

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	16 June 2011
DIRECTOR	Annette Bruton
TITLE OF REPORT	Kaimhill Community Facilities – Update on Progress of Management Agreement
REPORT NUMBER:	ECS/11/046

1. PURPOSE OF REPORT

On 21 January 2011, the Education, Culture & Sport Committee considered a paper on the Operation of the Community Learning Hub at Kaimhill Primary School.

One of the decisions taken at that committee was:

“to instruct officers, in conjunction with the Conveners and Vice Conveners of the Education, Culture and Sport and Finance and Resources Committees, to negotiate as a matter of urgency a Management Agreement with Inchgarth Community Centre Management Committee to ensure operating governance and enable monitoring of use within the operational services agreement of the 3Rs contract, and to refer the said Agreement to the Finance and Resources Committee prior to the agreement of terms and conditions.”

This report provides information about the ongoing progress towards developing a fit for purpose Management Agreement for Inchgarth Community Centre to manage the programme for the community rooms at Kaimhill 3Rs School.

2. RECOMMENDATION(S)

It is recommended that the committee:

- a. Confirm that it will be a requirement for Inchgarth Management Committee to fully meet the requirements of the Council's "Following the Public Pound Code of Practice."
- b. Instruct officers to facilitate the necessary actions to support an After School Care provider to put in place an after school club for the pupils of Kaimhill Primary School. (The programming of the club to be developed in consultation with Inchgarth Management Committee.)

- c. Agree that the model Management Agreement being developed, should include a requirement for Management Committees to ensure that there will be no charge levied for the provision of out of school care by non-profit making registered childcare and pre-school providers (recognised under the "Councils Out-of-School Care Policy").

3. FINANCIAL IMPLICATIONS

3.1 Unitary Charge

The overall community element of the Unitary Charge across the city is over £1 million. The specific cost to the Council for the community facilities affected by this report is £101,000 per year.

Officers understand that the value of this centre will require it to be monitored under the higher level criteria (over £75,000) when considering "Following the Public Pound" (Requirements are set out in Appendix A).

Inchgarth Management Committee had previously intimated that they may be willing to share a proportion of the income received for the community facilities with the Council. Inchgarth Management Committee have now confirmed that they don't consider this to be viable.

Once a programme is provided by Inchgarth Management Committee, officers will be able to advise Committee the total costs associated with the programme, over and above the £101,000 fixed unitary charge.

3.2 Revenue Funding for Inchgarth Community Centre

The Finance and Resources Committee on 21 April 2011, agreed that "once a Management Agreement for the Kaimhill Community Wing is agreed, Inchgarth Community Centre Management Committee will be paid an annual grant equivalent to that paid to a leased centre management committee for managing the programme at Kaimhill Community Wing, and that this is funded from reserves in 2011/12".

3.6 State Aid Implications

At this stage, it is not considered that there will be any State Aid implications. There will be a clause in the Management Agreement which asks the Supplier to provide such information as is required to enable the Council to meet its obligations in regards to State Aid Assessment and Notification as appropriate.

4. OTHER IMPLICATIONS

4.1 Personnel Implications

Inchgarth Management Committee will be responsible for providing and managing personnel resource to manage the programme for the Kaimhill community facilities.

4.2 **Property Implications**

The management agreement will affect the operation of the programme within five community rooms within Kaimhill 3Rs School.

4.3 **Legal Implications**

Management Agreement

The management agreement shall clearly set out the obligations incumbent on Inchgarth Community Centre Management Committee in relation to the running of a community learning and development programme whilst seeking to protect the Council's interests in relation to a range of legal issues in addition to the following:

- Roles and responsibilities of the Council and Inchgarth Management Committee;
- Transfer of risk and liability;
- Transfer/management of Council's obligations in respect of its contract with Robertsons;
- Compliance with external and internal inspections/ reviews;
- Monitoring arrangements/ expectations of the Council and compliance with those arrangements by Inchgarth;
- Access to information and records for the Council or nominated parties including internal and external inspectors;
- Non- compliance and termination;
- Consequences of termination;
- Payment (to cover the sharing of income and in the event that a grant is to be made available);
- Warranties;
- Insurances and Indemnities;
- Provisions relating to employees;
- Data Protection;
- Freedom of Information;
- Protection of Vulnerable Groups;
- Confidentiality;
- Equal Opportunities;
- Corrupt/ Illegal Practices; and
- Financial arrangements

Issues

Inchgarth Community Centre Management Committee are currently stating that they are unwilling to submit the documents required by the Council's Finance Procedures relative to "Following the Public Pound". These procedures were drafted in 2007 by the then Corporate Director for Resources Management and remain current guidance in situations where

the Council provides financial support or grant funding to external bodies. In addition, Members should note that the code of practice is compliant with the Accounts Commissions guidelines. The guidance does not provide any lesser standard where the financial support or funding is to be given to a management committee and thus applies to all types of external bodies irrespective of their set-up. The Committee is asked to confirm that they wish these procedures to apply to Inchgarth Management Committee in respect of the Kaimhill Community Facilities.

4.4 Community Learning Implications

Currently Community Learning and Development Activities have free access to community learning facilities. The proposed management agreement recommends access for the service to up to 30 programme hours per week, free of charge.

5. BACKGROUND/MAIN ISSUES

5.1 Background

Kaimhill is a new 3Rs school which incorporates a primary school, a community library, computer suite, and five community learning rooms. The school opened on 20 April 2011. This new facility replaces the previous Kaimhill Community Centre.

5.2 On 21 January 2011, the Education, Culture & Sport Committee considered a paper on the Operation of the Community Learning Hub at Kaimhill Primary School, and agreed that the Management Committee of the nearby Inchgarth Community Centre would take responsibility for managing the programme within the community facility (excluding the library and computer suite).

5.3 Programming

Since that decision, officers have negotiated arrangements for the operation of the programme in the new facility, including ensuring provision for access for community groups which were active in the former Kaimhill Community Centre.

5.4 Officers have also encouraged Inchgarth Management Committee to develop a programme for the facility that could be costed. Inchgarth Management Committee have informed officers that a draft programme has now been developed, however at the time of writing this report, officers have yet to receive a copy of this draft programme.

5.5 The Chair of Inchgarth Management Committee has made a request that 30 percent of all income received by the Council in respect of the School Sports Hall is given to Inchgarth Management Committee in return for the promotion of this facility. Officers have advised the Chair that this area of the school is not part of the Council decision.

5.6 Management Agreement

In order to protect the Council's interests, officers are developing a Management Agreement. This Management Agreement is based on similar agreements that the Council has with a range of funded sports and cultural organisations, which, like Inchgarth, are also run by volunteers, and shall take account of the fact that the community learning programme will not be run as a commercial concern.

- 5.7 The initial proposed draft Management Agreement, prepared by the Council for discussion, was rejected by Inchgarth Management Committee.
- 5.8 Since that time, officers within the Council's legal team have been working to develop a revised draft Management Agreement for discussion, that will meet the Council's requirements, including, as agreed at the Finance and Resources Committee on 21 April 2011, "(1) recognition of the conditions of Following the Public Pound Code; and (2) recognition of the community centres' management committee obligations to the Council with reference made to the potential termination of a community centre management committee's lease, should it be in breach of obligations."

Once this revised draft is available, officers will seek to discuss and negotiate the document with Inchgarth Management Committee, with the hope that a mutually agreed document can be finalised and presented to the next Finance and Resources Committee for approval.

5.9 **Business Plan**

A core requirement of the Management Agreement will be a Business Plan that meets the requirements of the Following the Public Pound Code of Practice. This appears to be a significant sticking point with Inchgarth Management Committee, who have categorically stated that they will not prepare monthly cashflow projections or a 3-year income/ expenditure projection for submission to the Council. Inchgarth Management Committee state that they "are quite clear that an organisation such as ours has no real need or expectation to have such a business case."

The committee are therefore asked to reconfirm that Inchgarth Management Committee would not be exempt from the Council's Following the Public Pound Code of Practice.

5.10 **After School Club**

The delay in agreeing the Management Agreement, and therefore in Inchgarth commencing its programming responsibilities for the Community Wing at Kaimhill School, has led to a delay in After School Care being established as part of the programme.

All child care for over 2 hours in duration requires to be registered by Social Care and Social Work Inspection Scotland. This registration process takes some time to achieve. It is therefore recommended that Education, Culture & Sport staff seek to arrange a suitable provider for after school care as soon as possible, so that the service can be available

to parents of pupils at Kaimhill Primary School as early as possible (hopefully by the start of the term in August.)

In recognition of the Council's decision for Inchgarth Management Committee to manage the programme within the Community Rooms at Kaimhill, it is recommended that staff liaise with Inchgarth in relation to the programming of the relevant room(s) that the after school care would use.

The Council's Bookings and Lettings Policy, approved at the Education, Culture & Sport Committee on 18 February 2010 states that there will be no charge levied for Non-profit making Registered Childcare and Pre-school Providers (recognised under the Councils Out-of-School Care Policy). In addition, the Council's Out of School Care Policy, 7 October 2008 states that "the Council will ...provide free access to local authority establishments".

It is recommended that the model Management Agreement that is currently being developed would seek to ensure the continuance of this charging requirement. (Failure to include this as a requirement would lead to many after school clubs throughout the city closing as Community Centres move to leased centre or equivalent status.)

Therefore this decision would have no financial impact to Inchgarth Management Committee.

6. **IMPACT**

Combined Community Plan and Single Outcome Agreement – The development of Community Learning Hubs and review of community centres and community learning and development activity contribute to SOA Outcomes as follows.

- People of all ages take an active part in their own learning to achieve their full potential.
- Learning and training is appropriate and accessible to learner's needs.
- Children and young people access positive learning environments and develop their skills, confidence and self esteem to the fullest potential.
- Children, young people and their families/carers are involved in decisions that affect them, their voices are heard and they play an active and responsible role in their communities.
- Educational attainment in Aberdeen is continuously sustained and improved.
- School leavers enter positive destination of employment, training or further and higher education with a focus on and support for young people who require More Choices and More Chances.
- Children and young people actively participate in their communities and have optimum involvement in decision making.
- All children, young people and their families have access to high quality services when required and services provide timely, proportionate and appropriate response that meeting the needs of children and young people within Getting it Right for Every Child, (GIRFEC) requirements.

- Improve the quality of life in our most deprived areas.
- Citizens are increasingly more active in their communities regardless of age, gender, sexual orientation, ethnic origin, where they live, disability or faith/religion/belief and contribute to 'active citizenship'.
- Develop pathways to participation which enhance the diversity of local representation at and engagement with regional, national and international arts, heritage and sporting events.
- Our public services are consistently high quality, continually improving, efficient and responsive to local people's needs.

Public Impact - This report will be of interest to stakeholders with an interest in current and future provision of public services to the Harlaw learning community. These will include current and potential community learning service users, the Harlaw learning partnership and Community Councils covering the Harlaw ASG area. This report will also be of interest to management committees of community learning centres that are to become leased centres or centres with management agreements.

7. **BACKGROUND PAPERS**

- Report ECS/11/027 Kaimhill Community Facilities – Operation of Programme, Finance & Resources Committee, 21 April 2011
- Report ECS/10/084, Operation of the Community Learning Hub at Kincorth Primary School, Education, Culture & Sport Committee 21 January 2011
- Report ECS/010/050, Community Learning Hubs and Review of Learning in the Wider Community
- Report, Bookings & Lettings Policy, Education, Culture & Sport Committee 18 February 2010.
- Equality & Human Rights Impact Assessment on Community Learning Hubs, May 2010
- Outcome of consultation meeting with Inchgarth Community Centre, 29 October 2010
- Out of School Care Policy, Aberdeen City Council, 7 October 2008

8. **REPORT AUTHOR DETAILS**

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Appendix A

Code of Practice – ‘Following the Public Pound’ : Aberdeen City Council Finance Procedures – extract relevant for organisations where the value of public support is greater than £75,000:

2.1 Information Required from the Funded Organisation

2.1.1 The following list determines the minimum information requirements of Aberdeen City Council and the timescales in which these are required:

- Detailed one year business plan and summary 3 year business plan provided at least 1 month before the commencement of the City Council's financial year.
- Detailed monthly cash flow forecasts for year 1 as above.
- Six monthly Management Accounts to be submitted no later than 6 weeks after the period end to which they relate.
- Signed audited accounts, audited by a professionally qualified auditor, to be submitted as soon as the audit is obtained. If audited accounts are not lodged by 12 months after the year-end, then the City Council is advised of the reason for the delay.

2.1.1 In addition to the minimum requirements as set out above, the other appropriate information will be sought as good practice, e.g.:

- Regular performance against pre-defined targets, i.e. visitor numbers, etc.
- Copies of (non-confidential) Minutes of the Board of Directors or Trustees meeting.

2.2 Financial Checks to be completed by the Office of the City Chamberlain

2.2.1 The following list details the financial checks that must be carried out by the Office of City Chamberlain and the timescales for completing these checks.

2.2.2 Checks required every two years:

- Ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled
- Ensure that sound accounting policies have been adopted which comply with all relevant Accounting Standards and that adequate accounting and External Audit arrangements are in place

2.2.3 Annual checks:

- Check that the projections in the business plan are realistic and achievable. This should be completed by checking projections with past performance and extrapolation of current trends.
- Check that sufficient cash exists to ensure the monthly cash flow projections can be financed.

- Check that adequate provision has been made for depreciating fixed assets.
- Ensuring that the organisation has adequate insurance cover to meet all known risks.
- Check that any other material sources of external funding is secure. This should be completed by writing to external funding organisations.

2.2.4 The above checks may be undertaken by Internal Audit as part of their annual audit programme. When the above checks have been completed to the satisfaction of the Office of the City Chamberlain an annual risk analysis should be carried out on the organisations business plan. Where the funded organisation does not meet the risk analysis criteria, future discussions will take place with the funded organisation to review its business plan and cash flow projections. The purpose of the risk analysis is to give an indication on how changes in income and expenditure will impact upon the organisations future viability.

2.3 Ongoing Checks

2.3.1 The following should be completed on an ongoing basis:-

- Check the six monthly Management Accounts to ensure that there is sufficient cash to meet the organisations outgoings for the forthcoming year. Should there be insufficient funds to meet the organisations projected cash flow, or where a request for additional funding is submitted, the Corporate Accounting Manager should be informed in the first instance.