

AGENDA

EXTRAORDINARY MEETING OF THE ENVIRONMENT AND LEISURE OVERVIEW AND SCRUTINY COMMITTEE



Overview and Scrutiny

Date: Tuesday 3 March 2009

Time: 6.30 pm

Venue: Heather House, Bicknor Road,
Parkwood, Maidstone, Kent
ME15 9PS

Membership:

Councillors: Mrs Blackmore (Chairman), Yates
(Vice-Chairman), Butler, Chittenden,
Daley, Field, Gooch, Hinder and Verrall

Page No.

1. The Committee to consider whether all items on the agenda should be web-cast.
2. Apologies.
3. Notification of Substitute Members.

Continued Over/:

Issued on 24 February 2009

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact Esther Bell on 01622 602463**.

To find out more about the work of the Overview and Scrutiny Committees, please visit www.digitalmaidstone.co.uk/osc

**David Petford, Chief Executive, Maidstone Borough Council,
Maidstone House, King Street, Maidstone Kent ME15 6JQ**

4. Notification of Visiting Members.

5. Disclosures by Members and Officers:

- a) Disclosures of interest.
 - b) Disclosures of lobbying.
 - c) Disclosures of whipping.
-

6. To consider whether any items should be taken in private because of the possible disclosure of exempt information.

7. Call-In: Management of Lettable Community Halls:

1 - 18

Interview with:

- Leader of the Council, Councillor Chris Garland;
- Cabinet Member for Leisure and Culture, Councillor Brian Moss;
- Community Development and Social Inclusion Manager, Ian Park;
- Property and Procurement Manager, David Tibbit; and
- Community Funding Officer, David Terry.

Maidstone Borough Council

Environment and Leisure Overview and Scrutiny Committee

Tuesday 3 March 2009

Call-In: Management of Lettable Community Halls

Report of: Overview and Scrutiny Officer

1. Background

- 1.1. Councillors Batt and FitzGerald have called-in the decision of the Cabinet with regard to "Management of Lettable Community Halls".
- 1.2. In order to assist Members in their consideration of this issue the following documents have been distributed:

Document
Call-in Form
<i>Report for Decision: Management of Lettable Community Halls</i>
<i>Record of Decision of the Cabinet: Management of Lettable Community Halls</i>

- 1.3. The Leader of the Council, the Cabinet Member for Leisure and Culture, the Community Development and Social Inclusion Manger, the Property and Procurement Manager and the Community Funding Officer will be in attendance at the meeting for interview.

2. Recommendation

- 2.1. The reasons for calling-in the Cabinet's decision are stated as:

"An inappropriate response to the issue for decision. Lack of supporting financial evidence or adequate user information for Members to respond. No progress made to setting alternative management arrangements and no action agreed to work toward a sustainable outcome for each hall. It fails to provide the answers for funding or managing the halls in the short, medium or long term but simply allows everything to be monitored while the Council muddle on for another year."

- 2.2. The Committee should consider the decision of the Cabinet against the above reasons.

2.3. Having considered the call-in the Committee has three options for action:

- (i) **Take no action** – the decision will be implemented as taken by the Cabinet on 11 February 2009.
- (ii) **Refer to Cabinet** – the comments of the Committee will be referred to the Cabinet for reconsideration of the decision within five working days, after which a final decision will be made.
- (iii) **Refer to Council** – the comments of the Committee and decision of the Cabinet will be referred to Council. If Council does not object to the Cabinet’s decision it will be implemented. If Council does object it does not have power to make a decision unless the Cabinet’s decision is against the policy framework or contrary to or inconsistent with the budget. Unless that is the case Council will refer its comments back to the Cabinet for reconsideration of the decision within five working days, after which a final decision will be made.

3. Reasons for Urgency

3.1 Call-ins of Cabinet decisions must be heard within ten working days of the expiry of the call-in period. The completed call-in form was received by the Overview and Scrutiny Manager on 19 February 2009 and the call-in period expired on 20 February 2009. The Chair of the Environment and Leisure Overview and Scrutiny Committee has agreed to take the call-in at an extraordinary meeting of the Committee on 3 March 2009.

To: Scrutiny Manager

CALL IN FORM

I would like to call in the decision as detailed below:

Decision making body or individual

Cabinet Decision 11th ^{FOS} ~~December~~ 2009

Decision made

Decisions in respect of Community Halls

Date decision made

11th ~~December~~ 2009
^{FOS}

Reason for calling in the decision

An inappropriate response to the issue for decision. Lack of supporting financial evidence or adequate user information for Members to respond. No progress made to setting alternative management arrangements and no action agreed to work toward a sustainable outcome for each hall. It fails to provide the answers for funding or managing the halls in the short, medium or long term but simply allows everything to be monitored while the Council muddle on for another year.

Desired Outcome

To agree a process of working with the local communities to create a sustainable future for council managed halls. To review all halls owned whether managed or leased by the council and to put in place a policy and programme for returning these halls back to the community. To agree an officer group to action progress.

Desired Witnesses


Officer from Action with Communities in Rural Kent re Management of Halls
Officer Christopher Finch to identify options and some of the solutions available
Officer David Terry Funding and Quirk Information

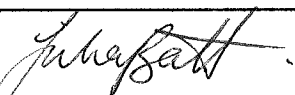
Members calling in decision

1. Cllr. Mike FitzGerald

2. Cllr. Julia Batt

Signed

1. 

2. 

Overview and Scrutiny Committee responsible for examining this decision

ENVIRONMENTAL Culture & Leisure Overview and Scrutiny Committee
But has a big impact on community services

MAIDSTONE BOROUGH COUNCIL

CABINET

11 FEBRUARY 2009

REPORT OF THE ACTING DIRECTOR OF RESOURCES AND PARTNERSHIPS

Report prepared by Ian Park

1. MANAGEMENT OF LETTABLE COMMUNITY HALLS

1.1 Issue for Decision

1.1.1 That Cabinet decide how to achieve the savings of £22,000 required in the budget strategy from the community halls budget:

- a) Whether to close any of the community halls and dispose of the assets. Closure of one or more community halls is considered to be the only way to make the additional savings of £22,000 required from this budget.
- b) Whether to fund Fant Hall on a permanent basis from 2008/09. There is currently no Council budget for the management of Fant Hall, therefore this option would be a growth item

1.2 Recommendation of The Assistant Director of Development and Community Services

1.2.1 In order to make the necessary savings from the community halls budget, it is recommended that:

- a) Heather House, as the most used and serving the most deprived community, is not closed, at a cost of £16,750.
- b) That in the case of Senacre Hall the first option should be to pursue it becoming a skills centre with an attached nursery facility. If this does not materialize, and if no organization can be found to lease the building with a viable business plan, that consideration should be given to closure at an estimated saving of £12,000.

c) That when Beechwood Hall is transferred from the developers to the Council and a lease has been signed with the community hall Fant Hall be closed and the community activities transferred to Beechwood Hall at an estimated saving of £6400.

1.2.2 It is also recommended that in the event of a decision to keep Fant Hall open that a recurring annual Council budget of £8400 be found from growth in order to fund this.

1.3 Reasons for Recommendation

1.3.1 As a result of an earlier report into this matter, the previous Cabinet decided on 19 December 2007:

1.3.2 "That the following community facilities should be retained for a further financial year on the basis that significant progress must be made to setting alternative management arrangements and that funding be provided at the following levels:

Senacre Hall	£27,527
Oakwood Hall	£13,400
Heather House	£6,500
Admin Support	£10,000
One-off funding for equipping Oakwood Hall	£20,000

1.3.3 That the provision of future community halls should be examined as part of the current review of S106 Agreements including consideration of the issues raised in the Quirk Review."

1.3.4 The Halls currently run at a budgeted loss of

Senacre Hall	-	£16,750
Heather House	-	£29,250 (including cost of Cleaner)
Fant Hall	-	£8,400 (Estimated)

1.3.5 Fant Hall was handed back to MBC to run earlier in the year, and currently has no budgets for the costs of the hall; therefore the above figures have been estimated in line with this year's costs to date.

1.3.6 In the budget round for 2009/10, an additional £22,000 has been asked to be saved from the budget for lettable community halls in the next financial year. As there is no profitable council budget for the management of its lettable community halls, in effect this means finding a way to reduce the budgeted loss by £22,000.

1.3.7 Based on the experience of managing and letting these halls, dramatically increasing rental fees in deprived areas in the current economic climate in order to reduce the budgeted loss by this sum is

not considered to be likely to result in increased usage and income, but rather to price the local community out, and actually reduce usage and therefore income. The Council has also been pursuing lease options with a number of community organizations and individuals who expressed initial interest in managing a hall. Lease options which have been based on a lessee running the hall on a self-funding basis in return for a peppercorn rent have not proved viable, as the lessees have been unable to generate the income necessary to substantially reduce the losses, though income targets from rental are likely to be met this year. It is considered that only way this sum can be saved from these cost centres is through closure of one or more of the sites and the successful sale of the land.

Fant Hall

- 1.3.8 During 2008/9 Fant Hall was handed back to the Council by the community organisation operating it and who were operating at a loss. Negotiations are underway to hand this back to another community organization which has expressed interest in managing the hall. However they will not be able to run it and break even and the hall will need to be subsidised. The unforeseen additional annual cost to the council of operating this hall in 2008/9 is £11,317, excluding recharges and building maintenance costs. It is estimated that the equivalent cost for 2009/10 will fall to £8400. There is no provision in the Council's budget for this.

Senacre Hall

- 1.3.9 During 2008/9 efforts have been made to find a community organisation willing to take on the management of Senacre community Hall and a number of exploratory meetings have taken place with community organisations. Unfortunately, despite much publicity including highlighting in the Kent Messenger and officer support, no community organisation has been able to come up with a viable business model to manage the hall on a self sustaining basis.
- 1.3.10 Officers are currently in discussions with Kent County Council as a possible location for the Maidstone Skills Studio initiative while keeping the nursery currently using the hall. This is being progressed.
- 1.3.11 Progress has been made on improving income from rental and the hall has already met its income targets for 2008/9. However, the current deficit to the Council of operating this hall in 2008/9 is £14,779, excluding recharges and building maintenance costs. Despite increased rental income from £9,379 in 2007/8 to an estimated £11,068 in 2008/9 and an estimated £13,000 in 2009/10, the operating deficit for 2009/10 is estimated to be £16,750 due to increases in other costs.

Heather House

- 1.3.12 Heather House is currently managed by a community organisation, Park Wood Plus, through a service level agreement with the Council. The current operating deficit to the Council in 2008/9 for this hall is £28,503. It is estimated to rise to £29,250 in 2009/10. There are heavier recharge and property maintenance charges attached to this building than those applying to Senacre Hall because of its relative age. The Council was successful in its stage 2 application for asset transfer support (Quirk Review) and is exploring the options available. This does not provide funding for asset transfer, but for technical advice on how this would work. It would place the Council in a prime position to apply for Government funding to improve the fabric of the building and its infrastructure should there be a second bidding round. The outcome of this is as yet unknown.

Oakwood Hall (Beechwood Hall)

- 1.3.13 Oakwood Hall (known as Beechwood Hall) is still in the hands of the developers. There is a community association ready and willing to manage the hall, following transfer to the Council from the developers. The Council has allocated one-off sums of £20,000 to equip the hall and a further £20,000 for start-up costs. It is intended that this hall, when fully operational, will operate at minimal cost to the Council and so the management of this hall does not form part of this report.

Impact of Closures

- Social Impact

- 1.3.14 There are a number of village and parish halls which appear to operate at a profit or break even. However, Heather House, Senacre Hall and to a lesser extent Fant Hall, all serve residents and communities in deprived urban areas of the Borough, where rent levels are extremely price sensitive, there is limited scope to increase them and there is less community capacity to manage the halls. Such halls are unlikely ever to be cost neutral from rentals alone.
- 1.3.15 Were Senacre Hall to be closed, those currently hiring the hall could be encouraged to hire Heather House in Park Wood. However, this would not be possible for the day nursery currently based in Senacre Hall as Heather House is booked during the day. The day nursery would need to find an alternative location or close. It has 40-70 pupils who live in the

Senacre area. It is unlikely that it would be practicable for the Youth Club for Senacre youths, currently based at Senacre Hall, to move to Park Wood and they would need to seek an alternative location nearer by.

- 1.3.16 Were Fant Hall to be closed, those currently hiring it could be encouraged to hire the new Beechwood Hall once it is transferred from the developers. If Fant Hall was to be closed, then any closure prior to the handover of Beechwood Hall would result in users having nowhere to go.
- 1.3.17 Closure of Heather House would remove the only shared community facility in the most deprived part of the Borough and be likely to have a negative social impact on local residents.
- Financial Impact
- 1.3.18 Closure of Senacre Hall would save approximately £12,000 in 2009/10, excluding rechargeable costs and income generated from any sale of the land.
- 1.3.19 Closure of Fant Hall would save £6,400, excluding recharges and income generated from the sale of the land.
- 1.3.20 Closure of Heather House would save approximately £17,000, excluding recharges and income generated from any sale of the land.
- 1.3.21 The current recession may impact upon the sale value of the land and the ability of the Council to provide a suitable buyer at present.
- 1.3.22 The savings do not take account of any costs associated with maintaining the fabric of the building in the event of no asset sale being made. There may be intrinsic value in the assets for community purposes which can be realized in the form of lease rentals. This value however would be dependent on demand and usage, as outlined in the risk assessment below (1.6.2.V/VI).

Provision of Sustainable Support

- 1.3.23 Currently there is no recurring budget for essential management costs for Fant Hall such as payment of service bills, caretaking, cleaning, utilities, Council Tax and the provision and maintenance of equipment and materials.

1.3.24 Since it is unlikely that these halls will ever be able to be run at an operating profit, if Cabinet wishes to maintain any or all of the lettable community halls on the grounds that the social benefits outweigh the financial costs, then a sustainable budget needs to be in place to allow for this.

1.4 Alternative Action and why not Recommended

1.4.1 There are no options other than those outlined and analysed above which are considered possible in current circumstances. However it would be possible to decide not to make the savings and to maintain the current liability.

1.5 Impact on Corporate Objectives

1.5.1 Successfully managed and appropriately funded community halls help promote quality living and healthier lifestyles, provide lifelong learning opportunities and contribute to sustainable communities.

1.6 Risk Management

1.6.1 There are a number of risks in providing this service while not providing a sustainable budget for it:

- I. Lack of sustainability in operation and vulnerability to financial risk.
- II. Degradation of the interior of the halls due to lack of routine cleaning/caretaking and maintenance of equipment and furnishings.
- III. Unexpected temporary hall closures while funding is found to deal with problems or to pay bills.
- IV. An unwillingness of community organisations to take on a loss making facility.

1.6.2 Risks associated with hall closures:

- I. Closing halls reduces, but does not completely eliminate costs such as council tax and maintenance costs.
- II. The Council has a role in promoting the well being of its residents and closure may not be seen as promoting well being.
- III. As Heather House is well used by the local community of Park Wood, closure may send the wrong signals about the council's approach to its deprived community.
- IV. The day nursery at Senacre House would have to close were no other suitable location found.

- V. The value of a site may be affected by the effects of the recession and this may not be an advantageous time for the Council to look to dispose of it.
- VI. Planning permission for change of use will depend on how 'community usage' in respect of any individual proposal is considered.

1.7 Other Implications

1. Financial	X
2. Staffing	
3. Legal	X
4. Equality Impact Needs Assessment	X
5. Environmental/Sustainable Development	
6. Community Safety	
7. Human Rights Act	
8. Procurement	
9. Asset Management	X

These are implicit in the nature of the report.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision? Yes No

Reason for Urgency

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET

Decision Made: 11 February 2009

Management of Lettable Community Halls

Issue for Decision

To consider how to achieve the savings of £22,000 required in the budget strategy from the community halls budget.

Decision Made

1. That Heather House, as the most used and serving the most deprived community, is not closed, at a cost of £16,750.
2. That in the case of Senacre Hall the first option should be to pursue it becoming a skills centre with an attached nursery facility. If this does not materialize, and if no organization can be found to lease the building with a viable business plan, that consideration should be given to closure at an estimated saving of £12,000.
3. That Fant Hall be retained for a further period of 12 months and the usage monitored, alongside the usage of Beechwood Hall.

Reasons for Decision

As a result of an earlier report into this matter, the previous Cabinet decided on 19 December 2007:

“That the following community facilities should be retained for a further financial year on the basis that significant progress must be made to setting alternative management arrangements and that funding be provided at the following levels:

Senacre Hall	£27,527
Oakwood Hall	£13,400
Heather House	£6,500
Admin Support	£10,000
One-off funding for equipping Oakwood Hall	£20,000

That the provision of future community halls should be examined as part of the current review of S106 Agreements including consideration of the issues raised in the Quirk Review.”

The Halls currently run at a budgeted loss of

Senacre Hall	-	£16,750
Heather House	-	£29,250 (including cost of Cleaner)
Fant Hall	-	£8,400 (Estimated)

Fant Hall was handed back to MBC to run earlier in the year, and currently has no budgets for the costs of the hall; therefore the above figures have been estimated in line with this year's costs to date.

In the budget round for 2009/10, an additional £22,000 has been asked to be saved from the budget for lettable community halls in the next financial year. As there is no profitable council budget for the management of its lettable community halls, in effect this means finding a way to reduce the budgeted loss by £22,000.

Based on the experience of managing and letting these halls, dramatically increasing rental fees in deprived areas in the current economic climate in order to reduce the budgeted loss by this sum is not considered to be likely to result in increased usage and income, but rather to price the local community out, and actually reduce usage and therefore income. The Council has also been pursuing lease options with a number of community organizations and individuals who expressed initial interest in managing a hall. Lease options which have been based on a lessee running the hall on a self-funding basis in return for a peppercorn rent have not proved viable, as the lessees have been unable to generate the income necessary to substantially reduce the losses, though income targets from rental are likely to be met this year. It is considered that only way this sum can be saved from these cost centres is through closure of one or more of the sites and the successful sale of the land.

Fant Hall

During 2008/9 Fant Hall was handed back to the Council by the community organisation operating it and who were operating at a loss. Negotiations are underway to hand this back to another community organization which has expressed interest in managing the hall. However they will not be able to run it and break even and the hall will need to be subsidised. The unforeseen additional annual cost to the council of operating this hall in 2008/9 is £11,317, excluding recharges and building maintenance costs. It is estimated that the equivalent cost for 2009/10 will fall to £8400. There is no provision in the Council's budget for this.

Senacre Hall

During 2008/9 efforts have been made to find a community organisation willing to take on the management of Senacre community Hall and a number of exploratory meetings have taken place with community organisations. Unfortunately, despite much publicity including highlighting in the Kent Messenger and officer support, no community organisation has been able to come up with a viable business model to manage the hall on a self sustaining basis.

Officers are currently in discussions with Kent County Council as a possible location for the Maidstone Skills Studio initiative while keeping the nursery currently using the hall. This is being progressed.

Progress has been made on improving income from rental and the hall has already met its income targets for 2008/9. However, the current deficit to the Council of operating this hall in 2008/9 is £14,779, excluding recharges and building maintenance costs. Despite increased rental income from £9,379 in 2007/8 to an estimated £11,068 in 2008/9 and an estimated £13,000 in 2009/10, the operating deficit for 2009/10 is estimated to be £16,750 due to increases in other costs.

Heather House

Heather House is currently managed by a community organisation, Park Wood Plus, through a service level agreement with the Council. The current operating deficit to the Council in 2008/9 for this hall is £28,503. It is estimated to rise to £29,250 in 2009/10. There are heavier recharge and property maintenance charges attached to this building than those applying to Senacre Hall because of its relative age. The Council was successful in its stage 2 application for asset transfer support (Quirk Review) and is exploring the options available. This does not provide funding for asset transfer, but for technical advice on how this would work. It would place the Council in a prime position to apply for Government funding to improve the fabric of the building and its infrastructure should there be a second bidding round. The outcome of this is as yet unknown.

Oakwood Hall (Beechwood Hall)

Oakwood Hall (known as Beechwood Hall) is still in the hands of the developers. There is a community association ready and willing to manage the hall, following transfer to the Council from the developers. The Council has allocated one-off sums of £20,000 to equip the hall and a further £20,000 for start-up costs. It is intended that this hall, when fully operational, will operate at minimal cost to the Council and so the management of this hall does not form part of this report.

Impact of Closures

Social Impact

There are a number of village and parish halls which appear to operate at a profit or break even. However, Heather House, Senacre Hall and to a lesser extent Fant Hall, all serve residents and communities in deprived urban areas of the Borough, where rent levels are extremely price sensitive, there is limited scope to increase them and there is less community capacity to manage the halls. Such halls are unlikely ever to be cost neutral from rentals alone.

Were Senacre Hall to be closed, those currently hiring the hall could be encouraged to hire Heather House in Park Wood. However, this would not be possible for the day nursery currently based in Senacre Hall as Heather House is booked during the day. The day nursery would need to find an alternative location or close. It has 40-70 pupils who live in the Senacre area. It is unlikely that it would be practicable for the Youth Club for Senacre youths, currently

based at Senacre Hall, to move to Park Wood and they would need to seek an alternative location nearer by.

Were Fant Hall to be closed, those currently hiring it could be encouraged to hire the new Beechwood Hall once it is transferred from the developers. If Fant Hall was to be closed, then any closure prior to the handover of Beechwood Hall would result in users having nowhere to go.

Closure of Heather House would remove the only shared community facility in the most deprived part of the Borough and be likely to have a negative social impact on local residents.

Financial Impact

Closure of Senacre Hall would save approximately £12,000 in 2009/10, excluding rechargeable costs and income generated from any sale of the land.

Closure of Fant Hall would save £6,400, excluding recharges and income generated from the sale of the land.

Closure of Heather House would save approximately £17,000, excluding recharges and income generated from any sale of the land.

The current recession may impact upon the sale value of the land and the ability of the Council to provide a suitable buyer at present.

The savings do not take account of any costs associated with maintaining the fabric of the building in the event of no asset sale being made. There may be intrinsic value in the assets for community purposes which can be realized in the form of lease rentals. This value however would be dependent on demand and usage, as outlined in the risk assessment below (1.6.2.V/VI).

Provision of Sustainable Support

Currently there is no recurring budget for essential management costs for Fant Hall such as payment of service bills, caretaking, cleaning, utilities, Council Tax and the provision and maintenance of equipment and materials.

Since it is unlikely that these halls will ever be able to be run at an operating profit, if Cabinet wishes to maintain any or all of the lettable community halls on the grounds that the social benefits outweigh the financial costs, then a sustainable budget needs to be in place to allow for this.

Ward Members attended the Cabinet meeting and there was strong opposition to the closure of Fant Hall and Cabinet were informed that the income had risen to £1,800 per month following the start of the new management. Cabinet therefore felt it was reasonable to retain Fant Hall and monitor the usage closely for a period of 12 months.

Alternatives considered and why rejected

There are no options other than those outlined and analysed above which are considered possible in current circumstances. However it would be possible to decide not to make the savings and to maintain the current liability.

Background Papers

None

These documents are available at the Council offices.

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Scrutiny Manager by: **20 February 2009**

This page is intentionally left blank