

ABERDEEN CITY COUNCIL

COMMITTEE	Operational Delivery Committee
DATE	9 January 2020
EXEMPT	No – However Appendices 3 & 5 are exempt under paragraphs 2 and 6 due to them containing information about occupiers of accommodation provided by the Council and information about funding to individual organisations.
CONFIDENTIAL	No
REPORT TITLE	Review of Leased Centres and Learning Centres.
REPORT NUMBER	OPE/20/012
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Derek McGowan
REPORT AUTHOR	Alan Mulvie
TERMS OF REFERENCE	5 and 6

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to report the outcome of a review of leased centre and learning centre provision and make recommendations to ensure best value and scrutiny of service provision.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 in relation to Leased Centres:

- 2.1.1. Recommend to the City Growth and Resources Committee that they instruct the Chief Officer – Corporate Landlord to replace the existing lease and management agreement arrangements with a new lease only; such lease to give the Council the power to terminate the lease at any time by providing 12 months' notice and otherwise to contain such provisions as will, in the opinion of the Chief Officer – Corporate Landlord following consultation with the Chief Officer – Governance, protect the Council's interests.

2.1.2 Note that future development grants, as may be agreed via the Council's budgetary process, will be provided by means of condition of funding letters from the Chief Officer – Early Intervention and Community Empowerment, as detailed in section 9 of this report.

2.2 In relation to Learning Centres:

2.2.1. Instruct the Chief Officer – Early Intervention and Community Empowerment to review the Council's Operational Agreements with learning centre associations over the next 12 months and thereafter to report back to this Committee with the outcome and findings of this review.

3. BACKGROUND

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

3.1.1. 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

3.1.2. 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.

4 LEASED CENTRES

4.1 Within Aberdeen, there are 21 leased centres, each with an association. A list of these is provided at Appendix 2. These centres are operated by Association staff (both paid and voluntary). The following activities are provided:

- Fitness classes / groups;
- Access to IT facilities;
- Children's and youth activities;
- Sport activities;
- Recreational activities;
- Provision of room hire to local community (eg birthday parties) and businesses / organisations.

4.2 The relationship between Aberdeen City Council and Leased Centre Associations is formalised through a lease and management agreement. The Council retains ownership of the building, responsibility for repairs and cyclical

maintenance as well as paying utility bills. The association is the tenant of the building and decides how the premises are managed and operated. Other than the arrangements in the lease and management agreement the Council has no say on how the centre is managed and what takes place within the centre. The leased centre association operates completely independently from the Council.

- 4.3 Unless the association is in breach of the management agreement, there is limited scope to address any issues in how the association operates the premises. Grant letter conditions could address such issues.
- 4.4 Funding and support arrangements for the leased centres presently total £743,058 annually, comprising (full details at Appendix 3):
- direct funding by way of a development grant of £11,065 per association per annum;
 - other direct funding, such as Developer Contributions, payment towards insurance, payment towards communications, festive fund, playscheme grants etc.;
 - indirect funding through the provision of building repairs, cyclical maintenance, and utility bills;
 - provision of a Leased Centre Liaison Officer.
- 4.5 Further support is provided by the Council through the charging of a peppercorn rent of £1 per annum, and the application of 100% discretionary business rates relief.
- 4.6 This investment of £743,058 by the Council allows Leased Centre Associations to operate a range of activities for local communities, equating to approximately 58,250 hours of provision per year. This investment equates to an average cost of £12.76 per hour and £35,384 per leased centre. Overall the leased centre associations provide the equivalent of 23 full time paid posts and the equivalent of 89 full time volunteer posts. Assuming these paid posts were paid the Scottish Living Wage of £9 per hour then this would equate to £393,073 in paid employment. If the volunteers were paid at that rate, this would amount to £1,534,890 worth of volunteer time.

5 LEARNING CENTRES

- 5.1 There are 16 Learning Centres in Aberdeen. A list of these is provided at Appendix 4. Twelve of these Learning Centres have a local community association linked to them who have free access to the Learning Centre to provide activities. These Associations are operated by paid staff employed by the Associations or by volunteers for the Associations. They provide the following activities:
- Fitness classes / groups;
 - Children's and youth activities;
 - Access to IT facilities;
 - Sport activities;
 - Recreational activities

- Community Based Adult Learning.

The Learning Centre Associations are only responsible for the operation of their activities and are not responsible for the operation of the centre. As such they are unable to hire out the centre to others and therefore cannot generate income in this way.

5.2 Other activities also take place within learning centres through external lets such as:

- Public Sector partners;
- Sports organisations;
- Access to IT facilities;
- Community groups;
- Theatre companies;
- Education groups
- Uniformed Organisations;

5.3 All 16 Learning Centres are managed by the Council, with some located within 3Rs buildings. Council staff may be based within a Learning Centre, although only the Centre Operations Officers and Clerical/Receptionists are directly involved in the operation of the Learning Centre. There is an Operational Agreement that has been developed for Learning Centre Associations, and these associations operate independently from the Council.

5.4 The current Operational Agreement is informal in that, while it has been approved previously by the Education, Culture and Sport Committee on 7th June 2012, it is not a signed legal agreement and so leaves governance arrangements unclear. Also, at the time the Operational Agreement was developed, the grant funding the Learning Centre Associations received was instead used to employ the Centre Operations Officers and Clerical/Receptionist. There has been a reduction of these staff due to VS/ER and the Learning Centre Associations feel these staff should have been replaced as they now receive less support. It is therefore recommended that further work should take place between Council officers and learning centre associations to agree and formalise governance arrangements to provide clarity to the associations, Council staff and the community.

5.5 Funding and support arrangements for these centres total £762,878 annually comprising (full details at Appendix 5):

- direct funding to the 12 Learning Centre Associations to cover the cost of insurance;
- in kind support by providing the learning centre associations with free access for their use of the learning centre;
- operational costs of building repairs, maintenance, and utility bills for the 16 learning centres;
- provision of three Centre Operation Officers and nine (5.1 FTE) Clerical/Receptionists to provide help and support in running all 16 centres.

These associations do not receive a development grant. These learning centres also provide office space for Council staff (not involved in the operation of the centres) and an income to the Council through external lets.

- 5.6 This investment of £762,878 by the Council allows the Learning Centres to provide a range of activities to local communities and this equates to approximately 31,099 hours. Once the income from lets is taken into consideration the average cost of this provision is £22.85 per hour and £47,680 per learning centre. Overall the Learning Centre Associations provide the equivalent of 4 full time paid posts and the equivalent of 22 full time volunteer posts. Assuming these posts were paid the Scottish Living Wage of £9 per hour then this would equate to £74,805 in paid employment. If the volunteers were paid at this rate, this would amount to £376,796 worth of volunteer time.

6 METHODOLOGY OF REVIEW

- 6.1 A questionnaire was distributed to ascertain how centre associations operated with regards to:

- financial management
- business planning
- internal governance
- joint working and strategic planning
- organisational capacity.

The questionnaire also sought their views on Community Asset Transfer. A summary of the main findings from the questionnaire is attached as appendix 1.

- 6.2 The review confirmed that the operating and management arrangements for leased centres and learning centres are fundamentally different, and therefore the findings are set out according to the type of centre.

7 ANNUAL COSTS AND IMPACT OF MANAGEMENT ARRANGEMENTS

- 7.1 The operating costs of the leased centres has been fairly static over the previous 3 years, with an increase of operating costs across the 21 centres of 5.42% between 2016/2017 and 2018/2019.
- 7.2 Investment plans over the next three years from the condition and suitability programme show a planned investment of £970,000 towards the leased centres over the next three years.
- 7.3 The operating costs of the learning centres have also been fairly static over the previous 3 years, with an increase of operating costs across the 16 centres of 2.23% between 2016/2017 and 2018/2019.

- 7.4 Investment plans over the next three years from the condition and suitability programme show a planned investment of £754,000 towards the learning centres over the next three years.
- 7.5 The total current investment from the Council and Associations in operating these centres is:

Leased Centre Associations	Total
Development grant	£232,365
Other direct funding	£48,337
Indirect support (property costs based on 3 year average) and staffing.	£462,356
Sub total	£743,058
Staff Employed by the Association	£393,073
Volunteer time enabled	£1,534,890
Sub total	£1,927,963
Total	£2,671,021

Learning Centres and Learning Centre Associations	Total
Direct funding	£2,188
Property costs (based on 3 year average) and staffing.	£760,690
Income generation	-£52,333
Sub total	£710,545
Association Staff Employed	£74,805
Volunteer time enabled	£376,796
Sub total	£451,601
Total	£1,162,146

The total investment in 2018/19 was therefore £1,453,603. Adding estimated association staff and volunteer time enabled by this funding, this equates to a benefit to communities of £3,833,167.

- 7.6 The review identified from the most recently submitted annual accounts that, cumulatively, the 21 leased centre associations have bank balances totalling £1,800,000. Only 10 of the learning centres have provided financial information to the Council and those 10 learning centre associations have bank balances totalling £636,000. The most recent accounts are for year end 31 March 2019; however some accounts are for the year end 31 March 2018.
- 7.7 Other Scottish local authorities were asked for details of how they supported community centre provision within their areas.
- One local authority had the policy of closing most community buildings and delivers community activities from school premises. They have retained 3 standalone centres and another 22 centres are owned by independent organisations. There is a single member of staff that assists the 3 Council owned centres and the 22 independent centres are supported by the local TSI (third sector interface organisation.)

- Another authority has 10 of its community centres operated through an ALEO (Arms Length External Organisation) and these are operated by voluntary management committees. These committees do not need to meet the maintenance costs of the buildings however as opposed to receiving a grant they are required to pay a percentage of their income to the ALEO, which is estimated to be between £2,000 - £9,000 per centre per annum.
- A third authority has 19 council owned centres and estimates its operational budget for these to be £481,000 per annum which includes caretaker costs. Nine of the centres are managed directly by the authority and the other 10 have various different models in place. The authority is currently reviewing the management, use and affordability of its Halls and Centres as part of a Community Property Transformation Programme with the aim of delivering an improved estate aligned to service delivery.

8 GOVERNANCE AND ALIGNMENT WITH STRATEGIC DRIVERS

8.1 While the associations are not all actively using the LOIP and CLD (Community Learning and Development) Plan to shape their activities locally it is clear that the funding provided is contributing to the outcomes in the LOIP and CLD plan.

For instance:

- Two leased centres have established a Go Green project which provides free meals within the centre open to all local residents.
- Four leased centres have established a foodbank for those in need. These contribute towards the LOIP outcome of ensuring no one in Aberdeen will go without food due to poverty.
- One leased centre has established a number of activities for adults with learning and/or physical disabilities and integrated these activities seamlessly with their wider programme. Most recently they have, with the assistance of the health improvement fund, started a Friday night disco for adults with additional support needs where the carers are given free access. These activities contribute towards the LOIP outcome of increasing Healthy Life Expectancy by five years.
- The Dawn Breakers breakfast club and Busy Bees playgroup at one leased centre not only contributes to the LOIP outcome of having a Child Friendly City which supports all children to prosper and engage actively with their communities, but also allows working parents to access affordable childcare in the morning before school starts.
- Two learning centres have food delivered weekly from CFINE (Community Food Initiatives North East) for their community fridge and pantry and also run a community food scheme in partnership with Aldi and Lidl. These contribute towards the LOIP outcome of ensuring no one in Aberdeen will go without food due to poverty.

- Several learning centres, offer gentle exercise classes aimed at older people and one learning centre association also works closely with the nearby sheltered housing residents, producing 3 monthly programmes of activities including minibus outings to tackle loneliness and isolation. These activities contribute towards the LOIP outcome of increasing Healthy Life Expectancy by five years.
 - Another Learning Centre has an Under-5s programme offering PEEP (Parents as Early Education Partners) groups, PIP (Gaelic), Messy Play & Storytime, a Czech Playgroup, a creche room and a soft play room for under-3s. They also run daily youth groups and hold regular evening events. These activities contribute to the LOIP Outcome of having a Child Friendly City which supports all children to prosper and engage actively with their communities.
- 8.2 It is clear that there are examples of good practice across the centres which should be shared to ensure all community centres are providing activities to support the LOIP.
- 8.3 There have been some governance issues across some of the Associations. For instance, there are some Associations where employees are also members of the Associations' Management Committees and hold Office Bearer positions. This could give rise to questions as to whether these employees are able to influence decisions on their own roles. It is important that Management Committees are robust and understand their individual and collective roles in ensuring association governance is well maintained and that there is no conflict of interest. The recommended approach of providing funding with a condition of funding letter will allow a tailored approach and where officers have concerns regarding governance matters, conditions can be included to ensure that the association addresses these concerns in order to continue to receive funding.

9 OCCUPANCY AND MANAGEMENT ARRANGEMENTS

- 9.1 Several leased centre associations have previously stated that the development grant is only a small part of their income and have concerns that their management agreement is disproportionately onerous.
- 9.2 No two leased centre associations or leased centres are the same. Yet they all receive the same level of development grant irrespective of whether the services they provide deliver on the LOIP and CLD Plan outcomes, the size of their premises, or where they are located.
- 9.3 The management agreement which forms part of the formal lease arrangements is unpopular with the majority of the Associations and is seen as a means for the Council to micro-manage these independent associations. It does not provide sufficient flexibility for the Council as it moves towards its Operating Model.
- 9.4 It is proposed therefore that the Council move towards dispensing with the management agreement by April 2021. A new three year lease, with a clause giving the Council the power to terminate the lease at any time by providing 12

months' notice, should be developed which would not include a management agreement but would include the ability for the Council to have access for elections and emergency rest centres. The lease should also include any other provisions as are necessary to protect the Council's interests. The management agreement would, in effect, be replaced with a condition of grant funding letter. The Council would also be able to consider any specific conditions for funding on a case by case basis which is not currently possible with the Management Agreements.

- 9.5 The provision of grant funding through a condition of funding letter can be carried out by the Chief Officer – Early Intervention and Community Empowerment under delegated powers. Therefore, future development grants, as may be agreed via the Council's budgetary process, will be provided by means of condition of funding letters from the Chief Officer – Early Intervention and Community Empowerment, on terms similar to other funded projects and including provisions on governance and conflicts of interest and otherwise in accordance with the Council's Powers Delegated to Officers.
- 9.6 As the new lease arrangements will not be in place for the 2020/21 financial year, it is proposed that the Council exercises its right detailed within the management agreement to vary the development grant to £1.00 in 2020/21 and to provide the remainder of the grant by a condition of funding letter, so that no leased centre associations will be disadvantaged financially.
- 9.7 The removal of the management agreement will make the primary relationship between the Council and the leased centre associations one of Landlord and Tenant. Funding provided to Associations will be a separate matter and provided with a condition of funding letter, detailing any specific funding conditions, and bringing this funding in line with other funded projects.
- 9.8 When engaging with Associations, Officers discussed devolving the utility budgets to leased centre associations. Associations were concerned that this would incur additional costs due to VAT and other potential factors. Therefore, this option has not been progressed further.
- 9.9 When engaging with Associations, Officers discussed the option of amalgamating the 21 development grants into a central fund and establishing a Board similar to the Fairer Aberdeen Fund to distribute the grant monies. The Associations pointed out that this could put them in conflict with each other. Therefore, this option has not been progressed further.
- 9.10 The Associations did like the idea of coming together to share knowledge and expertise and would wish to establish this arrangement themselves and invite officers to attend.
- 9.11 Officer support should be provided to associations to encourage the use of financial and business planning techniques and ensure that management committees of the associations have appropriate governance arrangements, as many did not have monthly management accounts to monitor income and expenditure.

- 9.12 With the exception of one leased centre, the current leases and management agreements have end dates between 31 March 2020 and 31 March 2024 - however, they can be terminated by providing 12 months' notice to the leased centre association if there are changes in Council policy and/or changes in budgetary considerations on the part of the Council.

10 FUTURE SERVICE PLANNING

- 10.1 As the Council moves towards establishing the Operating Model and embodying the Commissioning Council principles, we are looking to strengthen our partnership work with Associations to enable flexible and demand led City wide services. This will benefit communities through skills development, self-reliance and empowerment. This review has identified areas of best practice, and also resulted in a fuller understanding of the support offered to communities across the City.
- 10.2 This allows the Early Intervention and Community Empowerment cluster to plan service delivery with a full understanding of services provided through ACC investment in Associations, allowing flexible deployment of resources to both meet and reduce demand. This will allow a truly partnership approach to supporting and empowering communities.

11 FINANCIAL IMPLICATIONS

- 11.1 This report recommends maintaining investment in Leased Community and Learning Centres subject to the Council's budgetary process.
- 11.2 There will be legal costs associated with putting in place new lease arrangements, including registration dues.

12 LEGAL IMPLICATIONS

- 12.1 This report recommends the entering into of new leases which will be drafted to protect the Council's interests.

13 MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Financial	That without change, financial pressures will continue to impact on other budgets and the Council will be unable	M	By implementing the recommendations in this report the Associations will be encouraged to be more self reliant and changes to

	to act within a reasonable timeframe.		assets should be possible within a 12 month period.
Legal	Ending existing leases and agreeing new leases in the timescale detailed may be challenging.	L	Changes proposed are not considered significant and have been consulted on. Methods to move to the new lease will be progressed with the associations.
Employee	There may be insufficient officer resource to support Associations to develop and build their capacity.	L	Use of digital systems to communicate and release support should allow direct one to one support to be provided to those most in need.
Customer	It is possible that centres associations may choose to cease working in their centres and therefore these centres would close.	L	It is likely that the only centres that will close will be those where there is insufficient demand.
Environment	None		
Technology	None		
Reputational	There may be a risk of adverse publicity around proposed changes	H	Ensuring that factual information is provided to all parties and working with those affected in a fair and honest manner.

13 OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The activities delivered by leased centre and Learning centre associations have a positive impact of the LOIP stretch outcomes particularly in relation to stretch outcome 2 - 90% of working people in Living Wage employment by 2026

Prosperous People	The activities delivered by leased centre and Learning centre associations have a positive impact of the LOIP stretch outcomes particularly in relation to stretch outcomes:- 4 - 90% of children and young people will report that they feel mentally well by 2026. 7 - Child Friendly City which supports all children to prosper and engage actively with their communities by 2026 11 - Healthy life expectancy (time lived in good health) is five years longer by 2026.
Prosperous Place	The activities delivered by leased centre and learning centre associations have a positive impact of the LOIP stretch outcomes particularly in relation to stretch outcome 13 - No one in Aberdeen will go without food due to poverty by 2026.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	The outcome of the report supports the associations to be more self-sufficient and resilient and base their activities upon locality based needs.
Organisational Design	The outcome of the report will enable a more flexible approach that supports associations to be focused on LOIP outcomes and work with them through assistance rather than control.
Governance	This report supports the approach that local communities and stakeholders should be making the decisions regarding the leased centre and learning centre activities being delivered locally.
Partnerships and Alliances	This report recognises that associations may prefer to have a landlord tenant relationship rather than a funding arrangement with specific conditions which may not fully aligned with the associations' priorities.

14 IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Required – The proposals in this report are to alter the lease and management agreement not the services delivered.

Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not required

15 BACKGROUND PAPERS

None

16 APPENDICES

Appendix 1 - Summary of leased centre and learning centre questionnaire responses.

Appendix 2 - List of leased centres and the leased centre associations

Appendix 3 - Cost of provision of leased centres.

Appendix 4 - List of learning centres and the learning centre associations

Appendix 5 - Cost of provision of learning centres

17 REPORT AUTHOR CONTACT DETAILS

Name: Alan Mulvie

Title: Community Centre Liaison Officer

Email Address: amulvie@aberdeencity.gov.uk

Tel: 01224 611158