

CLAY FARM COMMUNITY CENTRE – GOVERNANCE ARRANGEMENTS

To: Highways and Community Infrastructure Committee

Meeting Date: 19 August 2014

From: Executive Director: Economy, Transport and Environment

Electoral division(s): Trumpington

Forward Plan ref: Not applicable **Key decision:** No

Purpose: This report provides details of the governance and funding proposals for entering into a Joint Management Company with Cambridge City Council to run the Clay Farm Community Centre, further to the report of 3 June. The purpose of the report is to seek agreement from Members to these proposals.

Recommendation: The Committee is asked to agree to:

- a) a 60:40 asset share in the Company (City: County)
- b) a 60:40 share of running costs of the Centre (City: County) capped at £80,000 per annum (index linked)
- c) 2:1 representation on the Board of Directors (City: County)
- d) nomination of the local Member for Trumpington to represent the Council on the Board.

Officer contact:	
Name:	Christine May
Post:	Head of Community and Cultural Services
Email:	Christine.may@cambridgeshire.gov.uk
Tel:	01223 703521

1. BACKGROUND

- 1.1 A report was presented to the Highways and Community Infrastructure Committee on this topic on 3 June. At that meeting it was resolved to:
- a) note the information contained in the report;
 - b) confirm the Council's intention to enter into a Joint Management Company (JMC) with the City Council for the purposes of managing and operating the new Clay Farm Community Centre;
 - c) endorse the approach to negotiating with the City Council as set out in section 3.2 of the report (i.e. on the basis of what is affordable and proportionate to the Council's occupation and use of the building, and minimizes the Council's financial risk.)
 - d) receive a review of financial figures for the project being brought to Committee at a future meeting.
- 2.2 This report sets out the details of the proposed legal and financial situation. The project partnership is hoping to enter into the JMC at the end of September, before awarding the main contract for the building.

2. FUNDING

- 2.1 There are two key financial elements to be agreed. One is the partners' respective stake in the company and the other is the partners' respective revenue share in the running costs of the Centre.
- 2.2 In terms of the partners' shares in the company, the agreement to date is that this will be based on the partners' respective capital contributions to the community elements of the project, which the partners will jointly run through the JMC. A breakdown of the project budget is given at Appendix 1.
- 2.3 The County Council elements of the income are the Section 106 contributions for the Library and Police / Social Care touchdown space, together with a £261k capital contribution towards the library. (This capital contribution was agreed in 2010 following an appeal from the developer. £250k of this is already accounted for in the Business Plan and the remaining £11k is committed within Libraries' capital funding). These contributions are shown shaded in the table at Appendix 1 and total £1,512k.
- 2.4 The City Council elements of the income are for the Community and Youth provision in the building, totalling £2,278k. (Note that the City Council's capital contribution of £2,804k covers the health element of the building, which will be repaid directly to the City Council over time through the rental income from the General Practitioner (GP) surgery, and is therefore excluded from this calculation, as is the s106 contribution for Health).
- 2.5 The total of the County and City Councils' capital contributions for community purposes amounts to £3,790k. The County Council's share in this is £1,512k (39.89%) whilst the City Council's share is £2,278k (60.11%). The partners have therefore agreed to consider this a 60:40 asset share (City: County). As freeholder, the City Council will grant a long lease (at peppercorn) to the JMC. The County Council would then have a 40% share in the value of this lease through its shares in the company, should the company cease for any reason.

- 2.6 In terms of the revenue liability split, the proposal is to share the revenue costs on the same 60:40 proportionate basis. (This ratio is also broadly in keeping with the space occupied by the partners, although the whole purpose of the JMC is to avoid such division of space and to run the centre in a truly integrated and fluid way).
- 2.7 Projections have been drawn up by the City Council's project manager on the running costs of the new Centre, a summary of which is attached at Appendix 2. This sets out the proportion that each partner would be liable for, taking into consideration which parts of the building they occupy and levels of use, and is in the process of being agreed by all partners. The projected costs for the County Council in year 1 are £76,679, although this currently excludes business rates. Allowance is to be made of £80,000 in the demography proposals in the Business Plan to cover the Council's likely revenue costs for this project.

3. GOVERNANCE

- 3.1 The current proposal for membership of the JMC is for there to be 3 Directors on the Board: two Member representatives from the City Council and one Member representative from the County Council. Officers have challenged this unequal representation, however the City Council is majority shareholder and therefore expects to have a majority on the Board. As part of the negotiations, the City Council has accepted the proposal to have a rotating chairman /woman of the Board, with a City Council chair in the first year. The Chairman /woman would have a casting vote in the event of a split vote. It is anticipated that representatives of the other partners in the building and from the community would also be co-opted onto the Board, but they could not be voting members.
- 3.2 Member representation on the Board needs to be agreed by the Council as soon as possible. Local member, Cllr Barbara Ashwood, has already expressed her willingness to stand as the Council's representative on the Board.

4. RISKS AND ISSUES

- 4.1 The final position of the Police in this project is still to be confirmed. The Police and Social Care contributions are joint and it is not yet known how this would be treated should the Police withdraw. The total of these contributions is £712k. However, officers have received assurance from the City Council that project costs will be tailored to meet the capital funding available, and no further contributions will be sought from partners.
- 4.2 The 2:1 ratio of membership of the Board of Directors would mean that the County Council could always be outvoted. Even when the County member was acting as chair, they could still be outvoted by the two City members. This is an ongoing risk for the County.
- 4.3 The Council's revenue liability for the running costs of the building as part of the JMC will be variable and could increase if insufficient income is generated. It will be the responsibility of the JMC Board to control costs within the available budget. Officers are seeking to mitigate the Council's risk by

suggesting a revenue cap within the legal agreement, at £80k per annum (index linked).

5. ALIGNMENT WITH CORPORATE PRIORITIES

The following bullet points set out details of implications identified by officers:

5.1 Developing the local economy for the benefit of all

- The Centre should prove a major draw to Hobson Square, bringing additional footfall to local businesses situated around the Square.
- The Centre itself will provide opportunities for local people to build their skills and access information to support them with job hunting. Some small businesses (e.g. exercise classes, pre school provision) are likely to use the Centre, and it is hoped the café will be run by a social enterprise.

5.2 Helping people live healthy and independent lives

- The Centre will include a GP surgery, the library will provide health information, and the Community Centre will provide facilities for exercise classes, activities for older people and children etc., so healthy living is an important theme running through the overall offer.
- Libraries provide information and resources, including free internet access, which empower people to help themselves.
- This development has the potential to bring substantial benefits to residents in terms of being able to access a range of services in one location.

5.3 Supporting and protecting vulnerable people

- The Centre will provide a range of services to vulnerable people such as elderly, sick and disabled people, including GP surgery and activities provided by Adult Social Care.
- The Library will provide a safe, neutral and trusted place for people to go and meet others, to get information and help, and be supported to access resources and facilities that they might otherwise struggle to access.

6. SIGNIFICANT IMPLICATIONS

The following bullet points set out details of significant implications identified by officers:

6.1 Resource Implications

- The Council's revenue liability for the running costs of the building as part of the JMC will be variable and could increase if insufficient income is generated. It will be the responsibility of the JMC Board to control costs within the available budget. Officers are seeking to mitigate the Council's risk by suggesting a revenue cap within the legal agreement, at £80k per annum (index linked).

6.2 Statutory, Risk and Legal Implications

See above.

6.3 Equality and Diversity Implications

There are no significant implications within this category.

6.4 Engagement and Consultation Implications

- The local community has been regularly engaged and consulted with through the Southern Fringe Community Forum.

6.5 Localism and Local Member Involvement

- A representative of the Trumpington Residents' Association sits on the Project Group, and community representation will also be sought for the Board of the new JMC. It is proposed that the local County Council Member represents the Council as a Member of the Board.

6.6 Public Health Implications

- The Centre will include a GP surgery, the library will provide health information, and the Community Centre will provide facilities for exercise classes, activities for older people and children etc., so healthy living is an important theme running through the overall offer

Source Documents	Location
None	