

**Report of Director of Environment and Neighbourhoods**

**Report to Resources and Council Services Scrutiny Board**

**Date: 22 April 2013**

**Subject: Community Centre Charges**

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Killingbeck & Seacroft, Burmantofts & Richmond Hill, Gipton & Harehills, Chapel Allerton, Wetherby, Alwoodley, Middleton Park, Beeston & Holbeck, City & Hunslet, Rothwell, Ardsley & Robin Hood, Morley North, Morley South, Kippax & Methley, Cross Gates & Whinmoor, Garforth & Swillington, Kirkstall, Hyde Park & Woodhouse, Weetwood, Otley & Yeadon, Bramley & Stanningley, Armley, Calverley & Farsley, Pudsey, Farnley & Wortley		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: Appendix number:		

**Summary of main issues**

This report provides information on current charging arrangements for the use of the Council Community Centre portfolio that is delegated to Area Committees and overseen on their behalf by Environment and Neighbourhoods directorate. This information was requested by Scrutiny Board at their meeting on 18 March 2013. The report highlights the complexity of the current arrangements and the wide range of factors that influence the levels of charges/subsidies awarded. This affects the extent to which it is possible to maintain transparency and consistency and demonstrate value for money and which can cause confusion and frustration to existing and prospective users as well as administrative difficulties for officers. The report highlights questions to prompt a meaningful discussion about the current charging arrangements and subsidies and suggests a set of guiding principles as a basis for improving future charging arrangements.

## Recommendations

Members are recommended to

- Consider and comment on the information contained within the report
- Consider and comment on the proposed guiding principles in terms of providing a basis for future policy and procedures and as a means of bringing consistency and transparency to the charging arrangements

### 1. Purpose of this report

- 1.1 This report provides information to Scrutiny Board on the charging arrangements for the use of community centres that are delegated to Area Committees and which are overseen from a budget and policy implementation perspective by Environment and Neighbourhoods. This report has been provided at the specific request of Scrutiny Board in order to facilitate a discussion and to gather views from the Board about how best to ensure consistency, value for money and high quality outcomes for communities.

### 2 Background information

- 2.2 There are currently 64 community centres within the Council's portfolio that are delegated to Area Committees, 43 of which are directly managed and 21 of which are leased out to community organisations. Income from lettings/rental charges is currently £376k against a gross budget spend of £1.7m.(based on 2012/13 actuals). The community centre budget is based on historical spend which comes in the form of recharges from Facilities Management (lettings, utilities, building management services including building managers and caretakers) and Corporate Property Management (repairs, testing and maintenance). In reality there is no correlation between expenditure and income and the lettings and charging arrangements are not designed to generate a specific amount of income to cover costs. Currently £473k of the cost is chargeable to the Housing Revenue Account based on expenditure on centres that are deemed to be serving social housing tenants.
- 2.3 In relation to the directly managed centres, there are different arrangements for use, with parts of centres being made available for the sole use of particular organisations (this includes both office space and activity space) for which a rental is payable, but which in practice is often reduced or waived. Space is also booked to facilitate delivery of various activities and is made available on a sessional lettings basis or is block-booked in line with the current lettings and charging policies. Lettings are administered by the Lettings Team within the Council's Facilities Management function, with Environment and Neighbourhoods directorate paying for the service in relation to its 43 directly managed centres.
- 2.4 For **sessional use** there is a set of standard charges for the majority of centres for rooms of varying size (£12 ph for a small room, £18 ph for a medium room and £25 for a large room), with each Area Committee having agreed a range of discounts for their area, with some variation for evening and weekend use. There

are some minor variations in south Leeds. There are currently 16 different discount categories across Area Committees relating to different types of organisations as well as specific types of activities. In addition, there are some special rates relating to specific use that fall outside the normal charging arrangements e.g. sports changing rooms, polling stations, use of centres for parish council business, use of community centres as filming locations. Also there are historical rates agreed for colleges and youth service delivery that reflect their previous user status.

- 2.5 **Sole use of space** e.g. office space and/or space for running activities, is subject to charges based on a market rental assessment made by surveyors within City Development (Environment and Neighbourhoods directorate is charged each time such an assessment is undertaken). This sets the rental level and the associated service charge for a particular space in the centre and is required to be done this way as this type of extensive use creates a tenancy (Property Services within City Development Directorate have the delegated authority to carry out rental assessments). A lease or licence should also be in place for this type of user (tenants) and arrangements are in hand to ensure that leases/licences are issued for all current and future use of this kind.
- 2.6 For **block bookings** a charge is calculated on the same basis as for sole use, but a proportion of the charge is then made based on the time it is used exclusively by the organisation e.g. a group may block book a specific space in a centre in order to ensure that it is available for its planned programmes, but others may be able to use it at other times.
- 2.7 A small number of **entertainment venues** cater for activities such as weddings, shows, competitions, performances and, due to the nature of the activity, can involve lots of preparation/setting up/set building/rehearsal time. Sound and lighting systems, stewarding and clean-up costs may also be incurred at these types for bookings which are additional to the hire charges.
- 2.8 In relation to leased out centres within the delegated portfolio, the Council has a **Rental Support** scheme which allows graduated rental subsidies to be awarded on an annual basis, of between 100% and 90% of the full market rent. Consideration is given to the organisations' financial position and the range of activities and outcomes being achieved for local communities. The Director of Environments and Neighbourhoods makes decisions on an annual basis in relation to the award of rental support.
- 2.9 Where centres have transferred under long lease arrangements to community organisations, the Council has awarded **Transitional Funding** to provide time for the organisations to generate sufficient income to cover all the running costs. This is usually awarded for three years on a diminishing scale, for which evidence of spending and outcomes is required to be submitted.

### 3 **Main issues**

- 3.1 The issue of charging for community centre usage has become increasingly complex, and charging policies and their application have been influenced by changing local needs, local political input and priorities and the financial

circumstances of organisations wishing to use community centre facilities, as well as the directorate in which buildings happen to have been vested. This makes it increasingly difficult for the Council to demonstrate consistency, transparency and value for money and leads to confusion and frustration on the part of new applicants and existing users. In reality, the amount being charged could be affected by any of the following:

- **Type of organisation** e.g. third sector, commercial organisations, council services. Commercial organisations are usually charged the full market rent but there are exceptions i.e. where the activity is meeting a local need that would otherwise be left unmet e.g. childcare provision in Yeadon and West Ardsley. In these cases, the relevant Council directorate would be consulted to confirm the need. **Question: would the Board consider it appropriate in these cases to ask the relevant Council directorate to ‘sponsor’ the provision (and meet the cost of the subsidy?) in order to secure the provision for the area, as appropriate?**
- **Type of activity/client group** e.g. social events such as private parties are charged the full rate. Organised activities for particular client groups may be charged different rates depending on the activity being delivered or the organisation running them e.g. social clubs / friendship groups run by any type of organisation are generally free, whereas statutory organisations using centres for their own organisational needs are generally charged. In some cases charges may be due to historical agreements linked to previous use e.g. some youth provision in former Youth Service buildings is not charged. As indicated in 2.7 above, some of the larger venues that are used to put on performances and other events require setting up time and cleaning time in addition to the letting **Question: would it be appropriate to develop a more realistic charging mechanism for these types of buildings?** (these currently include Morley Town Hall, Yeadon Town Hall, Blackburn Hall and Calverley Mechanics).
- **Ability to pay** e.g. where the organisation is unable or unwilling to meet the full rent and has applied to the Council for a rent reduction either via the Rental Support Scheme (leased out centres) or on an individual basis, to occupy sole use of part of a centre. These applications are usually recommended by Area Management colleagues, supported by local ward Councillors and linked to a local priority. Evidence of outcomes as well as the organisation’s financial position is now being requested to support decision-making. However, some organisations that are allowed free or subsidised use may be receiving external grant funding and may be able to draw down funding for premises costs. These costs may be excluded from funding bids on the basis that there is no cost being incurred, since there is no charge being levied, which prevents the organisation from passing on funds to the Council to cover premises costs. **Question: should we require organisations that have access to grant funding to deliver programmes in Council community centres to include a reasonable amount for premises costs in their bids, and to pass on any funding awarded to the Council to help to meet the organisation’s share of the centre’s running costs?**
- **Whether or not the organisation booking space makes a charge to participants** e.g. physical activities such as yoga, dance classes where it is expected that the charges to participants would cover the cost of the letting.

However, there are exceptions e.g. lunch clubs charge those attending but this generally only covers the cost of food provided. Also for activities requiring music, the Council currently meets the cost of Performing Rights Society charges which total around £6,500 p.a. whereas other activities are not supported in the same way e.g. groups have to provide their own materials for arts and crafts, cookery etc.

**Question: should the cost of allowing music to be used in community centres be passed on to the relevant users as part of the charging arrangements (providing the cost of doing this doesn't outweigh the benefit to the Council of receiving the income)?**

- **Type/extent of accommodation being used** i.e. room size in the case of lettings, or the assessed market value in the case of rent, based on square footage.
- **The timing of the activity:** e.g. weekdays are normally cheaper than weekends due to increased caretaking costs
- **The location of the space being used:** i.e. each Area Committee has agreed its own charging arrangements and, whilst there are some common charges across all areas, there are some local variations.
- **The part of the Council in which the building is vested:** there may be inconsistencies across the Council in the charges being made by different directorates for use of community assets e.g. City Development lease out properties to a variety of organisations including third sector community organisations and would normally charge the full market rent, whereas organisations leasing from the Area Committee's delegated community centre portfolio would be able to apply to the Rental Support scheme for a subsidy of up to 100%. A case in point is the former Beeston Library that was leased out to Health for All at the request of local Members to enable valuable community provision to be delivered in the area. This was on a peppercorn rent basis initially but the organisation is now being required to pay a full market rent. Strategic Housing and ALMOs also allow use of local assets by tenants groups for community purposes for which charges are sometimes waived or subsidised (although this will be supported by HRA funding).

**3.2 New emerging community management models:** the initial outcomes of the Community Centre Review highlight opportunities to pursue community management models and/or commissioning arrangements, whereby community organisations would be invited to run one/a number of community facilities in an area, with a view to increasing usage and generating income to make them more sustainable. This could include developing a mix of occupation, including some paying tenants as 'anchor tenants' that would help to secure the future of the centre and allow other activities to be provided at a subsidised rate if this was felt to be beneficial to the area. In this case, it would be for the managing organisation to set the lettings and pricing policy and balance the books, although it may still be possible for the Council (Area Committees) to influence the arrangements made by these organisations as part of any management agreement/leasing arrangement (in reality organisations running community facilities in leased-out centres already have local charging policies in place and are generally non-profit organisations and have arrangements in place for users who are struggling to pay). **Question: does the Board support the setting of**

## **local pricing policies for community centres under a community management model, in order that centres can become self-sustaining in the longer-term?**

- 3.3** Decisions around charges/subsidies to individual organisations that are unable or unwilling to pay the full market rate are currently made by the Director of Environment and Neighbourhoods based on recommendations from Area Management officers. Ward councillors are consulted about any requests for subsidised use and the Director takes account of their recommendations in making his decisions. In some cases the charge is based on the affordability of the organisation requesting the space on the basis that some income is better than none and the space is otherwise unlikely to be used (although it should be noted that there is currently no budget for marketing of community facilities and the demand for space is only known anecdotally as currently the Lettings Unit do not log enquiries). Up to now, detailed information on the impact and outcomes of activity benefitting from rental subsidy has been difficult to obtain and subsidy arrangements were not always subject to regular review. However, following the Community Centre Review, work is underway with colleagues in Area Management to track and report outcomes for local communities which can be used to review arrangements and decide whether or not it is appropriate to continue the subsidy.
- 3.4** The charging arrangements were included within the scope of the Community Centre Review and some initial work was done to look at rationalising the sessional rates. However, the main thrust of the review has concentrated on exploring different models of operation and consolidation of assets where it makes sense to do so to bring about longer term sustainability. It is within this context that the issues of cost, value for money, transparency, sustainability, accountability and outcomes for communities have been addressed rather than considering how the existing range of charging policies for sessional use could be changed. However, it is acknowledged that the current range of discounts being offered by each Area Committee remains confusing and difficult to administer.
- 3.5** **Some guiding principles:** there is clearly a need for some guiding principles upon which policies and procedures and associated decision-making can be based.. The following principles are therefore suggested as a basis for discussion in relation to Council-owned and managed community centres:
- **Community Centre use and associated charging arrangements need to be fair and transparent and follow a clear approval mechanism which is applied consistently**
  - **Lettings and charging arrangements should take account of the need to promote financial viability of centres as far as possible, through attracting paying users and reducing running costs, whilst ensuring that the centres can continue to meet the needs of local communities**

- **Charges for use (and the ability to apply for subsidies) should not be a postcode lottery and should be consistent across the Council, regardless of the directorate in which the building is vested**
- **To ensure the best use of facilities for local communities, lettings arrangements and decisions to allow subsidies need to be informed by local considerations within an agreed Council-wide policy and budgetary framework and as such should form part of Area Committee delegated decision-making arrangements, supported by locality-based administration and marketing and including delegated budgets**
- **Decisions should be based on sound asset management principles and practices that seek to optimise the use of space, deliver value for money (within the context of available budgets) and support the delivery of local and wider city priorities**
- **Any lettings and charging system should be simple to use and easy for users to understand, and for officers to administer**
- **The lettings and charging system should be audited annually to ensure its fair and consistent application, and so that issues can be highlighted and policy/procedural adjustments made where necessary**

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 This report has been prepared in response to a Scrutiny Board enquiry and is not proposing decisions. If any recommendations arising out of the enquiry are to be implemented, then it would be appropriate to consult with interested parties at that point. The provision of community centre facilities, including charging policies and procedures, is the subject of a separate review, and there has been some engagement already at a local level with user groups and individual users of facilities about usage and attitudes to charges. This is informing the review, the outcomes of which will be subject to wider consultation at an appropriate time and before any decisions are taken..

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 This report has been prepared in response to a Scrutiny Board enquiry and is not proposing decisions at this point. The enquiry is concerned with the charging arrangements for use of Council-owned community facilities. The Community Centre review which is taking place at the moment is considering a wide range of issues, including charging arrangements, and a high level equality impact screening has been undertaken which has determined that further equality impact assessments will need to be done as the review progresses and prior to any decisions being taken.

### **4.3 Council policies and City Priorities**

- 4.3.1 This report outlines the current charging policies and arrangements for the use of Council community facilities. The outcomes of this Scrutiny Board enquiry will inform future policy and implementation arrangements. Activities taking place within Community Centres can and do contribute to a range of city priorities, as well as specific local priorities determined by Area Committees, and decisions concerning the use of centres and the provision of subsidies does take into account the extent to which provision meets city priorities and any local needs. In addition, the Community Centre Review which is underway at the moment is contributing to the wider Best Council Asset Review priority and may impact on the income, charging and trading priority.

### **4.4 Resources and value for money**

- 4.4.1 Value for money aspects and the extent to which income can be generated to cover costs is reflected in this report and is being taken into account as part of the Community Centre review. It will feed into the Best Council priority on income, charging and trading and Asset Management. The views of Scrutiny Board will inform this work.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 This report has been prepared in response to a scrutiny board enquiry and as such there are no direct legal implications to consider at this stage (although leasing, licensing and charging for the use of community assets takes place within relevant legal frameworks). There are no Access to Information issues and no decision is being taken so there is no decision that is subject to call in.

### **4.6 Risk Management**

- 4.6.1 There are no specific risks being addressed in the report, although the enquiry prompts discussion about the transparency and consistency of existing charging arrangements. The issue of charging for the use of Council community facilities is of which is of general interest to users/prospective users of facilities. Any question about the consistent and transparent application of charging policies could affect the reputation of the Council and lead to a direct challenge.

## **5 Conclusions**

- 5.1 The current arrangements for charging for community centre usage are complex, and vary for different parts of the city, depending on the charging schedule agreed by different Area Committees. In addition, the approach to charging users varies in accordance with which Directorate the centres/assets are vested with.
- 5.2 To compound the above, there are different types of community centre/asset-users, which require a different approach to charging e.g. one-off users that require a space for a specific meeting or event, users that require space on a longer-term/permanent basis as either an office base or a delivery facility. The latter groups are effectively tenants and should have a formal lease or license in



place with the Council. An additional category for consideration is organisations requiring space to hold performances.

- 5.3 The majority of users (across all categories) in the Council's community centres do not pay a lettings fee, or the market rent or service charge contribution, with most occupying space for little or no charge. This, coupled with the complicated internal charging arrangements, makes it very difficult for centres to become self sustaining or generate income to cover at least the day to day running costs.
- 5.4 The Council's community centres are delegated to the Area Committees. However, in reality, the financial delegation remains with Environment and Neighbourhoods which means that in practice the Committees currently have limited opportunities to be fully responsible and accountable for usage and decisions about levels of subsidy etc. and to determine how any efficiencies can be realised for the benefit of communities and/or the Council. The impact and outcomes of activity being delivered within or from the Council's community centres is not currently tracked and reported in a formal or systematic manner, making value for money assessments related to subsidised usage difficult.
- 5.5 There needs to be some consistency in approach across the Council underpinned by a set of guiding principles which promote consistency and transparency and makes the system of charging easy to understand, access and administer

## 6. **Recommendations**

6.1 Members are recommended to:

- Consider and comment on the information contained within the report
- Consider and comment on the proposed guiding principles in terms of providing a basis for future policy and procedures and as a means of bringing consistency and transparency to the charging arrangements

## **Background documents<sup>1</sup>**

None

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<sup>1</sup> The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.