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Cabinet Member (Business, Enterprise & Employment)

10 February 2014

**Name of Cabinet Member:**

Cabinet Member (Business, Enterprise and Employment) – Councillor Kelly

**Director Approving Submission of the report:**

Executive Director - Place

**Ward(s) affected:**

**Sherbourne**

**Title:**

*Lease of ROSE Community Centre, Spon End, Coventry*

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**Is this a key decision?**

*No*

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**Executive Summary:**

This report is brought to Cabinet Member to seek approval of the following:

To grant a 30 year lease of the Rose Community Centre in Hope Street, Spon End (identified on the attached plan) to ROSE Community Centre Limited, at nil consideration in accordance with the Council's Community Asset Transfer Policy. The proposal represents a disposal at less than best consideration

**Recommendations:**

Cabinet Member (Business, Enterprise and Employment) is recommended to:

Grant a 30 year lease of ROSE Community Centre, Hope Street, Spon End, Coventry at a peppercorn rent to ROSE Community Centre Ltd.

**List of Appendices included:**

Site Plan

**Other useful background papers:**

**Coventry City Council Community Asset Transfer Policy October 2010.**

**Has it been or will it be considered by Scrutiny?**

*No*

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

*No*

**Will this report go to Council?**

*No*

**Report title:**

**1. Context (or background)**

- 1.1 ROSE Community Centre Limited ("the Organisation") have been in occupation of the ROSE Community Centre, in Hope Street, Spon End ("the Centre") since March 2011. The building, which is surrounded by residential social housing and flats is the former Spon End Play Centre, was built in the early 1970's. After the building was declared surplus to operational use it remained vacant. The Organisation was formed by residents of Spon End in late 2010 as a social enterprise and a non-profit making company, limited by guarantee. It was identified that there was a demand for a community centre in Spon End, and the Centre was let to the Organisation on a short term basis at a peppercorn rent in March 2011, to see if the Organisation's use of the Centre was sustainable prior to considering a community asset transfer of the building. At the time of the initial letting a condition survey indicated a want of repair in the region of £93,000. Having previously been an operational property the Centre had never been commercially let, but the District Valuer assessed the rental value of the property at £10,250 per annum.
- 1.2 The Organisation initially went in to occupation of the Centre under a short term lease for two years with effect from 9 March 2011 and this initial 2 year lease was extended for a further year in April 2013.
- 1.3 Under the terms of the existing short term lease the Organisation are already responsible for all the costs associated with the running of the community centre, including all repairs (limited to the state and condition evidenced by a schedule of condition).
- 1.4 The granting of a longer term lease will give the Organisation the benefit of security of their occupation to ensure the continued successful use of the Centre for the benefit of the community. The long term lease will also enable the Organisation to seek external grant funding.
- 1.5 The Organisation has now successfully applied for a longer lease under the Council's Community Asset Transfer Policy. The Organisation's application was assessed in accordance with the Policy. Scores are awarded on the basis of the legal status of the Organisation, length of time established, quality of business plan and having experience of managing a building. The Organisation has also demonstrated that they have governing body endorsement, have governing documents that are reviewed regularly, that they have an established management committee and that they have equal opportunities and other relevant policies in place.
- 1.6 Where an applicant passes the main application process, officers then work with the organisation to complete a Cost/Benefit Assessment. The Cost/Benefit Assessment seeks to identify the costs of the Council running the community centre as compared with the organisation running it. It also looks at the non-financial benefits. The Organisation meets the requirements of the Cost/Benefit Assessment.
- 1.7 The Centre is located in an area of priority. It runs a range of activities including a Welfare & Benefit Job's Club, cook and eat well sessions, a youth club & holiday clubs for children, parent & toddler groups, church groups and language lessons.
- 1.8 Your officers conclude that the Organisation's application under the Community Asset Transfer Policy meets the criteria of the scheme.

## **2. Options considered and recommended proposal**

### **2.1 Option 1**

To grant a 30 year lease at a peppercorn rent (less than best consideration) to the Organisation, with the Organisation, as tenant, being responsible for all repairs, maintenance and other outgoings in respect of the Centre .

### **Option 2**

To grant a 30 year lease on payment of a premium or market rent to the Organisation, with the Organisation, as tenant, being responsible for all repairs, maintenance and other outgoings in respect of the Centre

### **Option 3**

To grant a further short term lease to the Organisation, as tenant, with the organisation being responsible for all repairs, maintenance and other outgoings in respect of the Centre

### **Recommended Proposal.**

As a result of the outcome of the assessment of the Organisation's application under the Community Asset Transfer Policy it is recommended that Option 1 is adopted and that a long term lease of 30 years, at a peppercorn rent, is granted to the Organisation.

The Organisation would not be in a position to proceed under Option 2, should a market rent be sought.

A long lease will give the Organisation the benefit of security of occupation and enable them to apply for external grant funding, which they do not have with the existing short term lease, or if a further short term lease was offered under Option 3.

The long lease granted under the proposed Option 1 will restrict the use of the Centre to those consistent with a community centre, the Organisation will be responsible for all repairs (limited to an agreed schedule of condition) and all outgoings associated with their occupation of the Centre. A bar on the assignment of the lease will also be imposed.

## **3. Results of consultation undertaken**

### **3.1 None.**

## **4. Timetable for implementing this decision**

### **4.1 Officers within Resources Directorate – Legal Services will prepare and complete a lease with the intention of completing the new lease on expiry of the existing short term lease on 24 April 2014.**

## **5. Comments from Executive Director Of Resources**

### **5.1 Financial implications**

The recommended Option 1 has no ongoing budgetary impact on the Council as there will be no change to the current arrangement in relation to financial responsibilities. The Organisation are already responsible for all repairs to the building and all other outgoings and the Council would continue to lease the property at less than best consideration by granting the lease a £nil rent.

Normally making a permanent asset transfer arrangement would result in the forgoing of a capital receipt. In this case, taking in to account the repairs liability, there would be either a negligible or no capital receipt.

## 5.2 Legal implications

The Council is under an obligation to obtain the best price reasonably obtainable in accordance with section 123 of the Local Government Act in respect of disposals of interests in land and property.

Section 1 of the Localism Act 2011 ("the Act") provides that a Local Authority has power to do anything that individuals generally may do. This General Power of Competence came in to force on 18 February 2012 and replaces the wellbeing powers under Section 2 of the General Disposals Consent Order 2003 which gave Councils the power to dispose of land/property at less than best consideration.

Officers within Legal Services – Resources Directorate will prepare negotiate and complete the 30 year lease to the Organisation.

## 6. Other implications

None

### 6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The proposal will make a positive contribution to several of the Council's core aims including developing a more equal city with cohesive communities and neighbourhoods by providing support and services to people facing disadvantages. The community centre is located in a priority area and it does contribute to the Council's aims and priorities that are embedded in the Sustainable Community Strategy.

### 6.2 How is risk being managed?

The lease will ensure that all health and safety issues are clearly defined as the responsibility of the Organisation.

These risks are not recorded on the corporate risk register.

### 6.3 What is the impact on the organisation?

No direct impact except officer time in completing the lease and in monitoring.

### 6.4 Equalities / EIA

There are no negative or adverse impacts on any particular groups using this community centre.

**6.5 Implications for (or impact on) the environment**

None

**6.6 Implications for partner organisations?**

The impact on partner organisations, community safety and local neighbourhoods is expected to be positive.

**Report author(s):**

**Name and job title:**

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Julie Sprayson	Principal Legal Executive	Resources	23/12/13	23/12/13
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Members: Cllr Kelly	Cabinet Member (Business, Enterprise & Employment)		7/1/14	7/1/14

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## Appendices