


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">7 NOVEMBER 2016</p>	
<p>COMMUNITY ASSET TRANSFER PROGRAMME</p>	
<p>Report of the Cabinet Member for Social Inclusion - Councillor Sue Fennimore and the Cabinet Member for Finance - Councillor Max Schmid</p>	
<p>Open Report</p> <p>A separate report on the exempt part of the agenda provides exempt information in connection with this report.</p>	
<p>Classification - For Decision Key Decision: YES</p>	
<p>Wards Affected:</p> <ol style="list-style-type: none"> 1. Avonmore & Brook Green Ward 2. Shepherds Bush Green Ward 3. Addison Ward 	
<p>Accountable Director: Kim Dero, Director of Delivery and Value.</p>	
<p>Report Author: Sue Spiller, Head of Community Investment</p>	<p>Contact Details: Tel: 020 8753 2483 E-mail: sue.spiller@lbhf.gov.uk</p>

EXECUTIVE SUMMARY

1. The Council wishes to ensure the long term availability and sustainability of community-based assets at it recognises that:
 - dynamic and well run community buildings can be the bedrock for local communities; housing a wealth of services, support and facilities upon which neighbourhoods can develop and thrive and local citizenship and engagement can be strengthened.
 - third sector organisations and charities can access funding, donations and expertise which are not available to local authorities and which can open up opportunities and build community resilience.

This report seeks authority to:

- commence a programme of community-led asset management by transferring the ownership of two council assets to the Urban Partnership Group (UPG). The assets in scope are the Masbro Centre, Masbro Road, and the Edward Woods Community Centre
- grant of a lease to UPG at 49 Brook Green

- fund the UPG towards the running and maintenance costs of Edward Woods Community Centre and 49 Brook Green, including the Facilities Management services currently being provided under the AMEY Contract.

RECOMMENDATIONS

2. That the Masbro Centre be transferred to UPG through freehold transfer with appropriate restrictive covenant and pre-emption rights which stipulates the building must in its entirety be retained for community use, subject to Secretary of State consent under Section 123 of the Local Government Act 1972 and that UPG is required to assume full responsibility for all running costs, repairs and maintenance of the property. The current lease between LBHF and UPG would be surrendered.
3. That Edward Woods Community Centre be transferred to UPG through a freehold transfer with appropriate restrictive covenants and pre-emption rights which stipulates the building must in its entirety be retained for community use, subject to Secretary of State consent under Section 123 of the Local Government Act 1972 and that UPG is responsible for all running costs, repairs, and maintenance of the property under the terms of the freehold transfer.
4. That 49 Brook Green be transferred to UPG via a grant on the under-lease, for a 30 year term which specifies the use of the property. The transfer will be subject to, subject to Secretary of State consent under Section 123 of the Local Government Act 1972. The Council has capped the level of service charge payable to UPG and the details are outlined in the heads of terms That £115,660 per financial year (or part thereof) be awarded to UPG for the running, staffing and management costs of Edward Woods Community Centre. This funding is recommended for an initial term of 4 years three months (until March 2021), with the option of renewing the funding agreement for two further terms of 12 months each. The funding for this will come from the Council's existing budget for the Edward Woods Community Centre and funding released from the Amey contract for the facilities management costs of the property, which will be reinvested into the council's corporate grants scheme.
5. That £55,566 per year (or part thereof) be awarded to UPG for the running costs of 49 Brook Green. This funding is recommended for an initial term of 4 years three months (until March 2021), with the option of renewing the funding agreement for two further terms of 12 months each. This funding will meet the costs of internal maintenance and repairs, business rates and running costs of the property, but also takes into consideration the income generated from the space. This grant will be funded from the council's existing budgets for the property (held by CSD and CPS), including funds currently held through the Amey contract, which will be re-routed into the council's corporate grants budget.
6. That delegated authority be given to the Director of Delivery and Value to undertake the TUPE transfer of staff from Edward Woods Community Centre to UPG following consultation with the staff affected during October 2016 with effect from 1st December 2016.
7. That the Cabinet Member for Social Inclusion and the Cabinet Member for Finance are given joint delegated authority to make further minor decisions related to the Community Asset Transfer in order to drive forward the programme and realise the administrations ambitions.

REASONS FOR DECISION

8. The council's constitution provides delegated powers in relation to the granting of leases and this is delegated to the Director of Building & Property Management. The

proposed transfers contain clauses and terms that are not the standard commercial leases terms and a Cabinet decision is sought so the financial implications can be fully assessed along with Members being sighted on the Council's obligations under Section 123 of the Local Government Act 1972.

9. The allocation of funding to UPG towards the facilities management costs of Edward Woods Community Centre requires a formal decision to be made. The level of funding proposed requires this to be a Cabinet Decision.

PROPOSAL AND ISSUES

10. Transfer of the Masbro Centre
11. The Masbro is the borough's biggest, busiest, and most dynamic community centre. UPG has managed this property since 1997 (previously as Blythe Neighbourhood Council prior to their merger with UPG) creating a vibrant hub for the community and supporting and developing local services which both identify, and meet the needs of residents from the borough. The council currently grant funds UPG £50,000 a year towards the costs of running the centre. In addition, UPG receive a range of funding for services from the council, including from Childrens Services who commission UPG to provide a children's centre at this site.
12. UPG's current lease for this property is for 25 years commencing on 1 April 2006 and expiring on 31 March 2031 at a peppercorn rent. The UPG lease was extended in 2013 to 31 March 2034.
13. To ensure that the building is fit for purpose, in February 2015, a Cabinet Member decision was agreed to replace the boiler at the Property at a cost of £91,000. Agreement was therefore reached with UPG for sharing the cost equally. UPG have been paying re-payments as agreed over a 2 year period which commenced in April 2015.
14. The boiler installation and associated works were completed in April 2015, and the boilers are now operational. However, the associated pipework and radiators are now in need of urgent attention.
15. A recent survey of the building by 3BM has identified that the property would benefit from additional capital investment to improve the facilities and infrastructure of the building and to further assist in making sustainable centre of the community on a long term basis. UPG fully acknowledge that no capital funds are being offered for this purpose but the freehold transfers have been structured to allow UPG a wide range of avenues to secure additional funding from external sources, including options to mortgage the property or secure commercial loans with a legal charge against the property.
16. The transfer arrangements for the two freehold properties seeks to focus on the community outcomes to be provided by UPG and has a number of safeguards in respect of protecting community use at the property through various legal mechanisms. However, some relaxation in the safeguards have been made to allow UPG to lever in external funding and this is outlined in more detail in Appendix 1 (contained on the exempt report).
17. The running of the Masbro Centre is UPG's existing core business – with little risk identified in terms of the organisation failing to continue to deliver this service to its current high standards. Indeed, a Freehold Transfer with restrictions/pre-emptive rights will enable UPG to maximise the potential of the centre, and support its long term sustainability.

18. Edward Woods Community Centre

19. This centre is well known and well used by estate residents and is currently managed directly by the Council. The building accommodates a number of regular services and activities, including children's school and extra-curricular sports activities, keep fit and activity classes for adults, skills training and employment support, a café and a children's centre, as well as numerous one-off bookings and events. The building also has three offices on the 1st floor, which are let to external organisations. UPG is a regular user of the centre having one of the offices for Edward Woods Community Champions plus meeting space for activities associated with this project, the children's centre, parenting, adult learning, and youth facilities.
20. Transferring the Edward Woods Community Centre to UPG will underpin the sustainability of the centre, enabling the centre to increase its offer to local residents, and for UPG to lever in additional funding for services, not accessible to the Council, which will further benefit local residents. Proximity to Masbro Centre means that the running and facilities management of this property can be streamlined, and offer an impressive single offer to residents from a broader geographical area.
21. A recent survey of the property by 3BM has identified a range of improvements that might be needed to bring the building up to a good standard. As with the Masbro Centre, UPG are fully aware of the likely costs of this and that no capital funding is at this point available from LBHF for this purpose. Therefore, the proposed asset transfer has been structured to enable UPG to tap into external funding opportunities, including mortgages and commercial loans.
22. It should be noted that the Council would be forgoing a possible income stream of £104,000 per annum (excluding the running and staff costs) likely to be generated from Edward Woods Community Centre (should the building be leased at a market rent).

23. 49 Brook Green

24. 49 Brook Green is currently designated as a spoke children's centre (as part of a hub and spoke model). LBHF has a long lease of the ground floor and there are residential flats on the upper floors that are in private ownership. A range of children's centre services are delivered from the property including services offered by UPG. There are currently two childcare providers also operating from these premises: Brook Green Nursery (previously known as Addison Pre-School) and Step by Step Nursery. There are parts of the building that are under-utilised and part is vacant.
25. Both Step By Step Nursery and Addison Pre-School continue to occupy the premises under licence arrangements dated 01 October 2008, which continue until determined by either party, serving on the other, three months' notice in writing.
26. As well as the ambition to transfer buildings to community ownership, the opportunity to expand affordable childcare at this site is an integral part of the redesign of children's centre services to protect both universal as well as targeted services (including 2 year old places). At present the two occupying nurseries deliver 32 places but with fuller use it could accommodate approximately 70 children of mixed ages (0-5).
27. It is proposed that by transferring the property to UPG, UPG will gain a modest income from Brook Green Nursery and Step By Step Nursery which will contribute to the running costs of the property.
28. Transferring 49 Brook Green to UPG as part of this programme would enable a more cohesive offer for local residents in terms of services for children and families, and

offer a single service across multiple sites for local residents, with a clearer offer and more joined up referrals.

29. A recent survey of the property by 3BM has identified a range of improvements that might be needed to improve the layout and maximise the use of this building. As with the Masbro Centre and Edward Woods Community Centre, UPG are fully aware of the likely costs of this and that no capital funding is at this point available from LBHF for this purpose.
30. LBHF is not at this point seeking to make a saving from transferring this property to UPG's management in the short term, as an award of a grant, generated from the council's existing budgets for the building held by Children's Services and savings from the Amey contract will enable UPG to manage and run the building. These funds will be transferred into the council's Corporate Grants programme, managed through the Delivery & Value service.
31. All three sites are busy centres, with a high degree of foot fall, and therefore it is of paramount importance to ensure that all three sites are well maintained and offer a safe and welcoming environment
32. The Council has outlined to UPG the range of facilities management services that will be required under the terms of the transfer agreements. UPG has appointed 3BM facilities management compliance services for all three properties.
33. Transfer of Edward Woods Community Centre Staff:
34. Officers gave consideration to the options available for current LBHF employees at the Edward Woods Community Centre, continuing to manage the building once transferred to UPG. Legal advice has been secured on this matter.
35. It is proposed that UPG take on full responsibility for the employment of two members of council staff. Staff can be transferred to UPG separately from the transfer of the asset and it is recommended that this be in effect from 1st December 2016, as the centre staff's current line manager is due to leave the council by the end of the year.
36. Providing a grant for the running of Edward Woods Community Centre:
37. Officers recommend providing grant funding to UPG for the running costs of the centre, which will come from the council's existing budget for the service. Transfer of staff who currently manage the centre is also required, and will ensure the smooth transition of the property from the council to UPG, with no disruption to the services operating from the centre.
38. UPG will need time to generate sufficient funding to cover the running costs of Edward Woods Community Centre – therefore the grant proposed will cover these costs until March 2021, and potentially until March 2023. However, in the longer term, UPG would be expected to raise and generate sufficient funds for this purpose, which would generate approx. £41,000 savings to the Council in the future.
39. The council currently has a budget of £159,000 per financial year which is apportioned as follows:

Item	LBHF costs	UPG costs
Salaries	£74,700	£74,700
Repairs and maintenance (currently provided by AMEY)	£49,000	£49,000
Electricity	£5,300	£5,300
Gas	£5,400	£5,400
Water rates	£1,300	£1,300
Business rates	£16,800	£3,360

Telephones	£2,600	£2,600
IT hardware	£4,000	£4,000
Total running and repairs and maintenance costs:	£84,400	£70,960
Income received	-£30,000	-£30,000
Net running and repairs and maintenance costs	£54,400	£40,960
Total costs per financial year including salaries	£159,100	£115,660

40. Funding for 49 Brook Green

41. Officers recommend providing funding to UPG for the running costs of the centre, which will come from the council's existing budget for the property.
42. UPG will need time to generate sufficient funding to cover the running costs of 49 Brook Green – therefore the grant proposed will cover these costs until March 2021, and potentially until March 2023. However, 49 Brook Green has potentially far less rental income opportunities than the Edward Woods Community Centre, as the council's own lease for the property restricts the purposes for which it can be used.
43. The council currently spends approximately £147,515 on the property which is apportioned as follows:

Item	Current costs to LBHF	Future cost to UPG
Electricity	£3,546	£3,546
Gas	£6,362	£6,362
Water rates	£1,601	£1,601
business rates	£74,536	£14,907
Repairs and maintenance (Amey costs)	£26,749	£26,749
Cleaning (Amey costs)	£22,720	£15,000
Service charge	£12,000	£0 (see 16)
rental income from other 2 tenants	£0	-£12,600
total	£147,515	£55,566

44. As with the Edward Woods Community Centre, As a registered charity, UPG would realise an 80 per cent discount on the cost of business rates for the property
45. Funding Term:
46. , Officers consider that an initial term of 4 years 3 months (until March 2021) offers sufficient time for UPG to effectively fundraise to secure the additional income required and to further incentivise their activities in this regard. It is further recommended that two renewal periods of up to 24 months each be included in the funding agreements. Renewals of funding will be subject to a) availability of funding b) administration and local priorities and c) performance of the funded organisation.
47. The funding to be offered consists of the council's existing budgets for the Edward Woods Community Centre and 49 Brook Green, including the costs under the service matrix in the AMEY contract, less the income generated by the centres through rental income.
48. It will be far more difficult for UPG to generate additional income for 49 Brook Green, as the restrictions in its use are strictly set out in the lease for the property. Furthermore, the availability of alternative funding streams for the types of services likely to be delivered by UPG from this site is limited.
49. The Council has agreed a cap on the service charge payable by UPG and the details of this are outlined in Appendix 3 (contained on the exempt report).

50. **Savings to be realised:**

51. In transferring the Masbro Centre and Edward Woods Community Centre freehold to UPG and providing a long lease for 49 Brook Green, the Council can remove all three properties from the service matrix under the AMEY contract, and an adjustment will be made to the fixed fee under the change control process.
52. As part of this, the running and repairs & maintenance costs for the Edward Woods Community Centre and 49 Brook Green will be transferred to the Council's corporate grants programme (3rd Sector Investment Fund, and allocated to UPG as part of a grant for managing the building.
53. The Council will also not need to set aside funds under its future planned maintenance programme for these assets.

54. **OPTIONS AND ANALYSIS OF OPTIONS**

55. Officers have considered all options open to the council in terms of ways in which the properties in question could be transferred to UPG. This has included leasehold and freehold options, with and without restrictions, and options for which body would be responsible for the overall running costs of the property – council or UPG. See appendix 1 (contained on the exempt report) for further information.
56. Officers have identified the options which offer the best solution from the council's perspective for the Masbro Centre, the Edward Woods Community Centre and 49 Brook Green (appendix 1) and conclude:
57. Masbro Centre: The running of the Masbro Centre is part of UPGs existing core business – with little risk identified in terms of the organisation continuing to deliver this service to a high standard. Indeed, a Freehold Transfer with restrictions/pre-emptive rights will enable UPG to maximise the potential of the centre, and support its long term sustainability.
58. EDWARD WOODS COMMUNITY CENTRE: With extensive expertise of running and managing a dynamic and busy community centre, UPG are well placed to take over the management of the Edward Woods Community Centre – ensuring the centre responds to local needs and offers a range of community activities for local residents, therefore Freehold Transfer is recommended.
59. It should be noted that the Council would be forgoing a possible income stream of £104,000 per annum (excluding the running and staff costs) likely to be generated from lettings.
60. 49 BROOK GREEN: The Council has a long lease at this property so it cannot transfer the freehold but a lease is recommended to be granted to UPG so they can work with the two current child care providers to further deliver aligned services from this building to local people

CONSULTATION

61. The Masbro Centre: as transferring this asset would have no impact on the services offered from the community centre, consultation was not considered necessary.
62. Edward Woods Community Centre: Consultation with Edward Woods Community Centre staff: staff have been informally notified of the possibility that the Centre may be transferred to the management of UPG. The current staff's terms of employment would remain the same, and a formal consultation will take place with the staff before any decision to transfer the property is actioned.

63. Consultation with Edward Woods Estate residents: given that the Edward Woods Community Centre would continue to operate as a community resource, and that UPG have undertaken to ensure that the current activities taking place at the centre will be able to remain, it is not envisaged that there will be any significant impact for local residents, therefore formal consultation is not deemed necessary. However, it will be a requirement that UPG consult with and work with Edward Woods Estate tenants to ensure that services and activities delivered from the centre continue to prioritise the needs of the estate.
64. 49 Brook Green:
65. As well as the ambition to transfer buildings to community ownership, the opportunity to expand affordable childcare at this site is an integral part of the redesign of children's centre services to protect both universal as well as targeted services (including 2 year old places). At present the two occupying nurseries deliver 32 places but with the full use of most of the rooms it could accommodate approximately 70 children of mixed ages (0-5).
66. A consultation was therefore held in June/July 2015 with the three occupying organisations to gauge their opinion on the future use of the building. All three services submitted a consultation response. Two of the organisations also chose to meet with Commissioning and Early Years Officers to discuss options prior to submitting their response. The findings from the Consultation are as follows:
- All three organisations expressed a wish to continue delivering services on site including delivery of 2 year old places
 - All three organisations agreed that management of the building through a community organisation would be a positive move
 - All three organisations agreed that strong links could be forged with Children's centres and other services aimed at families
 - All three organisations agreed that there was scope to expand childcare services but Brook Green Nursery provided the most comprehensive overview of how this could be achieved and expanded to provide places for under 2s to support working parents. They also gave good examples of other services that could support local families while bring in an income for the centre

EQUALITY IMPLICATIONS

67. A comprehensive Equalities Impact Assessment was undertaken as part of UPG's application for grant funding (3SIF, Cabinet Report September 2014), which indicated the Masbro Centre supports a broad range of residents from across all protected groups (age, disability, ethnicity, gender), as well as successfully targeting services to those with highest needs – e.g. clients from low income households and areas of deprivation.
68. Subsequent monitoring of UPG's grant funded services and its Children's Centre Provision confirms that UPG has an excellent track record in reaching priority cohorts of residents, and achieving positive outcomes.
69. A transfer of Edward Woods Community Centre and lease of 49 Brook Green will not alter the services delivered from these sites. Therefore, a further equalities impact assessment was not considered necessary for the purposes of this report. However, UPG will continue to be required to provide regular monitoring information on the take up of their services as part of their grant funded and commissioned services contracts.
70. Implications verified by Sue Spiller, Head of Community Investment. Tel: 020 8753 2483

LEGAL IMPLICATIONS

71. Legal implications – asset transfer

72. The Director of Law advises that the disposal of land is covered by the Local Government Act 1972, section 123. This requires the council to dispose of the land for the best consideration reasonably obtainable unless the Secretary of State's consent is given. A general consent was given in 2003. The council may dispose of land in the circumstances set out in the consent

“The specified circumstances are:

- a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;*
- i) the promotion or improvement of economic well-being;*
- ii) the promotion or improvement of social well-being;*
- iii) the promotion or improvement of environmental well-being”*

In addition the disposal must not be for more than £2,000,000 below the unrestricted value of the land.

73. It was necessary to value The Masbro Centre and Edward Woods Community Centre together to ascertain the value for the purpose of utilising the S.123 consent. The valuation approach for The Masbro Centre was to value the asset subject to the existing lease and assess the uplift in value for the premises if it were to be sold as freehold, restricted for community use.

74. The Director of Property and Building Management has secured external valuations of the properties and the combined value of the assets is to be over £2 million Therefore a formal application will need to be made under Section 123 which will take around 2 months to complete.

75. For information, it should be noted that the Council would be forgoing a possible income stream which could be up to £104,000 per annum (excluding the running and staff costs) likely to be generated from Edward Woods Community Centre.

76. Legal Implications: Masbro Centre

77. Freehold Transfer with restrictions – A disposal of the freehold will be subject to pre-emption rights to protect as much as possible the continuing community use and future detailed provisions of the transfer are outlined in appendix 1. Leasehold transfer with restrictions – It is easier to enforce a covenant in a lease. Further, the life of a lease is limited, and the Council would be able to review the position at the end of the lease.

78. Implications verified/completed by: David Walker, Principal Solicitor 020 7361 2211

79. Legal implications – Award of funding

80. It is understood that the proposal is to grant fund Urban Partnership Group (UPG) £115,660 pa for Edward Woods Community Centre and £55,566 pa for 49 Brook Green per annum for an initial term of 4 years 3 months (until 31st March 2021) with the option to extend for two further periods of 12 months each to manage the two sites. This will be secured through a service level agreement between the council and UPG. The proposed arrangement could be deemed in breach of the Public Contracts Regulations 2015 (the Regulations) because contracts for building and facilities management services that exceed the EU threshold for services, which is currently £164,176.00, are subject to the full rigours of the Regulations. It is worth noting that contracts for the acquisition or rental of land and rights over them are excluded from the Regulations.

81. In the event that the decision to award the proposed contract to UPG is challenged, the remedies available to an aggrieved bidder in respect of a direct award would include a claim for ineffectiveness (i.e. the cancelling of a contract) and such a declaration by the Courts could also include a civil financial penalty. The risk of a challenge can be mitigated by agreeing with UPG provisions that allow the Council to terminate the contract in the event it is declared ineffective.

82. Implications completed by: Kar-Yee Chan, Solicitor, Shared Legal Services, 020 8753 2772

83. **FINANCIAL IMPLICATIONS**

84. **Financial implications: Tax and regulatory considerations**

85. The Local Government Act 1972, section 123 requires the council to dispose of the land for the best consideration reasonably obtainable unless an exemption can be applied - either under specific consent from the Secretary of State or under the general consent in place since 2003. This has been addressed in the legal implications of this report. The general consent can only be applied up to a maximum of £2,000,000 below the unrestricted value of the land.

86. While it is anticipated that the assets will transfer for nil consideration, stamp duty may still be payable by the transferee. The duty payable would be based on the market value of the properties. The rate of stamp duty payable would be determined by the value of the property in question. Non-residential properties exceeding £500,000 attract stamp duty at 4 per cent. However, UPGs position is that as a charity, they would be able to claim charitable relief.

87. The following VAT implications apply:

88. Edward Woods Community Centre

89. As we receive exempt income from the centre, EWCC is already in our Partial Exemption calculation. Therefore, all costs incurred in relation to the transfer will be attributable to and included against the Council's partial exemption 5 per cent de-minimis limit. A breach of the partial exemption threshold could cost the Council upwards of £2,000,000. It is however anticipated that transfer costs should be minimal therefore posing little risk to the partial exemption limit.

90. MASBRO

91. Although there are exempt activities in the centre no exempt income received by the Council and UPG have managed this property for many years. The current lease is at a peppercorn. Currently there are no partial exemption implications. However, there are potential implications if significant amounts are spent on the asset, for example, refurbishing the centre prior to its transfer. In general, any VAT incurred on the refurbishment costs will be exempt-attributable and count against the authority's partial exemption 5% de-minimis limit. Again, such costs are expected to be minimal.

92. 49 BROOK GREEN

93. The partial exemption risk will also apply to the transfer of 49 Brook Green and given the proposal for the Council to meet running costs until 2021 the impact could be more significant. While costs would need to be carefully reviewed on a case by case basis the worst case is that the £147k identified would need to be added to the Council's partial exemption calculation. While the Council is likely to be able to contain this increase - based on current forecasts - it will naturally reduce headroom for other projects and initiatives where there is VAT exempt activity.

94. Implications completed by Christopher Harris, Head of Finance, Corporate Accountancy and Capital. Tel: 020 8753 6440

95. **Financial implications: Asset transfer**

96. The different models of community asset transfer considered in the appendix to this report will provide different financial savings to LBHF; different loss of rental value calculations and for some scenarios the possible loss of long term capital receipts. The table below shows the property financial implications in respect of each property part of the asset transfer programme:

Masbro Centre Freehold Transfer:	
Property Revenue savings	Loss of Capital receipts/Loss of rental income
<p>LBHF no longer has repairs and maintenance costs responsibility for the Masbro Centre, and would realise £64,000 savings for these costs and these would flow from 2021.</p>	<p>The current Masbro Centre lease expires in 2032 but the Council could benefit from the potential re-development value of the site in 17 years' time or if the Council operates its landlord break clause.</p> <p>Under the current UPG lease, there is no rent but if the property was let for a community or education use the potential market income could be in the region of between £100,000 - £115,000 per annum.</p> <p>Opportunity lost for LBHF and UPG to work together to realise a capital receipt to fund a new community centre and also housing units plus the opportunity to lever in section 106 funding or CIL investment</p>
Edward Woods Community Centre Freehold Transfer:	
<p>LBHF no longer has repairs and maintenance responsibilities and would realise £49,000 savings which would be reinvested into the corporate grants scheme.</p> <p>LBHF will provide a grant, which is the equivalent to the current budget for the centre, therefore no revenue savings will be secured until 2021</p>	<p>As above. The potential rental value for Edwards Wood Centre is £104,000 per annum (excluding building running and staff costs).</p>
49 Brook Green: lease reassignment/underlease:	
<p>UPG will be offered a full repairing lease for the property, with LBHF retaining the service charge costs until March 2021. LBHF will no longer have repairs or maintenance responsibilities for the site, and these savings will be reinvested into the corporate grants programme.</p>	<p>The council does not own the property therefore cannot realise a capital receipt. The council also does not currently collect rent for the property from any of the three occupants.</p>

97. In February 2015, a Cabinet Member decision was made for the Council to invest in a new boiler and associated equipment at the Masbro Centre in Spring 2015 at a cost of

£91,000, and UPG agreed to pay 50 per cent of these costs (£45,500), being repaid to LBHF over a 2 year period starting from 28th April 2015.

98. Implications verified/completed by Andrew Lord, Head of Strategic Planning and monitoring, tel.: 020 8753 2531

99. **Financial implications: award of grant funding**

100. Officers recommend 4.5 year (until March 2021) funding to UPG towards the facilities management and staffing costs of Edward Woods Community Centre, with the option of renewing this funding agreement for two further periods of 12 months each.

101. Officers recommend 4 years and 3 months (to March 2021) funding to UPG towards the facilities management costs of 49 Brook Green. The council will retain the service charge costs of the building until March 2021, and after this time will cap the level of service charge payable by UPG.

Item:	Full year
Edward Woods: running and R&M costs:	£40,960
Edward Woods: Salaries	£74,700
Total costs for Edward Woods	£115,660
49 Brook Green	£55,566
Total grant per financial year	£166,266

102. UPG would therefore be awarded a total grant of £706,630 (comprising £41,566 for 16-17 and £166,266 per financial year until March 2021).

103. During the proposed funding term, it is expected that UPG will secure external funding sources to continue their delivery of the Edward Woods Community Centre, and secure funds towards the running costs of 49 Brook Green. The Council will consider renewing the funding to UPG for the Edward Woods Community Centre, but pro-rata (based on the capacity of the property and evidence of unique user numbers) at a level comparable with grant funding awarded to groups delivering other community centres in the borough.

104. The budget for this funding would be generated through the existing budgets for Edward Woods Community Centre and 49 Brook Green, including funds released from the Amey contract, which will be transferred/moved into the council's main grants programme budget.

105. The current income target for the Edward Woods Community Centre will need to be removed, as the income generated would in future be received by UPG as the leaseholder of the property.

106. Implications verified/completed by Andrew Lord, Head of Strategic Planning and monitoring, tel.: 020 8753 2531

IMPLICATIONS FOR BUSINESS

107. The provision of quality community centres in the borough offers the opportunity for both Masbro Centre and Edward Woods Centre to provide space to additional aligned organisations and businesses to rent/lease space to deliver their services and activities. Both sites currently accommodate a large range of local organisations, delivering a variety of services to local residents – including training and education, employment support, health and wellbeing services, sports and physical activity classes, including the provision of space to local schools and clubs for activities for children.

108. The continued provision of both sites for these purposes, and any potential expansion of this provision has the potential to support local businesses to establish and thrive, and the council will support UPG to develop their offer to local businesses and organisations.
109. Business implications verified by Antonia Hollingsworth, Principal Regeneration Officer, Economic Development Learning & Skills, HRD. 020 8753 1698

HR IMPLICATIONS:

110. The Council's proposal as currently presented is likely to be construed in law as amounting to a service provision change for the purposes of regulation 3(1)b of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE'), thus constituting a relevant transfer for the purposes of TUPE.
111. The Council is also obliged to follow the Best Value Authorities Staff Transfer (Pensions) Direction 2007 (made under s101 of the Local Government Act 2003) and must provide pensions protection for its staff when transferring a service to an external provider. However UPG already has admitted body status to the Council's Local Government Pension Scheme which will ensure continuity of pensions provision for the staff transferring.
112. HR Implications verified/completed by: John O' Rourke, Head of People Management tel.: 020 8753 1700).

RISK MANAGEMENT

113. The transfer of a community asset is about giving local people and organisations greater control over the future of their area and community. This recognises the potential benefit that transfers of assets can bring to the community, to the organisation receiving an asset transfer and to the Council.
114. Changing the management of an asset can potentially extend the use of a building or piece of land therefore increasing its social value in relation to the people that benefit and the range of activities it offers. It may offer additional opportunities to secure resources and attract investment within an area, and empower local residents and communities by raising aspirations and sense of belonging. In this way the local economy, environment, and third sector (comprising the community, voluntary and social enterprises) can be strengthened.
115. Implications verified/completed by: Michael Sloniowski, Shared Services Risk Manager, 020 8753 2587

PROCUREMENT AND IT STRATEGY IMPLICATIONS

116. There are no immediate procurement implications arising from this report. Should at some point in the future the Council, as a contracting authority, wish to commission Urban Partnership Group to provide public services, the commissioning of those services will need to be undertaken in accordance with the Council's Contracts Standing Orders, and the Public Contracts Regulations 2015 should the financial sums involved require this.
117. Implications completed by John Francis, Interim Head of Procurement (job-share), Chief Executive's Department 020-8753-2582.

LOCAL GOVERNMENT ACT 2000

LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

NONE.

LIST OF APPENDICES (contained on the exempt report):

Appendix 1: Options and risk analysis

Appendix 2: Financial information

Appendix 3: 49 Brook Green draft Heads of Terms