

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

13TH MAY, 2014

REPORT OF GROUP DIRECTOR, COPORATE SERVICES

Author: Mr.S.Dinnick, Head of Corporate Asset Management & Support Services (Tel.No.01443-665781)

OPPORTUNITIES FOR COMMUNITY GROUPS/INDIVIDUALS – REQUEST FROM PONTYCLUN COMMUNITY COUNCIL TO TAKE LEASE OF THE FORMER PONTYCLUN DAY CENTRE

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to seek instructions from Cabinet on a request from the Pontyclun Community Council, to take a lease of the former Pontyclun Day Centre.

2. RECOMMENDATIONS

- 2.1 It is recommended that Members:
- 2.1.1 Agree the use of the subject premises by Pontyclun Community Council under a lease for 5 years, incorporating a tenant or landlord break clause after 2 years. Occupation of the premises will commence on 2 June 2014.
- 2.1.2 Agree that the rent is not collected and a full rent concession is granted for the initial 2 years.

3. BACKGROUND

- 3.1 At its meeting on 8th January 2014, Cabinet approved a series of changes to service provision, including the closure of a number of operational services. The Day Centre at Pontyclun was one of the facilities identified to close.
- 3.2 In anticipation of community sensitivities relating to local service closures, at its meeting on 16th December 2013, Cabinet set out a framework under which Community Groups and individuals could apply to use premises subject to closure, as a base for direct service provision. This framework was based upon the Council's existing policy for concessionary lettings, except that the programme was relaxed slightly.

- 3.3 Currently there are a total of 11 business plans being prepared under this procedure, in respect of 9 buildings. The final date for submission of business plans is 16th May 2014. The process planned was for technical and service managers to analyse these business plans and recommend a course of action in each case to Cabinet. It is anticipated the report dealing with all applications, would be prepared during June or July.

4. **PONTYCLUN DAY CENTRE**

- 4.1 Pontyclun Day Centre forms part of the building used as a Community Centre at Heol yr Orsaf, Pontyclun.
- 4.2 The premises is subject to a single expression of interest from the Community Council. In support of the application, a Business Plan was presented to the Council on 14th April 2014. For information, the Executive Summary within the applicant's business plan is attached as an appendix to this report.
- 4.3 In outline, the proposal is for the Community Council to take over part of the premises under a lease, in order to continue to provide a daily meals service. Catering would be undertaken by a commercial operator under a contract with the applicant. In addition, the proposals anticipate developing a programme of social activities for users of the service and evening use of the leased area to complement activities at the Community Centre.
- 4.4 The financial analysis presented indicates that the service will require a subsidy from the Community Council to operate. The Business Plan, therefore, requests that the rental value of the premises (£5K pa) is not collected in this instance and a full rent concession is allowed.
- 4.5 The rent concession will be further considered at the end of the initial 2 year period. To enable the Council to consider the extension of the rent concession, the Community Council will be expected to submit a financial performance report in a format consistent with the financial information contained in the Business Plan. It will be essential for the financial information to relate to the operation of the replacement Day Centre function only. The costs and income presented must be separately identifiable from the other transactions of the Community Council.
- 4.6 The Business Plan notes that the present Council operated service will end on 31st May 2014. In order to provide continuity and to retain the existing client base, the applicant has requested that the new operation be allowed to open immediately following that date. For this to take place, the catering contractors will need a minimum of two weeks notice. The Council also will need to put in place a suitable form of agreement to cover the use of the premises. It is for this reason that

the proposals contained in this report are brought forward for consideration in advance of other applications under this policy.

5. **COMMENTS ON THE BUSINESS PLAN**

5.1 Following review, officers have the following observations regarding the business plan as presented.

- The proposals represent a broad strategic fit with the Council's objectives and priorities.
- The applicant has provided a level of detail in producing the business plan and appears keen to develop links with other third sector organisations.
- The plan does not seek ongoing support from RCT, other than a rent concession.
- It is accepted that there is scope to extend the range of activities and services provided, both during the day and in the evening.
- There are satisfactory Governance arrangements proposed. RCT would not be in a position to advise the applicant on contractual/technical matters.
- In terms of the catering function, the analysis appears optimistic as regards anticipated costs and levels of service demand, at the prices proposed.
- Although basic information was provided by the Council, the applicant has made its own assumptions regarding electricity charges, water costs, cleaning, support from other Community Councils, and maintenance/depreciation. Initial concerns are that forecast costs may be understated, there is however a small contingency allowance in the financial plan.
- No allowance has been made for contributions towards the costs of volunteer/community organisations.
- The plan assumes financial support from other organisations that is not formally confirmed when the business plan was submitted.
- The plan refers to grants from wider organisations but these are not specific (these are not reflected in the financial appraisal).
- There will be a continuing need to ensure effective cooperation with the programme of events at the Community Centre. This is acknowledged in the business plan and a representative of the Community Centre will be offered a place on the steering group formed to supervise this project.
- The business plan anticipates a significant subsidy from the applicant over the first 5 years of operation. On this basis a full rent concession is recommended, with a detailed review after 2 years.

Appendix 1

Executive Summary within the Business Plan

The proposal is for **Pontyclun Community Council** to enable the provision of a Day Centre Service by:

- taking a lease from RCT Council for the Day Centre premises for a nominal payment,
- taking responsibility for ensuring payment of the cost of the premises including cleaning of shared areas, utility payments and rates,
- making a hire agreement with a commercial caterer who will provide a lunch at an affordable price,
- working with service users to identify the gaps in provision,
- working in partnership with the Royal Voluntary Service, Welcome Friends and the Breakthrough project to develop the provision of social activities,
- working with service users and residents to provide a pool of volunteers and organisers,
- working in partnership with Travol to ensure greater access to the Day Centre,
- increasing revenue by seeking funding support from other bodies and by hiring the facility during evenings and weekends.

Whilst the Community Council will be the leaseholder of the premises and the enabler of the future service, there will be a **Steering Group** of all partners to oversee the operation of the new service.

