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Report to Land and Asset Management Committee

22 July 2015

**Windmill Lane Community Centre, Smethwick
(Key Decision Ref. No. LAM001)**

1. Summary Statement

- 1.1 The purpose of this report is to seek agreement to the grant of a twenty five year voluntary body lease to SAFS, Caring Family Support (SAFS), for the Windmill Community Centre, Messenger Road, Smethwick. The Centre became surplus to council requirements following the reduction in the Youth Services budget during 2013/14. The property has been under the interim management of the Director of Education pending its reallocation or disposal.
- 1.2 A substantive local management committee exists which consists of ward members and representatives of both the community and users of the centre. The committee will continue, and will work with SAFS to set the long term vision of the centre to meet future community needs.
- 1.3 SAFS is a registered charity (registration number 1098917) and a company registered by guarantee originally established over twenty five years ago to meet the needs of the Asian Community in Smethwick. SAFS are currently based in Smethwick and once had a presence at the Windmill Centre. SAFS have a proven track record of service delivery.

- 1.4 SAFS wish to expand health related services in the Windmill Lane Area. Safs appear to be in a unique position to combine health related services with the future development of a new hospital, which makes SAFS an ideal partner organisation for the centre. SAFS want to engage with the Community to ensure that the community centre has a viable long term future. A twenty five year voluntary body lease will allow SAFS to attract non council funding to improve the fabric of the building and to expand the range of community services available from the centre.
- 1.5 It is proposed that SAFS would sign a two year grant agreement offer with the council which would establish the range of services that would be provided from the Centre and a minimum number of residents from the area that could make use of the centre. The grant agreement offer would award SAFS a maximum of £xx,xxx over the two year period in recognition of the day to day management and financial responsibilities SAFS are taking on. No further grant will be available from the council at the end of the grant agreement offer.
- 1.6 The proposed voluntary body lease to be granted to SAFS would be at an annual reduced rental. The annual rental would be subject to review every five years, any future income surplus would be either invested back in to the building or used to expand services provided from the centre depending on any future agreements between SAFS and the Centre management committee
- 1.7 The Centre costs the Council £xx,xxx per year. This revenue liability to the council will be at an end once SAFS are awarded a voluntary body lease.
- 1.8 The Director for Regeneration and the Economy is of the opinion that the open market rental value of the Centre is £xx,xxx per year. To achieve this income level in essence the Centre would cease to be a community building whereas the Lease to SAFS will mean the Centre can remain as a community facility while at the same time ceases to be a revenue pressure on the council.
- 1.9 An Equality Impact Assessment has been completed with regard to the proposals outlined in this report. No negative elements were identified.

Further details are attached for your information

2. Recommendations

That Cabinet be recommended to approve: -

- 2.1 The Director – Governance be authorised to grant a lease in respect of the Windmill Community Centre, Messenger Road, Smethwick to SAFS, Caring Family Support on terms to be agreed by the Director – Regeneration and Economy.
- 2.2 The Director – Governance be authorised to award SAFS, Caring Family Support a two year grant agreement offer on terms and conditions to be agreed by the Director – Neighbourhoods in consultation with the Director – Regeneration and Economy.
- 2.3 The Director - Governance be authorised to enter into or execute under seal if necessary any related documentation in connection of the land and property referred to in the recommendation 2.1 and 2.2 above, on terms and conditions agreed by the Director - Regeneration and Economy .

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3. Strategic Resource Implications

- 3.1 The operational cost to keep the Windmill Community Centre, Smethwick open is in the region £xx,xxx per year. There is no identified revenue budget to maintain the centre in either the short or long term. The interim management of the centre has resulted in direct impact upon the Learning Services revenue budget.
- 3.2 The council and SAFS has identified a funding Gap of £xx,xxx over two years which SAFS would require from the Council in order for SAFS to take on the day to day running of the centre by means of a voluntary body lease.
- 3.3 The Centre has an estimated open market rental value of £xx,xxx per year. The proposed voluntary body lease to be granted to SAFS would be at a reduced rental. The council however would cease to have the annual revenue liability for the Centre.
- 3.4 There are no implications for the council workforce.
- 3.5 The council would retain the freehold interest in the Centre. The building would remain on the council's Property Maintenance Account for external repairs, although with the grant of a long term lease SAFS will have the opportunity to attract additional funding to improve the fabric of the building on a long term basis.
- 3.6 The main, albeit low risk, associated with the report proposal is that SAFS cannot attract the income to the centre once they take over day to day activities, or the council and the management committee become unhappy at how the centre is being run. Both outcomes are unlikely as SAFS have a long established record of successful service delivery in the area: mitigating measures are that SAFS are already in discussion with other interested groups who wish to take long term occupation of the building, creating regular incomes streams: and a clear dialogue has been established with the Chair of the management committee. The Council will monitor the performance of SAFS and both parties have the option of giving six months' notice to end the lease agreement.
- 3.7 Should the premises transfer and Safs becomes responsible for paying rates instead of the Council and the organisation meets the criteria to be awarded mandatory and discretionary rate relief , the council would be £51 better off for every £100 rates previously paid.

4. Legal and Statutory Implications

- 4.1 This report is in accordance with the councils existing policies for the disposal of land and premises within section 123 of the Local Government Act 1973.
- 4.2 The general disposal consents (England) 2003 allows Local Authorities to dispose of land and property at less than best consideration, without obtaining Government permission, where the value does not exceed two million pounds. This is allowed if the council thinks that disposal is likely to contribute to the achievement or promotion or improvement of the economy, social and environmental wellbeing of people who live in the area.

5. **Implications for the Council's Scorecard Priorities**

- 5.1 **People.** The Windmill Community Centre supports a range of residents groups and individuals in the community, with a focus on young people. The centre is for instance the long term home of the Windmill Amateur Boxing Club and the Sandwell Adventure Play Association. SAFS are committed to these groups and the proposals should ensure the long term sustainability of the exiting centre user groups.
- 5.2 **Place.** The Centre is at the heart of the community. There has been council investment into the building in the past, but some of the building and the external areas require further investment. The SAFS proposals offer a better opportunity for investment than the current council management arrangements.
- 5.3 **Prospects.** SAFS want to expand the opportunities for the community to access the centre, for example by offering a nursery provision. SAFS are better placed to focus on improving the opportunities provided from the centre and thus improve community prospects.
- 5.4 **Performance.** The council does not have the long term resources to ensure the Centre has a positive future. We have been able to use our knowledge of the third sector to engage with SAFS to ensure we can enable services are maintained and enhanced. The council, with the management committee, will monitor the long term performance of SAFS and delivery of services from the centre.

Background Details

- 6.1 Further reductions in the Youth Services budget during 2013/14 resulted in the Youth Service ceasing day to day management of the Centre in August 2014. The importance of the centre was recognised and officers were tasked with finding alternative management arrangements to ensure

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the Centre was not closed. Since August 2014 the council has been running the centre on a part time temporary staffing basis, under the stewardship of learning services.

- 6.2 SAFS have been a registered charity since 1989 .The SAFS vision is for a world where children, young people and adults with disabilities can reach their full potential with love and care, free from any kind of discrimination or deprivation. SAFS services are focused on family support, out of school services, support for carers and lifestyle support. The ethos of SAFS is an ideal basis for the future of the Centre.
- 6.3 The council were aware that SAFS wanted to expand their existing Fenton Street, Smethwick base to the Windmill Lane area. Officers have been in discussion with SAFS during the past months with regard to SAFS taking over the running of the centre. SAFS are committed to the existing users of the centre that include the Windmill Amateur Boxing Club, Sandwell Adventure Play Association (SAPA) and Youth Services activities. We have consulted with the centre users and the Windmill Centre Management Committee.
- 6.4 Based upon an analysis of the centre finances it has been concluded that there is a funding gap of £XX,XXX during the first two years of any management of the Centre by SAFS. As a charitable organisation SAFS will not be liable for business rates on the Centre, but SAFS are committed to the existing users and a non-commercial charging policy to ensure that the community can reasonably make use of the centre. It is expected that future increased use of the centre will increase income and thus the funding gap will end after two years.
- 6.5 Officers have identified services outcomes and outputs to include in a grant agreement offer that SAFS will be expected to enter into before any council funding is released. SAFS are aware that no additional council funding will be available after the initial two years.
- 6.6 From the onset it was clear that the option of the Centre remaining in council management was not viable. No council service has the long term revenue budget to sustain the Centre. We could have explored the option of advertising the centre to other third sector organisations, but this would have been resource intensive and the outcome uncertain. It was considered acceptable to work with SAFS who are Smethwick based and with a long track record of service delivery. The option of closing the Centre or leasing it on a commercial basis was not considered as acceptable.
- 6.7 During detailed negotiations with SAFS the existing centre management committee have been kept updated. The centre management committee

are aware that they will determine the long term strategy for the Centre, and its purpose, while leaving SAFS to implement the strategy day to day.

- 6.8 In order to regularise the management of the centre by SAFS it is recommended that a voluntary body lease of twenty five years be awarded to SAFS. Either party will be able to end the lease by giving six months' notice in writing. In recognition of the level of investment required by SAFS in managing the centre and SAFS commitment to social outcomes it is proposed the lease will be at a minimum rent. The rent level will be subject to review every five years.

Source Documents

1. Centre budget analysis.
2. Centre photographic building survey.
3. Grant Agreement Offer.