

## ABERDEEN CITY COUNCIL

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COMMITTEE	<b>Education Culture and Sport</b>
DATE	<b>15 April 2010</b>
DIRECTOR	<b>Annette Bruton</b>
TITLE OF REPORT	<b>Leased Community Centres – Costs of Remedial Works and Outcomes of Document Discussion and Social and Financial Capital Survey</b>
REPORT NUMBER	<b>ECS/010/ 030</b>

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### 1. PURPOSE OF REPORT

To report on progress with development work in relation to leased centres as remitted by the 7 January 2010 meeting of this committee. This includes ascertaining the cost of repairs to bring centres up to an acceptable Grade B standard, development of a new model lease, management agreement, enhanced grant and constitution and reporting on the outcomes of a social capital and financial analysis.

### 2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Notes the progress made in discussions with leased community centre management committees on the model lease, management agreement, constitution and enhanced grant finance model.
- 2.2 Agrees a transition year with one year leases being granted to all centres to allow centres to adjust to the new financial arrangements with officers providing a report reviewing implications in June 2011.
- 2.3 Agrees that The City Solicitor be remitted to formally conclude the model lease and management agreement on terms and conditions as are necessary to protect the Council's interests for a transition period of one year.
- 2.4 Agrees to refer the cost of out-sourcing work to assess the costs of remedial repairs to Finance and Resources Committee
- 2.5 Agrees that once costs are assessed that they will be considered as part of the Council's 5 year business plan and service priorities.
- 2.6 Agrees to receive a further report detailing all the financial implications of repairs to inform decisions on the granting of longer-term leases.
- 2.7 Agrees that the Council retains responsibility for the payment of:
  - energy and water bills;
  - routine maintenance checks including fire equipment, and
  - public liability and employers liability insurance,reviewing and receiving a report on these commitments in June 2011.

- 2.8 Agrees that a Leased Centre Efficiency Group comprising centre representatives, Members and officers is set up to look at efficiency options for the proposed transition year.
- 2.9 Agrees the adoption of the new model constitution and standing orders as agreed by all parties.
- 2.10 Notes the outcomes of the social and financial capital analysis and remits officers to put in place the identified supports.

### 3. FINANCIAL IMPLICATIONS

In the financial year 2008 – 2009, the actual revenue costs for all leased community centres were £619,197. This figure did not include Powis Gateway as the budget was still managed by the Community Learning and Development service. Revenue costs for Powis Gateway are £60,000. The total annual revenue costs total also exclude public liability and employers liability insurance costs of £2,908.

Routine maintenance costs such as gas, electric, water, legionella and fire safety and equipment tests which ran to £58,000 for the same period are covered by the repairs fund contribution. It should be noted that a building assessed at an overall Grade B standard; (the recommended standard), will still incur ongoing revenue repair costs which could raise total annual revenue costs for all leased community centres up to £750,000.

Members should also be aware that 7 January 2010 committee approval of the Version B lease makes the City Council liable to carry out and meet the cost of all property repairs. This could include an indeterminate list of historic, current and future property repairs at an unquantifiable cost, particularly if a 20 year lease option is exercised. A further report detailing the financial repair obligations of the Council will be required once these have been ascertained. This information will then inform any future decision about the granting of a long-term lease. **This is required so as to be in line with the Council's response in 2008 to the Audit Commission that decisions can only be made where a full picture of costs accompanies a report.**

At the end of the financial year 2008 – 2009, leased centres held equity to a total sum of £707,069.

### 4. SERVICE & COMMUNITY IMPACT

The links to the Community Plan, the Single outcome Agreement and Vibrant, Dynamic and Forward looking are as follows:

**Vibrant, Dynamic and Forward Looking:** Leased Community Centres are linked to the commitment to establish a network of Community Learning Hubs across the city. **Combined Community Plan and Single Outcome Agreement.** Leased Centres contribute to the SOA National Outcomes as follows:

2. We realise our full economic potential with more and better employment opportunities for our people.

3. We are better educated, more skilled and more successful, renowned for our research and innovation.
4. Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
5. Our children have the best start in life and are ready to succeed.
6. We live longer, healthier lives.
7. We have tackled the significant inequalities in Scottish society.
9. We live our lives safe from crime, disorder and danger.
11. We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.
13. We take pride in a strong, fair and inclusive national identity.

**An Equalities and Human Rights Impact Assessment was prepared for the January 2010 committee cycle.**

## **5. OTHER IMPLICATIONS**

The clarification of the relationship between leased community centres and the Council, must be seen in the wider context of community capacity building, effective asset management and budgetary considerations.

## **6. REPORT**

### **6.1 Model Lease, Management Agreement and Finance Model**

At the meeting of 7 January 2010, this committee agreed Version B as the lease and management agreement and Version 2 of the finance model. Officers were remitted to conclude negotiations and the leased centres have worked together to seek agreement with the Council on these documents.

Members should note that, to date, there have been 2 versions of the lease produced with 3 revisions and 3 versions of the management agreement produced in response to issues raised by Members and centres.

Key points of concern aired by the centres and the resolution provided by officers are detailed below:

**Issue 1** - In the light of historical costs of gas and electricity the budget will be inadequate and place responsibility on centres to find any budget deficit.

**Action suggested in response:** in the light of upcoming move to a one bill method of energy bill payments by the Council, officers recommend that it would be best to retain the Council responsibility for invoice payment. ***Centres are happy with this proposal.***

**Issue 2** - Health, safety and financial implications if centres have to take the responsibility for arranging routine testing of fire equipment and routine maintenance and cover the costs of the same.

**Action suggested in response:** An offer was made for the Council to arrange these checks and recharge the centres. This was rejected. Centres wish the status quo to remain with the Council making all arrangements and directly paying all costs. ***Centres are happy if this revised arrangement is adopted.***

**Issue 3** - Centres might have to cover the costs of public liability and employer's liability insurance.

**Action suggested in response:** These insurance policies are arranged through the Council's Insurance Officer at a total cost of £2,908 in the financial year 2008 - 09. A recharge arrangement was rejected. Centres wish the status quo to remain with the Council making all arrangements and directly paying all costs. This was agreed. ***Centres are happy if this revised arrangement is adopted.***

**Issue 4** - There is a disparity of costs covered by their respective budgets with some centres receiving a more preferential settlement than others.

**Action suggested in response:** It is recommended that a Leased Centre Efficiency Group is set up to look at efficiency options for the proposed transition year. The remit of the group would be to look at value-for-money measures. This idea has been put forward by two centres and is supported by officers. ***Centres are happy to be involved in this initiative.***

**Issue 5** - A misunderstanding about the reduction in the centre development grants as it represented more than 5% of the grant..

**Action taken in response:** It has been explained and communicated to all centres that the reduction represents a 5% efficiency saving on the gross community centre budgets and not on the development grant alone.

**Omission** - In addition to the issues listed above, officers identified an omission in the management agreement which has now been corrected. This was to include water charges as a Council responsibility.

Officers recommend a transition year with all centres receiving a one year lease. The reason for this is to allow a "settling in" period. This will allow a review of financial arrangements with a report on the longer-term financial implications for the Council to be tabled after one year of operation under the new system in June 2011.

***Plain language explanations of the key terms of the lease, management agreement and finance model are contained at Appendix 1 to this report.***

## **6.2 The costs of Repairs to bring centres up to an Acceptable Grade B**

Asset Policy officers have advised that the overall grading of premises undertaken as part of the 2009 building condition survey for the community review cannot be viewed at face value. Officers have also advised that the primary purpose of the surveys is to show, at a glance, the general condition of a particular building as a whole and the general condition of numerous parts of the building. All surveys are performed using a methodology set by the Scottish Government.

As already reported to the committee, the buildings were assessed on a scale of A – D with A being pristine and D poor. Whilst the overall condition of a building may

be a Grade B, there may be aspects of the building that are a Grade C and require attention in the immediate future. The previous survey did not identify detailed costs of remedial repair. The advice is, therefore, that a further survey is required in order to assess the costs of remedial repair to an “acceptable” Grade B. Asset Policy have advised officers in Education, Culture & Sport that there is no internal capacity to undertake this work and that it will need to be out-sourced with costs accruing for this work. Officers recommend that the cost of this work, once known, is referred to Finance and Resources Committee for the necessary funding. Officers recommend that the costs of repairs are identified so the long-term financial implications are fully understood before any decisions are made about the granting of long-term leases.

### **6.3 The Model Constitution and Standing Orders**

The Model Constitution had not received full consideration by centres prior to January committee. In the course of consultation, there have been a number of issues raised about its contents by both centres and officers. These were fully discussed at a leased centre workshop held on 5 March 2010. The issues, with centre and officer responses and outcomes marked in bold, italic text are as follows:

**Issue 1** – Possibility of future change to centre to charitable status and need for amendments to the constitution in line with Office of Scottish Charity Regulator (OSCR).

**Response:** The Constitution as it stand, allows for amendments to be submitted to the Council for consideration. Changes have already been made to the financial reporting requirements in line with OSCR requirements following representation from one of two centres with existing charitable status. ***Centres did not raise this matter as a point of further concern.***

**Issue 2** – There is currently no provision for a termination of Membership Appeals Process.

**Response:** Officers have recommended that Aberdeen Council for Voluntary Organisations works with centres to propose a workable system for this. ***Centres present at the 5 March workshop were happy with this proposal.***

**Issue 3** – Officers have identified that more flexible options for election of Management Committee could avoid difficulties currently experienced with quorate meetings. There are various ways that Management Committees can be created. It is important that they properly represent all stakeholders involved with the Centre. It is also important that any method of voting does not make it more difficult or create a barrier to participation by any part of the local community or interested group. While it may be appropriate to elect some representatives at a public meeting, this would not be likely to encourage participation by some members of the community. It would be possible to allow people to vote at any time the centre is open over a period of a week. It would also be possible to hold elections for particular representatives at a time when the relevant group(s) were meeting e.g. conducting an election for a representative of the interests of the under 5's when the playgroup was meeting. A variety of the above proposals may be suitable depending on the needs of the neighbourhood and interested groups served by a particular Centre.

**Response:** The Council has invited the views of community centres on this range of options. At the meeting held on 5 March, officers explained the benefits of more

flexible election options and **centres were happy to accept this proposal as long as it was discretionary. The constitution is to be amended accordingly.**

**Issue 4** – The period of tenure for post-holders is one year and post-holders are eligible to stand for re-election at subsequent years up to a maximum of three consecutive years in any one position. Centres have stated that this is likely to cause problems for them.

**Response:** Legal and democratic services have stated that they are happy for the period of tenure for postholders to be extended up to 5 years but not indefinitely. This does not stop a postholder transferring from one post to another and providing “coaching support” to a successor of their previous post.

**Issue 5** – Stipulation that only one centre employee can be on the Management Committee or be a post-holder. Centres have stated that this will cause them problems for the reasons outlined in 4 above.

**Response:** Officers have sought the advice of Scottish Council for Voluntary Organisations (SCVO) who stated that voluntary organisations are bound by the terms of their respective constitutions. This requirement is considered good practice by the Council. SCVO recommend that it is good practice for charitable organisations to have employees in the minority group on their management committees. **Officers have suggested that the sharing of posts on the management committee could provide a workable solution to this issue whilst making the task of being a post-holder less onerous. Centres at the workshop were happy with this suggestion.**

**Issue 6:** Prohibition on Ward members having voting rights/being office bearers. This has been raised as an issue by one centre where a councillor is a post-holder on the centre management committee.

**Response:** Legal and democratic services have stated that this can be addressed.

**Issue 7** – Concern about possible Council influence over outside lets.

**Response:** Many centres are concerned that the constitution, lease and management agreement give the Council priority access to and use of leased centre premises. This is not the case. The management agreement states that, **“The tenants will permit the Council”** to hold meetings and conduct other activities in the premises for all Council, Community Council and learning in the wider community purposes **subject to such booking procedure as may be operated by the tenants.** The constitution also states that, “Any space not utilised for the Committee’s programme will be let, in the first instance to community groups in the Neighbourhood or wider Learning community that do not have a profit motive and to voluntary organisations that draw members from that Neighbourhood or Learning community. Any remaining accommodation may then be allocated to other organisations or individuals.” **Centres were happy with this explanation.**

**Issue 8** – Concerns have also been expressed about the role and status of Community Centre Liaison Officer. Centres wish the role to be supportive rather than directive.

**Response:** The Community Centre Liaison Officer has a formal role in supporting certain aspects of the leased community centre constitution such as advising on procedure, supporting elections and attending the Annual General Meeting. The Liaison Officer does not have voting rights and is there in a supporting role.

Centres expressed a wish to be involved in design of the job description and person specification and recruitment to this post. ***Centres were happy with this explanation and a number of representatives expressed a wish to be involved in the recruitment process.***

***A plain language explanation of the key terms of the Constitution and Standing Orders is contained at Appendix 2 to this report.***

## **6.4 Social Capital and Financial Analysis**

### **6.4.1 Social Capital Analysis**

The social capital analysis provides an objective analysis of the social contribution of each Community Centre to their local community, as perceived by each Centre's Management Committee. This contribution is measured in terms of the key dimensions of social capital:

- groups and networks
- trust
- collective action
- social inclusion
- information and communication

For the purpose of this research, it was both necessary and useful to add a further dimension; finance and funding

The methodology employed for the research was predominantly focus group, where information was collected via a participative SWOT analysis, facilitated and objectively analysed by the researcher. SWOT analysis is a strategic management tool used to assess strengths, weaknesses, opportunities and threats. Focus Groups with leased community centres allowed researchers to elicit responses from 22 to date 84 people.

The key findings of the SWOT Analysis in relation to the key elements of social capital applicable to many but not all centres are:

#### **Strengths**

- *Social inclusion* (evidenced by programmes of activities);
- *Groups and networks* (evidenced by links with local businesses and Elected Members; and,
- *Collective action* (evidenced by the overall achievements of each Management Committee and other volunteers).

#### **Weaknesses**

- *Trust* (evidenced by comments regards, in particular, perceptions of relationships with Aberdeen City Council as well as, in some cases, reluctance to participate in this research);
- *Finance and funding* (evidenced by comments regarding financial situation); and,
- *Collective action* (evidenced by Management Committee training needs identified).

#### **Opportunities**

- *Social inclusion* (evidenced by suggestions for appealing to under represented user groups);

- *Information and communication* (evidenced by suggestions for assessing the needs of the local community and improved promotion and marketing), and,
- *Collective action* (evidenced by Management Committee training needs identified)

### **Threats**

- *Trust* (evidenced by comments regards threat of closure and perceptions of relationships with Aberdeen City Council);
- *Finance and funding* (evidenced by comments regarding loss of financial assistance and rising costs); and,
- *Social inclusion* (evidenced by comments regards apathy for Centre by certain groups in the local Community).

Aside from the data collected via the SWOT Analysis, a number of observations were made in terms of:

- Community Centre Management issues
- Building management
- Community Centre relationship with Aberdeen City Council
- Ability to access funding
- Links with the wider community
- Needs of the Community
- Level of Centre activity
- Strategic planning ability
- Centre promotion and marketing

The identified benefits accruing from this research are an ability to:

- Demonstrate accountability for the public pound/Best Value (funding being provided by Aberdeen City Council)
- Provide a qualitative assessment of value to local community:
  - activity appropriate to need and population base
  - equality of access
  - flexibility to change/ability to adapt to local community needs and requirements
- Identify and inform centre support needs
- Evidence engagement and involvement/participation in Local Planning Partnership
- Maximise use of building
- Show positive outcomes of good practice or support required to achieve this
- Develop methodologies for
  - recording activity
  - routes to access funding
  - developing activity to meet local need

Packs relating to the findings of the analysis for each centre including individual action plans have been placed in the Members Library and are available on request.

***An Executive Summary of the social capital survey including recommendations is at Appendix 3 to this report.***

### **6.4.3 Financial Analysis**



The revenue costs for each leased centre based on the out-turn, (actual), figures are detailed under Section 3 – Finance Implications. The details for each centre for the financial year 2008 – 2009 total are provided in the spreadsheet at Appendix 4 to this report.

It is not possible, at this stage to analyse the costs of each centre by cost per user or cost per visit because of the variable recording of activity attendance across the city.

Officers have, in the course of research, discovered the need for tighter control over energy management. The Energy Manager has, on request, placed the centres on the list to receive Energy Management Audits and also Automated Meter Readers so the energy bills are all actual readings rather than estimates.

Officers have also identified the need to provide a more equitable level of financial support to centres. The budgets for centres vary greatly in the range of costs met by the Council. It is therefore essential that there is equity in this matter. Two centres have suggested that a Leased Centre Efficiency Group is set up to look at efficiency options for the proposed transition year. The remit of the group would be to look at value-for-money measures. Suggestions received to date include the introduction of light sensors and heating time switches in centres, additional columns for estimated and actual time spent in the “blue book” for Council jobs and rationalisation of activity codes on the centre budgets.

***The actual costs for leased community centres in the financial year 2008 – 2009 are detailed in the sheet at Appendix 4 to this report.***

## **7. REPORT AUTHOR DETAILS**

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## **8. BACKGROUND PAPERS**

- Draft Model Lease and Management Agreement for Leased Community Centres, March 2010
- Draft Constitution and Standing Orders, March 2010
- Social Capital and Leased Community Centres Report, March 2010