

## ABERDEEN CITY COUNCIL

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

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### 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 5<sup>th</sup> 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?
<b>Strategic Risk</b>	No significant risks identified			
<b>Compliance</b>	No significant risks identified			
<b>Operational</b>	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
<b>Financial</b>	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
<b>Reputational</b>	If the recommendation is not approved the reputation of the Council may	Approve the recommendation	Low	Yes

	be negatively affected.			
<b>Environment / Climate</b>	No significant risks identified			

## 8. OUTCOMES

<u><b>COUNCIL DELIVERY PLAN</b></u>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	The proposals in this report have no impact on the Council Delivery Plan
<u><b>Aberdeen City Local Outcome Improvement Plan</b></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
<b>Regional and City Strategies</b>	The proposals in this report have no impact on the Regional and City Strategies.

## 9. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Integrated Impact Assessment</b>	Yes
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	

## **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**

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