

Report of The Director of Children's Services

Report to Executive Board

Date: 24th April 2013

Subject: Governance arrangements for South Leeds Youth Hub (SLYH)



Are specific electoral Wards affected? If relevant, name(s) of Ward(s): All inner and outer south Leeds wards	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The purpose of this paper is to consider and propose alternative governance arrangements for the South Leeds Youth Hub (SLYH) enabling the development of a new civic enterprise with a not for profit organisation to improve and sustain services for young people. SLYH was built through funding secured from the national MyPlace grant scheme in 2008. The basis of the application for this funding proposed the building move to a 'community ownership model' as the centre developed into a resource for all young people in Leeds.
2. The net budget cost for 2013/14 for the South Leeds Youth Hub (SLYH) project is £182K. The centre provides a high quality venue for a range of activities for young people including both educational provisions during the school day and out of school activities. There has been increasing utilisation since the building was opened but it is believed that a new civic enterprise will offer opportunities for improvements at reduced cost to the Council.
3. The capital build was funded by the MyPlace scheme and LCC is bound to the terms and conditions of the grant for 20 years, including that the building is to be used for the purposes for which the grant was awarded or LCC could be liable to repay the funding of £3.8million.
4. In January 2013 the SLYH Board in considering an options appraisal for the future of the Hub approved a recommendation to investigate an alternative model of

management and governance building on the community partnership principles articulated in the original MyPlace funding proposal. This would result in the transfer (including lease of the capital asset and the small building management service) to a community provider over a four year transition period. At this point it is envisaged that SLYH become fully self-sustainable.

5. Consultation with material stakeholders (including Big Lottery) and the findings of the paper indicated a universally high level of support for a community ownership model as a way to increase positive outcomes for a greater number of young people through flexible and creative usage. It was also seen this would enable a reduction in the current 100% revenue risk to LCC, support increased utilisation, financial sustainability, improved stakeholder relations, faster responses to change and greater use of volunteers.
6. The SLYH sits on a small part of the former Merlyn Rees School site. The remainder of this site has not yet come forward for development although it is identified primarily for new housing in the emerging Belle Isle and Middleton Neighbourhood Framework. The possible small scale extension of the grounds of the SLYH could be considered as part of the detailed transfer which will be brought back to Executive Board. This could deliver other outdoor facilities for the SLYH and wider community but will need to be compatible with the delivery of new housing on the remainder of the site.
7. The Principles of Community Asset Transfer as agreed by Executive Board previously provides the framework in which to take this forward. This includes the retention of the building title.

Recommendations

1. Executive Board is asked to approve the start of a Community Asset Transfer process, for the SLYH, to a “not for private profit” organisation.
2. Executive Board is asked to support the progressing of a lease for SLYH (at least for the life of the MyPlace grant which expires on 28 October 2028). Details for rental agreement to be determined as part of the process.
3. Executive Board is asked to approve a reducing revenue contingency over 4 years with the aim that immediate pressures of any transfer are overcome as the new “building manager” works towards achieving financial sustainability over the term.
4. Executive Board is asked to approve the establishment of a Partnership Advisory Group to support the management of the Council’s investment in the event that a “not for private profit” organisation submits a successful business plan.

1 Purpose of this report

- 1.1 To inform Executive Board of the progress with a potential Community Asset Transfer of South Leeds Youth Hub to a “not for private profit” organisation.

2 Background information

- 2.1 The South Leeds Youth Hub was built as a “Fast Track” project through the England based MyPlace initiative (administrated by The Big Lottery), with 62 other MyPlace centres in England, of which approximately half are local authority projects, and half being voluntary sector led. At the point of capital funding being approved it was accepted that Leeds City Council would underwrite the revenue costs. This was with the help of financial and in-kind contributions from its project partners and included an element of income generation through lettings of SLYH space. In the original business plan it stated that establishment of a new charitable body would take over the running of the project. The budgeted net cost for 2013/14 for the South Leeds Youth Hub (SLYH) project is £182K.

- 2.2 LCC is bound to the terms and conditions of the MyPlace grant for 20 years (which expires on 28 October 2028). These terms include a stipulation that the asset is used for the purposes for which the grant was awarded as set out in our application and any supporting documents. As with the other MyPlace centres, there are real challenges in continuing to meet the original purpose of the project and building as the public spending challenge continues. A partnership agreement is in place articulated in the original proposal which supports the development of SLYH through a Board structure. This is neither a contract nor a legally binding arrangement. The original partners were:

- Leeds City Council
- NHS Leeds
- Health For All (Leeds) (Community Development Organisation)
- Children (National Children’s Charity)

Prior to the building opening Hunslet Boys Club became an additional partner with Board status.

- 2.3 Results of the consultation with these material stakeholders indicated a universally high level of support for a community ownership model as a way to increase utilisation, create sustainability, improve stakeholder relations, create faster responses to change and allow the greater use of volunteers.
- 2.4 Stakeholders also raised the issue that the building size is disproportionately large compared to outdoor areas. The SLYH has been built on part of the former Merlyn Rees school site, the remainder of which remains vacant. This site has been considered as part of the emerging Belle Isle and Middleton Neighbourhood Framework which primarily identifies the site for new housing. However, the extension of the SLYH grounds could be considered as part of the detailed asset

transfer so that additional outdoor facilities such as a skate park or kick around area can be created. Any extension will need to be carefully considered to ensure that the remainder of the site can still come forward for new housing.

- 2.5 The SLYH Board approved the recommendations of this paper to begin the process of commissioning the service (including the management of the capital asset) for four years, by which point it is envisaged that it would become self-sustainable. Having been out to market, who said they would want a long lease, there is an argument that the appropriate mechanism for taking forward the recommendations of the SLYH Board is the Council's Community Asset Transfer Policy (agreed by Executive Board in September 2012), meeting both the outcomes of the MyPlace grant, and those of the Leeds Youth Offer.
- 2.6 The Children's Services Leadership Team, Children's Service Asset Management Board and Corporate Asset Management Board have supported the principle of Community Asset Transfer.

3 Main issues

- 3.1 **Grants restrictions and Community Asset Transfer.** The agreement with LCC and MyPlace (entered into in November 2008) and its terms and conditions mean the centre may not be used for any other council purpose without risk of claw back of the grant. The Community Asset Transfer Policy applies, and includes the provision of a lease with LCC retaining the freehold and MyPlace contract. Expressions of interest would be sought prior to submission of full business plans from interested, capable and enterprising "not for private profit" organisations who could take on a long lease. For the duration of any lease, Children's Services would ensure a partnership advisory group were in place to safeguard the terms and conditions of the MyPlace grant agreement.
- 3.2 **Staff employed at South Leeds Hub.** A small staff team is employed to support the building management but provide no direct services to young people. This resource would need to be made available to a new provider as part of a tapered offer of support from LCC to ensure a successful transition to independent sustainability. Advice from Corporate Asset Management, Procurement and Human Resources will be considered to determine the mechanism for this resource to go forward
- 3.3 **Current Tenants and Service Delivery.** There are no formal tenancies for space within. It is proposed the expression of interest under the community asset transfer policy will address the services to be provided through the centre both by the community provider and by other organisations which may let space. Current use may or may not be disrupted by a future community provider. Full consultation with those currently letting space will be part of the transfer process.
- 3.4 **Secretary of State Approval.** The capital value of SLYH currently stands at £950k as of a valuation by LCC's Children's Service Asset Management on 30th November 2012. The value of the land in 2008 was placed at £600k (in kind contribution to the MyPlace Grant). This total's £1,550,000 which is below the threshold at which point approval is needed and so presents no issue for transfer.

- 3.5 **Leasing and National Non-Domestic Rates (NNDR).** Consultation with prospective community providers indicates that quality of proposals will be maximised where a lease term of circa 20 years is available. We would therefore recommend the lease extends to the end of the binding terms of the MyPlace grant (October 2028). The lease would be on a full repairing and insuring basis. Changes in the way NNDR is collected from April 2013 have been considered in terms of reduced income for the council from lease to not for profit provider.
- 3.6 **Timescale.** The ambition of market representatives, and SLYH Board was that transfer could take place as soon as possible.
- 3.7 **Alignment with Youth Offer.** The proposal aligns with the strategy for a new Leeds Youth Offer. A community provider would directly and in partnership with others be able to work support both the activity and targeted offer and the future roles of Area Committees in holding greater accountability for the local shape of this.

4 Corporate Considerations

4.1 Current Sufficiency in Schools

- 4.1.1 Sufficiency in schools has been considered but the terms and conditions of MyPlace stipulate that the hub has to be used for the purposes for which the grant was awarded as set out in our application and any supporting documents. The MyPlace conditions do not deter arrangements being made with schools and colleges to host elearning programmes.

4.2 Consultation and Engagement

- 4.2.2 Consultation to date on the idea of a change of governance to a community ownership model has taken place with the following groups who were supportive of a community owned model:
- Young people.
 - Local ward members have been consulted at this stage but wider consultation with elected members across South Leeds would be required before final recommendations were progressed.
 - Preliminary discussions with Area Management.
 - SLYH board members who expressed an interest in helping scope and develop options.
 - Officers in the local authority property services with experience of community asset transfer.
 - Officers within the Voice and Influence department.
 - Schools.
 - NHS Leeds.

Elected Members across South Leeds will need to be engaged about final proposals.

4.3 Equality and Diversity / Cohesion and Integration

4.3.1 An Equality Impact Assessment has been carried out – attached at appendix 1.

4.3.2 Early consultation has highlighted the desire from representatives of both potential providers as well as members of the current SLYH Board, for a representative Partnership Advisory Board to ensure a wide base of stakeholder support and challenge for any organisation that took ownership. The main functions of such a group include; ensuring that the future service is non-discriminatory, has sound community governance and reflects the needs of the local communities. It would also serve as a mechanism for ensuring the continued consultation and engagement work with young people and local communities, and Trade Unions.

4.3.3 Analysis of current service uses indicates a number of users with learning and physical disabilities already attend. A community asset transfer could enable longer opening hours, broader stakeholder relationships and increased financial sustainability which in turn would allow SLYH to reach a much broader group of beneficiaries including young people outside the core target of 8-19years of age, as well as young people with Special Educational Needs (SEN), disabilities, young people who learn best outside a formal classroom, and those living beyond the immediate walking distance catchments of Belle Isle and Middleton.

4.4 Council policies and City Priorities

4.4.1 All Council values apply but more specifically a transfer would widen the local access, particularly by young people, to positive, healthy activities that blend formal and informal learning. For local young people and families without a car, SLYH is a cost effective alternative to leisure centres, and one that could cater for the need of the “whole child”. Council values of particular significance include:

- Working with Communities
- Spending money wisely
- Child Friendly City
- Young People’s Voice and Influence Group
- Reducing Health Inequalities

4.5 Resources and value for money

4.5.1 The transfer would include tapered LCC support to allow time for the new “building manager” to begin to build, and generate new, income streams (including grants and private sector investment) and establish it as sustainable. Enterprising business plans will be sought that can demonstrate they are largely self-sufficient in 4 years.

4.5.2 A successful transfer would allow a third sector provider to access and draw down funds from charitable trusts and foundations to Leeds which is not currently available to a LCC application. There is scope to diversify income through new, additional services and investment from private sector partners through e.g. Sponsorship.

4.6 Legal Implications, Access to Information and Call In

4.6.1 State Aid does not apply as there is no scope for the project to affect intra community trade.

4.7 Risk Management

4.7.1 Currently LCC retains 100% of the risk with the SLYH project. The following risks are identified and will be mitigated for:

- No interest from potential providers. Market testing indicates interest is strong.
- Insufficient financial sustainability of a new provider. A robust business plan will therefore be required prior to transfer.
- Performance of provider. A suitable management arrangement will be put in place.
- MyPlace terms, conditions, and outcomes not met more fully than the status quo. As above.
- Unforeseen costs associated with maintaining a highly specialised building may require future local authority support, and or replacement needs analysis indicates that alternative use of areas in the building would better allow outcomes of MyPlace and the Leeds Youth Offer to be met. Ongoing review with the provider of the fabric of repair of the building will be maintained.
- The land boundaries for any Community Asset Transfer need to be firmly established as part of the assessment of the transfer case, but an indicative plan is attached as Appendix 2.

5 Conclusions

5.1 Indications from consultation undertaken so far with stakeholders demonstrate a high level of support for the direction of travel towards a community ownership model for South Leeds Youth Hub in line with its original purpose.

5.2 In addition to budget savings, and potential new income streams, a transfer would bring about the chance to exploit other opportunities that require a large footfall, and a critical mass on all fronts of the business plan e.g., volunteering, a new membership scheme, increased health and wellbeing work etc.

5.3 The establishment of a partnership advisory group could support partnership working, advise and provide information and challenge to ensure a transfer

included the best positioning of SLYH to take advantage of opportunities, and have the maximum chance of success.

- 5.4 Findings of this report indicate that a community ownership model could reduce the current 100% risk to LCC, and support increased utilisation by a wider and more diverse client group, financial sustainability, improved stakeholder relations, faster responses to change and greater use of volunteers.
- 5.5 Notwithstanding a substantially reduced level of financial support in years 1-4, and the pension liabilities of a small team, a community asset transfer offers a much greater chance of success in terms of; increased utilisation, financial sustainability, improved stakeholder relations, faster responses to change and greater use of volunteers. On balance it seems that the level of identified risks is a low threat when compared to the social and financial possibilities of a robust and well consulted process guided by the LCC Community Asset Transfer Policy.

6 Recommendations

- 6.1 Executive Board is asked to approve the start of a Community Asset Transfer process, for the SLYH, to a “not for private profit” organisation.
- 6.2 Executive Board is asked to support the progressing of a lease for SLYH (at least for the life of the MyPlace grant which expires on 28 October 2028). Details for rental agreement to be determined as part of the process.
- 6.3 Executive Board is asked to approve a reducing revenue contingency over 4 years with the aim that immediate pressures of any transfer are overcome as the new “building manager” works towards achieving financial sustainability over the term.
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7 Background documents¹

- 7.1 None

¹ The background documents listed in this section are available to download from the Council’s website, unless they contain confidential or exempt information. The list of background documents does not include published works.