

**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**