by transferring the lease. This will support the Bangladeshi Management Committee to build its capacity and develop the income streams to effectively manage the centre to sustain it over the longer term.

- 4.2 Transitional funding would be subject to a negotiated funding agreement and delivery plan which will be monitored by the Council to ensure the achievement of milestones and activity targets that demonstrate the delivery of community benefits and management capacity.

- 4.3 The East North East Area Management Team will provide continuing support by identifying a suitably qualified organisation to help the Bangladeshi Management Committee to develop and embed robust business planning processes for the longer term.

5.0 Consultation

- 5.1 Local Ward Members and the Executive Member for Environment and Neighbourhoods have been consulted and have supported in principle the Bangladeshi Management Committee's desire to take on this management role. No adverse comments have been received on the proposal to offer a long lease at a peppercorn rent.

6.0 Implications for Council Policy and Governance

- 6.1 The proposal supports the Council's Corporate Governance Plan and the approach fits with the strategy for community facility provision as set out in the Council's Asset Management Plan approved by Executive Board.
- 6.2 The Council seeks to empower community organisations to achieve its objective of strong and prosperous communities. To this end, the Council has granted a range of leases of land or buildings to community organisations, which are aligned to deliver strategic outcomes, set out in the Leeds Strategic Plan.
- 6.3 The transfer of management responsibility through the proposed lease arrangement fits with the recommendations of the Quirk Review on community ownership of assets and is in line with the community centre strategy which aims to optimize the level of use and quality of community facilities across the district.

7.0 Legal and Resource Implications

- 7.1 Section 123 of the Local Government Act 1972 provides that except with the consent of the Secretary of State a Council shall not dispose of land under that Section, otherwise than by way of lease for not more than seven years, for a consideration less than the best that can reasonably be obtained. However the Local Government Act 1972 General Disposal Consent (England) 2003 provides the general consent of the Secretary of State to a disposal where the authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of the promotion or improvement of the economic social or environmental wellbeing of the whole or part of the area or of all or any persons resident or present in its area and the difference between the unrestricted value of the land and the consideration for the disposal does not exceed £2,000,000. It also provides that an authority must remain aware of the need to fulfil its fiduciary duty in a way which is accountable to local people.
- 7.2 When disposing at less than best an authority is providing a subsidy to the owner developer and/or the occupier of the land and property depending on the nature of the development. Where this occurs authorities must ensure that the nature and amount of subsidy complies with the State aid rules. Failure to comply with the rules means that the aid is unlawful and may result in the benefit being recovered with interest from the recipient. The Bangladeshi Management Committee has been advised of the implications of this.
- 7.2 The Council would forego an annual rental income from lettings of around £45,400. This would be offset by potential saving of £85,860 in continuing revenue and capital costs if the council were to continue to directly manage the property.
- 7.3 The proposals will provide significant revenue savings to the Council and will enable the payment of a transitional grant of £45,000 to the Management Committee over 3 years. Any remaining savings will be used to support the management of the Inner East Area Committee's portfolio of community centres.
- 7.4 Under the terms of the proposed lease the Council will no longer have the responsibility for building maintenance and insurance.

8.0 Recommendations

Executive Board is recommended to:

(i) approve the principle of a fifty year lease for the Bangladeshi Community Centre at peppercorn rent to the Bangladeshi Management Committee to operate the premises as community facility for the benefit of the local residents.

(ii) authorise to the Director of City Development to approve the details terms and conditions of the lease

Background Papers

Report to Asset Management Board - Proposal for Bangladeshi, Pakistani and Harehills Place Community Centre in Harehills - February 2008

Report to Regeneration Management Team to agree 50 year lease for Bangladeshi Management Committee - July 2008