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To: Councillor McLellan, Convener; Councillor Yuill, Vice Convener; and Councillors Al-Samarai, Blake, Cooke, Farquhar, Grant, Greig, Houghton, Hutchison, Macdonald, Alex Nicoll and Radley.

Town House,
ABERDEEN, 21 June 2022

CITY GROWTH AND RESOURCES COMMITTEE

The undernoted items are circulated in connection with the meeting of the **CITY GROWTH AND RESOURCES COMMITTEE** to be held here in the Town House on **TUESDAY, 21 JUNE 2022 at 10.00am.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

BUSINESS

NOTICES OF MOTION

7.1 Urgent Notice of Motion by Councillor Houghton - on next page

“That the Committee -

1. Notes the announcement of the Eurovision Broadcasting Union that the organisation is considering the United Kingdom as the host of Eurovision 2023 should Ukraine be unable to host the competition due to the unacceptable Russian aggression against Ukraine.
2. Notes the awarding decision will be made by the British Broadcasting Corporation (BBC) should Ukraine be unable to host the competition.
3. Agrees the Event Complex Aberdeen opened in 2019 is the largest capacity venue in Scotland and is well suited to host the event.
4. Notes Aberdeen’s success in hosting previous significant cultural events such as the BBC Sports Personality of the Year Awards.
5. Notes the significant interest shown by politicians of all political parties in hosting this event in Scotland, agreeing that Aberdeen is without doubt the best place to hold such a European event given Aberdeen remains the Energy Capital of Europe.
6. Instructs the Chief Officer - City Growth to engage with all relevant stakeholders including the BBC, UK government, the devolved Scottish Government and others to ensure a bid from Aberdeen is advanced quickly and efficiently should it become clear Ukraine are unable to host the competition.
7. Agrees to allocate £30,000 from contingencies to support a bid from Aberdeen and instruct the Chief Executive to write to both the UK and Scottish Government notifying them of Aberdeen’s intention and asking for their support.
8. Instructs the Chief Officer - City Growth to bring a report back on progress to the next meeting of this Committee.”

PROPERTY AND ESTATES

- 12.1 Extension to Term of New Lease - Request from Inchgarth, Loirston and Old Torry Community Centre Management Associations - RES/22/124
(Pages 3 - 14)

Originally identified as an exempt report at 13.1 on the agenda, however the Committee agreed to consider the report in public.

Should you require any further information about this agenda, please contact Mark Masson, email mmasson@aberdeencity.gov.uk, or telephone 01224 522989

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	21 June 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Extension to Term of New Lease – Request from Inchgarth, Loirston and Old Torry Community Centre Management Associations
REPORT NUMBER	RES/22/124
DIRECTOR	Steven Whyte
CHIEF OFFICER	Stephen Booth
REPORT AUTHOR	Cate Armstrong
TERMS OF REFERENCE	4.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to request that the previously agreed 10 year term for the leased community centres be extended for the Inchgarth, Loirston Annexe and Old Torry Community Centres.

2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Approve the request from the Inchgarth Community Centre Management Association for a 25-year lease for the Inchgarth Community Centre;
- 2.2 Approve the request from the Loirston Annexe Community Centre Management Association for a 25-year lease for the Loirston Annexe Community Centre;
- 2.3 Approve the request from the Old Torry Community Centre Management Association for a 30-year lease for the Torry Community Centre; and
- 2.4 Instruct the Chief Officer – Corporate Landlord to progress the lease with each of above noted management associations for the requested term incorporating appropriate terms and conditions as shown in the Heads of Terms (Appendix 1) to protect the interests of the Council.

3. CURRENT SITUATION

3.1 At the Council budget meeting on 5th March 2019 the Council instructed the Chief Officer – Early Intervention and Community Empowerment to:

- undertake a review of learning centre and leased centre provision to ensure best value, appropriate direction and scrutiny of service provision, and report to the relevant Committee on the implementation of that review; and
- progress Community Transfer discussions with Management Committees of leased centres and report back to the relevant committee;

3.2 The review was conducted by analysing existing information held by the Council in relation to building and operation costs of the centres and a questionnaire regarding governance arrangements was completed, where possible, with each of the community associations.

3.3 The outcome of the Review was brought back to the Operational Delivery Committee of 9 January 2020 which resolved to:

- Recommend to the City Growth & Resources Committee that they instruct the Chief Officer - Corporate Landlord to replace the existing leases and management agreements for ACC's Leased Centres with ten-year leases (or leases for such shorter periods as the tenants may wish) only; such leases to give the Council the power to terminate the leases at any time by providing 12 months' notice, on specified grounds, and otherwise to contain such provisions as are agreed with the tenants.
- note that future development grants, as may be agreed via the Council's budgetary process, will be provided by means of funding letters from the Chief Officer – Early Intervention and Community Empowerment, as detailed in section 9 of this report.
- agree that the funding for leased community centres should be agreed as part of the council's annual budget setting process and recommends to the Council, for 2020/21, there should be no reduction in the direct and indirect financial support provided to leased community centre management committees.
- note that the leased community centre management committees will require to seek independent legal advice during the negotiation of new leases and recommends to the City Growth and Resources Committee that they instruct that the Council will meet the reasonable costs of this and that the Chief Officer – Corporate Landlord report to the relevant committee on how this can be facilitated.

3.4 These new 10-year leases have now been progressed, and passed to the Legal team, to formalise the lease agreed with 17 of the Management Associations.

- 3.5 The Management Committees of Inchgarth, Loirston and Old Torry Community Centres have asked that they be permitted to extend the term of their new leases beyond the 10 years resolved by Committee in February 2020.
- 3.6 Inchgarth Community Centre Management Committee have provided the following justification in support of their request:
- Inchgarth is currently in the process of awaiting a stage one application decision from the Scottish government for funding for an extension, but irrespective of this outcome, the committee will be requiring the long-term lease to seek funding from different sources if required.
 - Inchgarth will also be making future significant capital funding applications to build outdoor sports facilities and extend existing playpark space, and this will be funding that requires a longer lease security.
- 3.7 Old Torry Community Centre Association (OTCCA) have provided the following justification in support of their request:
- OTCCA request that the Council offers the Association a Lease period of thirty years going forward, with a break clause every five years after year ten.
 - OTCCA have set out their reasoning below linked to longer term lease arrangements that assist social enterprises in Scotland for attracting external investment for capital work such as energy efficiency and/or alternative generators of power/heat, and structure/fabric repairs and improvements. Here are two references: **Local Energy Scotland** cites in their funding guidance. "If they (the applicants) are tenants, a valid and viable lease is in place for a further 20 years or has the option to extend if necessary". In addition, there are similar requirements for the **Community Climate Asset Fund CCAF** - 20-year lease is the benchmark.
 - Torry is an area of long-term multiple deprivation and the impact of the COVID pandemic has been to both broaden and deepen the social, environmental and economic impacts on our community. OTCCA are one of two community centres in Torry that play a significant part in meeting a number of local needs in a community that is some 10,000 strong.
 - The OTCCA has worked with partner organisations for years with regard to employment and food poverty needs, and from the experience of the COVID pandemic, we will be seeking to open up and work with others in relation to health and wellbeing, as well as digital inclusion.

- OTCCA will need continuity to develop our local plans and centre-based projects going forward as lockdown restrictions are eased, and a long lease is the foundation we need to achieve those outcomes
- The OTCC has been a resource in our community since 1935, and for the last ten years this has been through community management organisations. We believe we can continue to be a community resource going forward in what will be a demanding and challenging time for ourselves and our partners in Torry as we move closer to our first hundred years of community use in 2035. A long-term lease creates the opportunity to plan a course to best place ourselves to meet long term needs linked to addressing poverty and multiple deprivation, and to ensure that we can promote and develop a diverse range of activities that are best supported by a diverse range of income generation mechanisms.

3.8 Loirston Annexe Community Centre Management Committee have provided the following justification in support of their request:

- The longer tenure is mainly to provide security of tenure and to secure and maximise the use of large capital funding.
- Security of tenure - The community of Cove and Altens has and continues to increase at a healthy rate. This naturally creates an increased demand on the community centre and a ten year lease will secure a tenancy for 10 years of those family's development, where as with a 25 year tenure we can secure stability for these families and the following generation. History of Cove tells us that the community families have always developed through the community centre and now those parents seek to bring their children to the centre for their development as they did when they were children. However to continue this tradition as the pivot point within the community for early years development, after school care, fitness, mental health and wellbeing it is important to secure a 25 year lease.
- Funding Security - There are significant sums of monies available through developer's contributions which exist yet to be secure by the Board at the centre. There are also great funding opportunities through ACVO and The National Lottery. All of these funding opportunities require to be targeted by the Board to allow us to work towards development of the centre hopefully by extending it to provide further space. This increased accommodation will allow the centre to expand what it can provide to support an ever expanding community.
- Prior to the epidemic curtailing all the good work that was being done, the Management Committee were in contact with Council Officer's in regards to starting the capital project. This is to be the focus moving forward for the development of the centre and they have also been in touch with Inchgarth Management Committee re securing assistance from ACVO for securing funding from both ACVO and the National Lottery.

- The rationale is very simply around providing longevity around a thriving community centre at the heart of an area of Aberdeen which has multiple housing developments over the last few years and currently ongoing. The demand from these developments has meant that the centre is looking at extending and providing wider range of facilities that is going to have the capability and capacity to service both a growing and aging population

3.9 As noted these management committees are eager to look for external funding, to improve and expand their use of the Community Centre and the facilities provided, but securing funding will be almost impossible without the security of tenure a longer term lease provides.

3.10 If the Management Committees are successful in securing funding for an extension to their existing building it would be deemed a Tenant's improvement and would not be in the ownership of the Council. But would come to the Council at the lease termination date.

3.11 If a long-term lease is to be granted then the terms of the lease will have to determine which, if any, of the responsibilities for the new premises lie with the management associations wishing to extend their premises and which if any will be the responsibility of the Council.

3.12 The terms of the already agreed 10-year lease are that the Council is responsible for all repair and maintenance works and any utility bills for the existing property.

3.13 The Council currently has significant demands on its budgets and has resolved that property repairs should be restricted to essential spend only. If the management associations are successful in securing the level of funding required to provide an extension to their community centre's then it cannot be considered unreasonable to require that they accept financial responsibility for its operating and maintenance costs upon completion.

3.14 The proposed Heads of Terms (Appendix 1) reflects the terms of the 10-year lease already agreed with the other management associations, with the addition of a requirement that the management association takes full financial responsibility for any new addition made to the existing building in regards to paying for any utilities, repairs or maintenance. This clause has been amended to mitigate any additional burden to the Council's budgets if the Management Committees are successful in securing funding for any proposed extension to the building.

4. FINANCIAL IMPLICATIONS

4.1 If this longer term lease is granted to these Management Associations then the commitment to maintain the existing community centre premises will extend beyond the 10 years already committed to. This will have implications on the financial budget. Further the council will have to commit additional funds if it accepts responsibility for the running costs / upkeep of any new building or

extension which may be constructed during the term of the lease. The level of the anticipated cost is difficult to fully identify but the running costs for the existing community centres range from circa £18.00 per sq.m. to 58.54 per sq.m. If the average cost of £40.22/sq.m. were adopted for an extension of circa 300sq.m., the annual cost would be in the region of £12,000. This figure includes all maintenance costs which account for on average 33.53% of the total cost.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.'

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No significant risks identified			
Compliance	No significant risks identified			
Operational	The additional burden of maintaining additional property	The risk of the Council having to fund these additional maintenance costs could be mitigated by requiring the management associations to fund the running costs of any addition to the community centres	Low	Yes
Financial	The potential cost of having to maintain any proposed extension or standalone building to the existing community centres.	The risk to the Council is mitigated by requiring the management associations to take financial responsibility for any new additions to the property.	Low	Yes
Reputational	If the recommendation is not approved the reputation of the Council may	Approve the recommendation	Low	Yes

	be negatively affected.			
Environment / Climate	No significant risks identified			

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The proposals in this report have no impact on the Council Delivery Plan
<u>Aberdeen City Local Outcome Improvement Plan</u>	
Prosperous Economy Stretch Outcomes	The proposals in this report have no impact on the Prosperous Economy Stretch Outcomes
Prosperous People Stretch Outcomes	<i>The proposals within this report will allow the management committees to extend the variety and number of community programmes run within the Community Centres which provide support for the people within their local community, and therefore will support the LOIP prosperous People Stretch outcomes. Agreeing to these requests for a lease extension will allow for investment in the people living in these communities.</i>
Prosperous Place Stretch Outcomes	The proposals in this report have no impact on the Prosperous Place Stretch Outcomes
Regional and City Strategies	The proposals in this report have no impact on the Regional and City Strategies.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Yes
Data Protection Impact Assessment	Not required
Other	

10. BACKGROUND PAPERS

10.1 Leased Community Centre Report - Operational Delivery Committee - 9 Jan 2020

10.2 Leased Community Centre Report City Growth & Resources Committee - February 2020

11. APPENDICES

11.1 Appendix 1 – Proposed Heads of Terms

12. REPORT AUTHOR CONTACT DETAILS

Name	Cate Armstrong
Title	Estates Surveyor
Email Address	carmstrong@aberdeencity.gov.uk
Tel	07824543208

HEADS OF TERMS

1.	Property Address:	XXX Community Centre Aberdeen
2.	Landlord:	Aberdeen City Council Marischal College Broad Street Aberdeen AB10 1AB
3.	Tenant:	XXX Management Association
4.	Landlord Solicitor	Legal and Democratic Services Aberdeen City Council Business Hub 6 Marischal College Broad Street Aberdeen AB10 1AB
5.	Tenant Solicitor	TBC
6.	Type of Lease:	New Lease
7.	The Subjects:	The subjects shall comprise of the XXXX Community Centre, along with all and whole the area of land extending to circa XXXsq. m. The exact extent of the subjects will be agreed between the parties and identified on a plan to be mutually agreed which plan will be attached to the lease.
8.	Lease Duration:	The lease shall run for a period of 25 / 30 years from the date of entry.
9.	Date of Entry:	On conclusion of legal missives.
10.	Rent:	£1.00 per annum if asked.
11.	Use:	The Association shall use the premises as a community centre solely for the conduct of social, educational, religious, cultural, leisure and recreational activities including innovation, entrepreneurial or development activities for the benefit of the community, and for no other use whatsoever. Any request for additional use would be subject to the formal written consent of the Council not to be unreasonably withheld or delayed.
12.	Tenants Works	The Association will not alter or add to the premises without the prior written consent of the Council. Any modifications, alterations,

		additions, fittings or fixtures which the Association make or instruct or install shall remain their property during the currency of the lease.
14.	Condition & Repair	The Council will be responsible for and will carry out all internal and external repairs and maintenance in order to keep the existing premises in a condition fit for purposes. For the avoidance of doubt the tenant will be fully responsible for the utilities and any required maintenance or repair for any addition to the premises, either as an extension to the existing building or a standalone building within the site.
15	Insurance	The landlord will insure the existing property.
16	Public Liability Insurance	The Association shall effect and maintain Public Liability insurance cover with a limit of no less than FIVE MILLION POUNDS (£5,000,000) and employers Liability Insurance cover with a limit of no less than TEN MILLION POUNDS (£10,000,000).
17.	VAT:	All figures quoted are exclusive of VAT. VAT will not be charged on the rent.
18.	Irritancy:	If the Association allow the premises to go unused and/or unoccupied for a period of more than 2 months unless previously approved by the Council or if the premises are rendered unsafe and/or unfit for beneficial occupation or the Association are at any time in breach of any of the non-monetary obligations undertaken by them under the lease then the Council may bring the lease to an end forthwith. The Council shall not exercise irritancy without first issuing a written notice requiring remedy.
19.	Business Rates:	As is standard practice the ingoing tenant will be responsible for all Local Authority Business Rates payable.
20.	Alienation:	Subletting or assigning the whole of the leasehold premises shall not be permitted without the prior written consent of the Council Subletting in part of the premises shall be permitted on a short term basis only; for the sake of clarity a short term let is considered to be for a period less than 24 hours.
21.	Suspensive Conditions:	n/a
22.	Tenants Obligations	The Association will comply in all respects with all statutory requirements (already in place or to be passed in the future) and all requirements of any government department, local authority or other public or competent authority relating to the Association and to the occupation of the premises by the Association. Without prejudice to the foregoing generality this will include compliance with all relevant equal opportunities and child and adult protection guidance and legislation.

23.	Legal Costs:	The Landlord and Tenant will each bear responsibility for their own costs. The tenant will be liable for any LBTT and registration dues where applicable.
24.	No Contract:	Neither this letter nor any subsequent communication by us relative to the above property shall be binding, whether acted on or otherwise, unless the same is incorporated within a written document signed by us and satisfying the requirements of The Requirements of Writing (Scotland) Act 1995.

Our Ref: 2301/CA

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