

RAYLEIGH GRANGE COMMUNITY CENTRE - LEASE

1 SUMMARY

- 1.1 This report invites Members to consider the future management arrangements for Rayleigh Grange Community Centre which is currently leased to a local community association and run by them. The lease expires in July this year.

2 BACKGROUND

- 2.1 Rayleigh Grange Community Centre was constructed by the Council in the early 1980's following completion of Phase 2 of the Little Wheatleys housing estate and was initially operated as a local authority run hall. However, it was always the intention that it should transfer to a management committee run by the local community.
- 2.2 From the early stages, the local residents' association was in discussions with the Council, but it took several years for a new organisation, the Rayleigh Grange Community Association, to be formed and become sufficiently established to take on the running of the hall. Two District Councillors were appointed to the Association at that time.
- 2.3 Following lengthy negotiations, a 20-year full repairing lease was let from July 1987.
- 2.4 The Rayleigh Grange Community Association is registered as a charity with the aim:-
- "To promote the benefit of the inhabitants of Rayleigh without distinction of sex or political, religious or other opinion by associating the local authorities, voluntary organisations and inhabitants in a common effort to advance education and to provide facilities in the interest of social welfare for recreation and leisure time occupation with the object of improving the conditions of life for the said inhabitants"*
- 2.5 The lease applies to the Community Hall, some rear land and servicing area but not the car park. The hall contains an entrance hall, cloakroom, toilets, two halls with bars, two kitchens, small meeting room and store rooms. In 1991, the Community Association made certain alterations, with approval, namely the installation of mechanical ventilation and internal rearrangements in the cloakroom area to create additional storage space. A floor plan is attached at Appendix 1, although this does not show the later cloakroom alterations mentioned above.

3 CURRENT ARRANGEMENTS AND LEASE

- 3.1 Since the lease was granted, the centre has been operated by the Trustees who are elected at the Annual General Meeting.

- 3.2 The premises are currently used for a wide range of regular activities, including:-
- Parent & toddler and pre-school groups
 - Yoga, short mat bowls, Tai Chi, etc.
 - Stroke Association
 - Scottish Country Dancing, modern sequence dancing, etc.
 - Knitting Club
 - Canine show training
 - Weight Watchers
 - Club for the elderly and less able
 - Family Club, childrens' television, bar snooker and darts
- 3.3 The Association also organises dances and social events some Saturday evenings and there are also private bookings for events such as wedding receptions and birthdays.
- 3.4 The Council still owns the freehold to the building and the Community Association pays an annual rent of £50 pa., which has remained unchanged since the start of the lease. In addition, the Council arranges the insurance for the building, the cost of which is recharged to the Association. This is an unsatisfactory arrangement for the Council as all claims have to be processed by the Council through its insurers and there is a risk that Council officers become involved in discussions about premiums and claims. Other lessors are required to arrange their own building insurance. The NNDR charge is £6,549 pa. but, as a charity, the Association receives 80% mandatory relief. The Association pays the balance.
- 3.5 The Association is keen to renew the lease for a further period. The current open market rental value has been estimated by the Council's advisor as £26,000 pa., but, with the community benefits limitations imposed by the current lease, this is reduced to £20,800 pa. The valuer has commented that other restrictions in the lease, for example, a prohibition on assigning the lease, will further reduce the rental value.
- 3.6 The Council does not lease any other community hall buildings in a similar way, so direct comparison of rents is not possible. For premises such as Hullbridge Sports and Social Club and Rayleigh Town Sports and Social Club, the rents are for adjacent land only and exclude the buildings. In the case of Hullbridge, just under 6.5 hectares (15.9 acres) is rented from the Council for

£4,530 p.a. For the Rayleigh Club, the rent for 4.4 hectares (10.8 acres) is currently £3,770 p.a. Both have periodic rent reviews.

- 3.7 The Council owns the building in Back Lane, Rochford, which is leased over 21 years to the Old People's Welfare Committee for Rochford for use as a day centre. The Council is responsible for maintenance of the external structure of the building together with the heating and hot and cold water systems. The rent is currently £8,800 p.a. with a review every three years. This year, the Council provided a grant of £3,700 to the Old People's Welfare Committee.
- 3.8 The Rayleigh Grange Community Association's constitution provides for the District Council to nominate two representatives to the Association's governing body, but, at present, no such nominations have been made. The nomination of Council representatives to outside bodies including community associations was reviewed in 2003, but Council has, more recently, resolved to appoint to Hockley Community Association and may wish to reconsider appointing to this organisation as well, should the lease be renewed.

4 DISCUSSION

- 4.1 In past years, a number of halls were provided by the Council for the benefit of local communities. In the case of Rayleigh Grange Community Centre, it seems that the lease costs were kept low so as not to impose a financial burden on the Community Association which would inevitably lead to all or most of the activities being of a revenue raising or commercial nature which would run counter to the objectives in setting up the hall. The Community Association is now well established but accounts lodged with the Charity Commission show that it made small losses in recent years, although total funds of £80,000 were carried forward in the last accounts submitted, ending September 2005.
- 4.2 The Council does not currently appoint nominees to the governing body of the Community Association. If the lease is to be renewed, Members may wish to consider whether appointments should be made.
- 4.3 The Centre appears to provide a wide range of activities for the local community, in keeping with the Council's original intentions when the hall was built.
- 4.4 It is unlikely that the hall could be operated as a community facility if the full rent, as outlined in paragraph 3.5, were to be charged. In discussions with representatives of the Trustees, they have said that a significantly higher rent will cause financial difficulties. They have commented that the Association receives no grant funding from the Council and that the organisation is run by volunteers, other than payments to bar staff and cleaners as required. They invest about £10,000 p.a. in repair and maintenance of the building.

- 4.5 If the lease to the Community Association is not renewed, alternative arrangements will need to be made to operate the centre if it is to remain open. The Council no longer directly manages leisure facilities in the way it did when the hall was first opened and does not now have the resources to undertake this type of work.
- 4.6 To provide certainty about the Council's continued support for the centre, a further 21-year lease is recommended. The recent White Paper *Strong and Prosperous Communities* encourages local authorities to foster community participation through community management of local community halls.

5 RISK IMPLICATIONS

- 5.1 By not having regular liaison and influence with the Community Association through nominations to the governing body, there are risks that the hall could, at some time, be operated in a way which is not in accordance with the Council's overall objectives.

6 RECOMMENDATION

- 6.1 It is proposed that the Committee **RESOLVES**
- (1) That a further 21-year full repairing lease be granted in respect of Rayleigh Grange Community Centre, at an annual rent of £100 pa with an annual increase for inflation.
 - (2) Whether to appoint two nominees to the Association at Annual Council, for the Civic Year 2007/08.
 - (3) That the Association is required to insure the building with Rochford District Council's interest noted on their policy.

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Background Papers:-

Letters from Hair & Son dated 2 August 2006 and 7 March 2007.

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