



EDUCATION FOR LIFE SCRUTINY COMMITTEE – 22ND SEPTEMBER 2015

SUBJECT: COMMUNITY CENTRES TASK AND FINISH GROUP

REPORT BY: ACTING DIRECTOR CORPORATE SERVICES

1. PURPOSE OF REPORT

- 1.1 To inform and seek the endorsement of the Education for Life Scrutiny Committee of the final recommendations of the Community Centres Task and Finish Group prior to its presentation to Cabinet.

2. SUMMARY

- 2.1 The Education for Life Scrutiny Committee established a Task and Finish group to review the Council's support of community centre provision throughout the County Borough and make any recommendations necessary under the Medium Term Financial Plan.
- 2.2 This report outlines the main findings of the review group and makes a number of recommendations for the future of this service, in respect of cost savings on water rates, reducing caretaking costs and closures of some community centres, which may then be taken over by local groups under asset transfer.

3. LINKS TO STRATEGY

- 3.1 The operation of Scrutiny is a requirement of the Local Government Act 2000.

4. THE REPORT

- 4.1 The Community Centres Task and Finish Group were set up to investigate the MTFP savings options for the community centres budget. The options were as follows:
- Option 1 - Maintain present community centre network 'as is'
 - Option 2 - Community centre service withdrawn
 - Option 3 - Community centre service is reconfigured to a smaller number of sites
 - Option 4 - Suitable community centres are offered to local groups via asset transfer
 - Option 5 - Community centre service is transferred via grant aid arrangement to a third sector body or equivalent organisation
- 4.2 The task and finish group were asked to consider MTFP savings based on anticipated reduction target of £64k for the 2016/17 financial year.

Membership

4.3 The membership of the task and finish group were as follows:

Councillor P Bevan
Councillor A Blackman
Councillor W David (ex-officio)
Councillor C Gordon
Councillor D Havard
Councillor G Oliver
Councillor D Preece (Vice Chair)
Councillor J Pritchard (Chair)
Councillor J A Pritchard

FINDINGS

4.4 The review group held a series of four meetings during June and July 2015 and examined the following issues:

- Community Centre Locations
- Proximity of Community Centres
- Asset Transfer
- Operation & Performance

COMMUNITY CENTRES

4.5 There are 38 community centres in the Council's supported network. The 35 centres owned by the council are leased or licensed to voluntary management committees, all of which as 'unincorporated associations' have charitable status. Some are registered with the Charities Commission and a small number who employ staff are 'Social Enterprises'. Abertridwr Community Centre is held by the council on a long term lease whilst Rudry Parish Hall and Glan y Nant memorial Hall are supported by way of historical arrangements dating back to the 1960's.

COMMUNITY CENTRE LOCATIONS AND PROXIMITY

- 4.6.1 The task and finish group considered the number of community centres and locations across the county borough (Appendix 1). The locations of supported community centres are unevenly spread across the county borough. It was noted that the former Rhymney Valley area has a higher number of supported community centres than the former Islwyn area.
- 4.6.2 The proximity of community centres to each other was discussed by the task and finish group (Appendix 2). Thirteen community centres are located less than one mile travel distance to the nearest alternative community centre.
- 4.6.3 The review group particularly noted that four community centres are under half a mile travel distance to the nearest community centre. The shortest travel distance between two centres is 0.2 miles, between Rhymney (St Davids) and Rhymney Day Centre. The town also has two other community centres situated at Ael Y Bryn and at Lower Rhymney. The second shortest travel distance between two centres was noted as Fleur De Lys and Tir Y Berth which is 0.4 miles.
- 4.6.4 The review group recognised that many communities have distinct identities and are reluctant to travel to neighbouring areas to use community facilities.

ASSET TRANSFER

- 4.7 The task and finish group were informed of the findings of the Quirk report 2007. The report recognised that whilst risk should not provide a barrier to asset transfer, there should be a willingness to be open about the risks so that those involved in possible asset transfer are able to make informed decisions.

The key message in the Quirk report was that:

‘The prime purpose of asset transfer is to develop ‘community empowerment’ and not to save money or optimise the use of public assets.’

Maintenance Responsibilities

- 4.7.1 All community centre buildings owned by CCBC have already been transferred to their respective management committees / associations, by way of Lease or Licence of occupation. Under the terms of occupancy, CCBC has retained all building maintenance responsibilities other than for internal decoration. It is the widely held view of Trustees that if maintenance liabilities were to be devolved to management committees, the facilities would not be sustainable in the long term.
- 4.7.2 There are two community centres (Deri and Abertysswg), where the Council has no reactive maintenance liability. This is because the buildings are relatively new and currently free of major maintenance requirements. However, CCBC still undertakes all statutory maintenance at these properties and the task and finish group were advised that it is anticipated that at some point, the council will be approached to assist with future maintenance requirements.
- 4.7.3 It is inevitable that before any organisation would consider taking on a community building under asset transfer, that they would require the building to be in a condition acceptable to the receiving organisation.

Income

- 4.7.4 The review group were informed that there are successful examples of asset transfer, however these tend to be located in affluent or rural areas, or in isolated locations where competition for external funding (crucial to sustainability) is minimal. It is therefore important to fully identify the likely risks involved in the wholesale transfer of a community building to an outside body, as they will be key to any decisions.
- 4.7.5 At present the Council provides revenue funds to ensure that the gap between income and expenditure is met. In addition Management Committees receive Officer advice and expertise to ensure they meet their statutory obligations such as health and safety and any Charity Law requirements.
- 4.7.6 When considering asset transfer the projected level of income that the community centre could generate and the level of expenditure required to run and maintain the building is a key factor. Trustees would need to be aware of the time commitment needed to sustain that income. Subsequently, any organisation wishing to take over responsibility for a community centre would have to consider the difficulty in recruiting trustees who could achieve minimum income requirements, and the level of expertise required by trustees to operate successfully.
- 4.7.7 In the event that the community centres become ‘independent’ they would need to identify funding streams to meet the shortfall in income and have the necessary skills and expertise to apply for funding. There may be existing organisations such as Town and Community Councils that wish to become responsible for community centres. However their limited budget may result in them having to increase their precepts in order to raise the additional revenue required.

Non Domestic Rate

- 4.7.8 The transfer of freehold will make the receiving organisation responsible for non-domestic rates. This can be a significant amount – in the cases of Penyrheol and Trecenydd community centres, £12,750 and £11,000 respectively. However where community centre buildings are leased to Community Associations, which are registered charities, the managing trustees who handle the day to day running of the centre are eligible for 100% rate relief.
- 4.7.9 If a community centre were asset transferred to an organisation such as a Community or Town Council, they would not be eligible for rate relief. However the Community or Town Council could consider granting occupancy of the building to an organisation with charitable status by sub-lease, under terms which would make the occupants eligible for 100% relief.

Legal Advice

- 4.7.10 If asset transfer were to be considered, both the council and any prospective management committees would need to take into account the legal implications and associated costs involved. If community / town councils are considering taking over responsibility for a community centre and then leasing it to a management committee, then both parties would require independent legal advice and arrange to undertake an independent property condition survey before accepting the building.
- 4.7.11 Where community centres have community council representation upon their management committees, they may consider it preferable to have the community / town council as its landlord rather than CCBC. However as a consequence there may be a conflict of interest for those community and town councillors.

Constitution.

- 4.7.12 If a community centre were asset transferred to a Community or Town Council, and then leased to a management committee the centre management committees will need to be re-constituted with the new governing document needing to reflect the relationship with the community / town council and not CCBC. This will need the approval of the Charities Commission before any transfer process can be considered.

Insurances.

- 4.7.13 In the case of asset transfer, CCBC would relinquish any insurable interest in the building or its occupants. The responsibility for insuring the building, grounds and occupants would pass to the receiving organisation.
- 4.7.14 Currently, all claims made under insurances provided by CCBC are handled and processed by its Risk Management Service with the help and support of Legal / Health & Safety / Property Officers. A receiving organisation under asset transfer will not have access to such resource.

Health and Safety.

- 4.7.15 The Councils' Health and Safety team provide advice for the management of each community centre - including areas that carry significant risk, such as asbestos control. In the case of freehold transfer, that responsibility will pass to the receiving organisation who would need to seek independent advice.
- 4.7.16 Before any building transfer, the Councils' Health and Safety Officers would need to be satisfied that the receiving organisation is fully capable of discharging all of its health / safety and statutory obligations.

Maintenance.

- 4.7.17 In the case of asset transfer, it would not be possible for CCBC to carry out statutory or reactive maintenance work at any premises in which it no longer held any insurable interest. Therefore the receiving association would need to accept all such liabilities.

Employees.

- 4.7.18 CCBC currently employs the caretaking staff at 31 of the 36 council owned centres. The remaining 5 centres are currently grant aided but these will be brought in line with other centres at the conclusion of this review.
- 4.7.19 Caretakers are employed on a minimum of 12 hours per week contract but required to work as required. CCBC funds the first 12 hours per week - additional hours being funded by their respective management committees. In the case of asset transfer, caretaking staff would therefore need to be transferred under TUPE to the receiving organisation which would need to take on all HR and payroll requirements.

Governance and Conflict.

- 4.7.20 The voluntary management of community buildings can be unstable and unpredictable. Council officers deal with conflict and disagreement between committee members or between committees and the public / user groups or committee and caretaking staff. Similarly, financial / governance issues can hinder operational management. Community/Town councils or any receiving organisations will have to be made aware of the any potential issues. This issue was of particular concern to the existing community council clerks during exploratory talks.

Asset Transfer Conclusion

- 4.7.21 The review group were doubtful that asset transfer would be the solution to reducing the budget commitment for community centres. Members felt that there were a number of centres not suitable for asset transfer due to their condition. The review group agreed that there are examples where the community will get involved initially when a building becomes threatened, but unfortunately most communities find that people become less interested as time goes on and the long term sustainability of these community facilities will be poor.
- 4.7.22 However where centres have groups that are already using premises on a regular/permanent basis there may be opportunities for transfer. Members were informed however that Channel View (Risca) community centre may be suitable for asset transfer, with a local group already expressing an interest.

OPERATION AND PERFORMANCE

- 4.8.1 In order to understand the operational and performance issues of each community centre, the review group asked for details of the balances held by each community centre, the usage of centres and the maintenance priorities.

Community Centre Account Balances

- 4.8.2 The current figures available in respect of community centre account balances are derived from annual accounts submitted every year by management committees – a requirement of all charities. The details of balances held were provided to the review group (Appendix 3). Members noted that there were some centres that have not submitted accounts.
- 4.8.3 The review group asked if management committees could be asked to contribute towards building maintenance costs. They were informed that community centre management committees are autonomous bodies and receive council support regardless of the balances held. Further, in some cases there are legitimate reasons for high balances, where centres have plans for improvements etc. Ultimately however, the Council has no powers to direct

centres upon how they should spend their funds.

Occupancy Levels

- 4.8.4 The review group received information on the usage of community centres during 2015/15 (appendix 4), which is based on cyclical booking only and does not include ad-hoc bookings that can significantly increase the level of use, particularly over weekends.
- 4.8.5 It was explained that a centre, which has a two hour booking in the morning, afternoon and evening would appear very well used. However, this only amounts to an occupancy of 46% based upon 9am until 10pm opening times.
- 4.8.6 The following table shows the usage of community centres during 2014/15, split into ranges (although Tir y Berth centre has closed for refurbishment, therefore has no data):

Number of Community Centres	Occupancy (weekdays)	Number of Community Centres	Occupancy (inc weekends)
4	80-100%	2	80-100%
6	60-79%	3	60-79%
8	40-59%	8	40-59%
11	20 - 39%	16	20-39%
7	0-19%	7	0-19%

- 4.8.7 The table below identifies the 4 community centres (excluding Tir y Berth) that have the lowest usage, as follows:

Community Centre	Occupancy weekdays	Occupancy inc. weekends	Hours
Phillipstown	18%	13%	11
Pentwynmawr	16%	11%	10
Tirphil	14%	10%	8.5
Rhymney Day	12%	9%	8

- 4.8.8 The review group noted that until recently the Rhymney Day Centre was used by Social Services, 5 days per week 9am until 5pm. However they have now moved to new premises therefore usage at the centre has plummeted and income has subsequently decreased significantly.

COMMUNITY CENTRE MAINTENANCE.

- 4.8.9 The review group were provided with detailed information in relation to the maintenance priorities (Appendix 5). Members noted that there has been significant investment in buildings in order to ensure that health and safety requirements and DDA compliance issues are addressed. The outstanding maintenance costs have been divided into three priorities, priority one £193,000, priority two £1,205,000 and priority three £972,000.
- 4.8.10 Members were informed that there have already been cuts to the maintenance budget which has meant that the progress previously made in addressing maintenance priorities has now declined and any further cuts to the maintenance budget would further delay addressing priority 1 works and seriously affect progress with priority 2 and 3 works.

REVENUE COSTS

- 4.9 The council provides a range of revenue budget support to community centres. This support ensures that the gap between income and expenditure is met. The main revenue costs provided in 2014/15 is detailed in appendix 6. All community centres receive support for caretaking costs, water rates and insurance. The review group asked for options in respect of possible cuts to revenue support in order to meet the MTFP savings. The following options

were put forward:

- Water cost – potential saving £27k
- Reducing caretaking provision by 1 hour per week – potential saving £14k
- Miscellaneous costs – potential saving £5k
- Insurance costs – potential saving £ 19k
- Close 3 community centres – potential saving £18k (Based on annual average saving £6k per centre).

4.9.1 The review group were informed that the council currently covers the cost of water rates to community centres. By cutting this provision the council would save £27k from its revenue support costs, which is a significant contribution towards the overall £64k required. Members were informed that water at community centres is a metered charge and felt that this would be an incentive to reduce the level of water use in future.

4.9.2 The review group considered the option to reduce caretaking provision from 12 hours per week to 11 hours per week. The group was reassured that caretakers would still receive 12 hours work, and the additional hour would be recharged to each management committee. This would save £14k from the revenue budget at a cost of £398 per community centre.

4.9.3 The miscellaneous costs identified were identified as central savings that could be achieved from areas such as equipment, mileage and subsistence.

4.9.4 The review group considered removing support from insurance costs for community centres, which would give possible savings of £19k. However members were informed that this would be problematic, as the insurance charge related to public liability, employer liability and buildings cover which would be difficult to apportion accurately.

4.9.5 Members considered options in respect of closing some community centres, in order to meet some of the shortfall in savings required. The average saving per centre would be £6k, made up of statutory and reactive maintenance costs and caretaker salary costs. The following centres that were considered for closure were those with the lowest usages and also with the closest proximity to other centres were considered, as follows:

- Tirphil Community Centre – less than 0.5 miles to the nearest centre and usage levels at 8.5 hours per week.
- Rhymney Day Centre – less than 0.5 miles to the nearest centre and usage levels at 8 hours per week.
- Phillipstown Community Centre – Usage levels at 11 hours per week and there is competition from Phillipstown community house and nearby Whiterose Resource Centre and the Recreation Centre.
- Pentwynmawr Community Centre - Usage levels at 10 hours per week, however there is good ad hoc usage of the centre and there are no other community centres in close proximity.

4.9.6 The review group were also asked to consider Channel View (Risca) Community Centre as a possible closure option. This was included due to its condition and overall unsuitability for improvement and investment (a photograph of the building is attached at appendix 7). This centre is also a possible option for asset transfer, as a local voluntary group are interested in taking over the Centre.

CONCLUSIONS

4.10 The review group concluded that the preferable option in respect of possible savings to achieve the MTFP outlined in 4.1 would be a combination of options 3 & 4 plus some additional savings to be made across all community centres in respect of cuts to water rates, reduce caretaking hours and reduce general miscellaneous costs. This would reduce the number of potential closures and should still be manageable for all community centres.

- 4.11 The review group unanimously concluded that they would recommend closure of three community centres identified under 4.8.5 and 4.8.6 and understood that these would not necessarily result in closure of the centres, as other options such as asset transfer may be considered.

5. EQUALITIES IMPLICATIONS

- 5.1 An EqIA has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance and no potential for unlawful discrimination and/or low level or minor negative impact have been identified, therefore a full EqIA has not been carried out.

6. FINANCIAL IMPLICATIONS

- 6.1 There will be a financial impact upon all community centres if the recommendations are endorsed. The cost of water rates depends on the usage at the individual centre, as water is a metered charge. The one hour caretaking cost per week, will result in a weekly cost of £7.65 for each community centre.

7. PERSONNEL IMPLICATIONS

- 7.1 The recommendations include a reduction in support for caretakers from 12 hours per week to 11 hours per week per community centre. However caretakers will continue to work for 12 hours per week and the council will recharge each community centre for the cost of the reduced hour.

8. CONSULTATIONS

- 8.1 Due to the sensitivity of the issues, Management Committees have not been consulted formally upon the recommendations of this report. They are however all aware of the financial constraints the authority is facing, together with the likelihood that they will be required to meet additional costs - notably water consumption and insurances. These measures were actually proposed as options at the last meeting of the Community Centres Forum.
- 8.2 Should the recommendations be accepted, formal consultations will need to take place both collectively, and with individual management committees. Where closures might be involved the relocation of user groups will need to be planned and agreed.

9. RECOMMENDATIONS

- 9.1 That Education for Life Scrutiny Committee recommend to Cabinet, the following:
- 9.2 That the council cuts the budget for payment of water rates for community centres to achieve savings of £27k.
- 9.3 That the council reduces its caretaking contribution from 12 hours per week to 11 hours per week for each community centre, and recharges each community centre for one hour per week. To achieve savings of £14k.
- 9.4 That three centres are put forward for closure, Rhymney Day, Tirphil and Channel View (Risca), to achieve savings of £18k.
- 9.5 That miscellaneous items be cut from the budget to achieve savings of £5k.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To achieve the MTFP savings to the community centres budget for 2016/17.

11. STATUTORY POWER

11.1 Section 21 of the Local Government Act 2000.

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Councillor Rhianon Passmore – Cabinet Member Education and Lifelong Learning

Background Papers: Quirk Report 2007

Appendices:

Appendix 1 of 7: Map of Community Centre Locations
Appendix 2 of 7: Community Centres - Proximity
Appendix 3 of 7: Community Centres – Account Balances
Appendix 4 of 7: Community Centres - Usage
Appendix 5 of 7: Community Centres - Maintenance Priorities
Appendix 6 of 7: Community Centres – Main Revenue Costs
Appendix 7 of 7: Photograph of Channel View (Risca)