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**Meeting of the Executive Member for Leisure and  
Culture and Social Inclusion**

27 January 2010

Report of the Assistant Director (Lifelong Learning and Culture)

**Investment in Community Facilities £200k fund: A Revised  
Scheme for The Melbourne Centre**

**Summary**

1. This report asks the Executive Member to agree to allocate the remaining £175k of the £200k Community Facilities fund to take forward a revised scheme to refurbish the Melbourne Centre for community use.

**Background**

2. The £200k fund is a Leisure and Culture capital programme scheme, the money coming from part of the proceeds of the sale of the Kent Street coach park site.
3. The Council chose to take allocate the £200k for community facilities in lieu of any developer being required to build a new community facility on the redeveloped Kent Street site. The following criteria were agreed by the Executive for the money:
  - ❖ It should be invested in existing facilities to improve community access and / or the quality of service offered
  - ❖ Facilities must benefit residents in the immediate vicinity of the Barbican
  - ❖ Priority will be given to schemes that benefit those groups most disadvantaged by the loss of facilities on the Barbican site
  - ❖ Preference will be given to schemes that lever in funding from other sources
  - ❖ Investment must be in the form of capital, not revenue
  - ❖ Schemes must be sustainable (there must be no requirement for ongoing funding from the Council)
4. In July 2008 the Executive Member agreed to allocate the money as follows:
  - ❖ £25k for Space 109 to develop the shop next door as space for their community arts centre.
  - ❖ £175k for Accessible Arts and Media as a contribution to a £500k scheme to take forward a refurbishment of the Melbourne Centre. Part funded by the Big Lottery Fund the scheme would make the building more sustainable

and environmentally sound, providing the first community centre to ensure that people with disabilities can use the space in a fully integrated manner

5. The Space 109 scheme has now been implemented and the Council is at the point of paying over the final instalment of the £25k. Unfortunately the Accessible Arts and Media scheme has not been able to move forward. The capital and revenue consequences of the proposed scheme were beginning to impact negatively on the charity and it became necessary for them to withdraw from the scheme. They have subsequently relocated to Burtonstone Community Centre.

### **Consultation**

6. All the community organisation and stakeholders in Guildhall and Fishergate wards were first written to in May 2006 to inform them about this fund and invite them to submit project or investment ideas that would meet these criteria. It was also advertised through the ward committee meetings and newsletters. This process was repeated in February this year. Outline ideas were sought capable of demonstrating:
  - ❖ That the organisation is in support of the idea
  - ❖ That the project is broadly feasible – e.g. any necessary land or other assets are available or can be acquired
  - ❖ Broadly how much it will cost
7. A public meeting was held in May 2008. Five community organisations were represented and there was a round table discussion with local members about the potential ideas. Consideration was given to whether there were any common themes or approaches emerging but the conclusion reached was that the ideas were in fact quite separate. Following the discussion organisations still interested were asked to submit formal proposals in June 2008.
8. Since the demise of the Accessible Arts and Media scheme consultation has taken place with the ward councillors, Fishergate School, Accessible Arts and Media, York CVS, current Melbourne Centre user groups, and a range of potential new community user groups.

### **Proposal**

9. The Melbourne Centre is now effectively empty although Accessible Arts and Media have continued to provide a management service to allow a small number of remaining community groups to continue to use it. A wide range of possible alternative users for the Melbourne Centre have been followed up by officers in consultation with stakeholders. Only one scheme has come forward that appears to be viable. This is from the Blueberry Academy.
10. Under this proposal the Blueberry Academy would take a 15 year lease on the Melbourne centre to provide affordable community facilities for learning, leisure and other community activities. The Blueberry Academy provides personal development for individuals and organisational development for the private, public and third sector with a focus on skills development:

- Andy Bucklee (Director of Learning and Curriculum), has pioneered innovative learning experiences for adults with learning difficulties and is instrumental in the development of Skills for Work initiatives - modernising literacy and numeracy learning to embed skills for the workplace and personal development.
  - Andrew Cambridge (Director), has 15 years experience of supporting adults with learning difficulties and has developed regionally and nationally recognised projects for disabled people and clients with mental health issues.
11. The Blueberry Academy would establish a new not-for-profit organisation to fit the business and community needs of the centre, local community, school, church and the Council. With clear terms of reference this would enable partners to have confidence in the vision for the centre whilst reducing some operational costs (such as rates) and open up new funding channels to help the sustainability of the centre.
  12. The Melbourne Centre has several current user groups who will be accommodated into the new centre management and planning arrangements. The groups will be invited to assist in forming a user group along with new groups using the facilities. The Melbourne centre has also developed a user base of disabled people and accessibility will be incorporated into all future plans and improvement.
  13. Essential work is required to bring the building up to a standard viable for the proposed use. This comprises:
    - ❖ New parking arrangements to ensure the safety of pupils and centre users
    - ❖ Accessible entrance to the Melbourne centre
    - ❖ New heating and electrical system
    - ❖ Asbestos removal
    - ❖ Internal cosmetic improvements to encourage bookings and improve income potential
  14. The business plan will also look towards energy saving and environmentally beneficial solutions to centre operations and for any improvements made to the building and its fixtures. The Blueberry Academy are committed to delivering an ecologically sound operation with all centre proposals adhering to this principle. The team has a vision to take proactive strategic measures to make improvements on social, community and environmental issues.
  15. The centre depends on a successful and sustainable model for paying for efficient day to day operations and building in a strategy for future improvements and depreciation. The centre will look to maximise day, evening and weekend markets and will target a blend of community, voluntary and commercial use. The centre will also look to utilise the 'accessibility' of the centre for use by disabled people and people with mobility issues.

16. Precise targets for centre use have not been agreed, though as an initial monitoring target the centre will aim for approximately equal use between community groups, disability groups and commercial users. Example user groups include:
  - ❖ Community groups: Playgroups, local clubs, etc..
  - ❖ Disability groups: Gateway club, Disability Sports groups, etc..
  - ❖ Commercial users: Adult Education, Sports/leisure, meeting/conference space, etc.
17. This blend of users will make use of different income streams and offers the opportunity for a pricing structure which reflects the needs/finances of the groups. A business plan has been developed to create a staffed centre delivering a service for booking rooms and catering for meetings / conferences, and providing a hub for other community activities / ventures.
18. The sustainability of the business plan is dependent on space hire; it does not rely on any commissioned activity from the Council.
19. The management team is experienced in bringing in new funding to continue and improve service and capacity. It is anticipated that key improvements can be made through accessing external funding, though the operational financial model will not depend on lump sum funding after the initial investment. Examples of future developments for the centre include:
  - Changing rooms to support improved use of outside area
  - ICT technology to support learning and provide a hub for community use
  - Social enterprise activity to create jobs and provide development routes for people in social care
  - Environmentally friendly energy solutions for the centre /school

### **Options**

20. The principal options are:
  - a) Not to proceed with any scheme
  - b) To seek an alternative scheme within the Fishergate / Guildhall Ward
  - c) To proceed with the proposed scheme

### **Analysis**

21. If option a) were taken the building could be returned to its owners, the Methodist Church, with 3 months' notice. There would, however, potentially be a dilapidations cost to the Council of around £30k which would have to be funded. The remainder of the £175k could be reallocated within the Council's capital programme.
22. If option b) were to be pursued there is no immediate likelihood of an alternative, viable scheme coming forward to create community facilities. Previous extensive consultation did not reveal any alternative ideas.

23. Option c) is recommended as providing the most effective way to deliver sustainable community facilities for the Fishergate Ward.

### Corporate Priorities

24. This scheme particularly contributes to the Inclusive City aim of improving opportunities for third sector involvement in the shaping, influencing and delivery of services.

### Implications

#### Financial:

25. The Leisure and Culture Capital programme currently has £175k remaining unallocated in the Community Facility budget, in 2010/11.
26. Additional funding would be required to fund the full cost of the required works (see below). This would be funded through prudential borrowing and recharged to the tenant (see below).
27. For the financial year 2009/10 the council will incur a rental charge of £3,000 (£250 a month). In addition the operating costs of the building for the six month period from 1<sup>st</sup> October 2009 when the council became responsible for the costs are £2,580 (£430 a month), for insurance, utilities and cleaning. The total impact on the LCCS budget for 2009/10 will therefore be £5,580 for which there is currently no budget provision.

#### Property:

28. The cost of the required works is as follows:

Element		£
Asbestos removal		22,000
Car Park		51,000
Ramp		8,000
Electrical		16,000
Mechanical		35,000
Painting and new entrance		18,000
		<b>150,000</b>
Contingency	7.5%	11,250
		161,250
Prelims	10%	16,125
		177,375
Professional Fees	15.0%	26,606
		<b>203,981</b>

29. This work would be undertaken by the Council. It would be funded using the £175k available plus prudential borrowing to be recharged to the tenant in the form of an increased rent level payable over and above the rent that the Council will pay to the Methodist Church. Assuming prudential borrowing of £30k and assuming the expenditure and therefore the prudential borrowing takes place in 2010/11, there would be an interest only charge in 2010/11 of approximately £700 followed by 15 annual payments of £2,800. These figures are based on the current interest rate of 4.53%, and would be added to the rent payable, making a total annual rent of £5,800 per annum
30. The rent of £3,000 p.a. (less than £1 per sq ft) is a low rental which reflects the current condition of the building. Refurbishment works would also be excluded on review during the 15 year lease term. Thereafter, the value of the refurbishment works (particularly the improvements to the heating and electrical system) could be taken into account. As the rent charged to Blueberry needs to be sustainable in terms of the proposed hire charges to the 'charitable users', there will be no profit rent for the council i.e. the rent charged to Blueberry will be the same as that paid by the council (plus the additional amount to cover the loan). Therefore, the council are not receiving any monetary return on the £175k invested in the refurbishment. However, the council would be ensuring the provision of community facilities in line with its policy on community use of assets.
31. The risk to the council is that if Blueberry is not successful in sustaining the centre, it could serve Notice to terminate and the council would be left with a building which it had no use for and potentially other users which it would need to manage. If that happened, the council would look for another community group to manage the centre which would not only take time but may not necessarily be successful.
32. The head lease between the Methodist Church and the council will be on the following terms:
- 15 year term
  - Rent - £3,000 p.a.
  - 5 yearly rent reviews
  - 5 yearly break clauses proposed
  - Full Repairing and Insuring
33. The sub-lease between the Council and Blueberry will be on the following terms:
- 15 years less 1 day
  - Rent - £3,000 p.a. (plus additional amount to cover the loan)
  - 5 yearly rent reviews
  - Contracted out of security of tenure provisions
  - Annual break clauses on Blueberry giving 6 month's Notice
  - Full repairing and insuring

- Use – in line with other community assets and allow for public use but also allow income to be generated to ensure the viability of the centre

34. There are no human resources, legal, equalities, crime and disorder, or IT implications.

### **Risk Management**

35. There will be an acceptable level of risk with regular monitoring of the capital project and an appropriate lease in place.

### **Recommendations**

36. The Executive Member is asked to:
- a. agree to £175k being allocated to fund works on the Melbourne Centre subject to fulfilment of the conditions set out in paragraph 33
  - b. recommend the required prudential borrowing to the Council's Executive

Reason: To provide excellent community facilities in the vicinity of the Barbican in line with the Council's approved Leisure Facilities Strategy.

### **Contact Details**

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**Report Approved** ✓ **Date** 18.1.10.

#### **Specialist Implications Officers:**

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**Wards Affected:** Fishergate, Guildhall

**All**

**For further information please contact the author of the report**

#### **Background Papers:**

*Leisure Facilities Update:* Report to the Executive of 2 May 2006.

*Investment in Community Facilities: £200k fund:* Report to the Executive Member for Leisure and Culture and Advisory Panel of 15 July 2008