



## **Prince Charles Close Community Hall**

### **Report by the Executive Head of Adur Homes**

#### **1.0 Summary**

- 1.1 This report considers the terms under which the Council would be willing to lease the community hall in Prince Charles Close, Southwick to an external organisation.

#### **2.0 Background**

- 2.1 The hall is currently used on a regular basis by the Prince Charles Close Playgroup and by an independent martial arts instructor. Both of these pay a hire charge to the Council of £10.00 per session.
- 2.2 Unfortunately, the income from hiring out the hall is less than the cost of running it. In 2007/08, there was a deficit of approximately £850 (excluding the cost of officer time), even though the cost of repairs for that particular year was comparatively low by normal standards. With no other source of income, this shortfall has been funded from the Housing Revenue Account by default.
- 2.3 A report to the Housing and Central Services Committee on 20<sup>th</sup> November 2007 examined the options for making the hall viable and the Committee instructed officers to pursue an option of leasing the building, on a commercial lease and with full repair obligations, to one of the existing current users. In the event of this option being unsuccessful, it was resolved that the hall should be converted into Council accommodation.
- 2.4 Both regular users of the hall showed initial interest in taking on the lease but the martial arts instructor subsequently decided that the hall would not be a suitable venue from which to conduct all of his classes.
- 2.5 Advice was sought from the Council's Estates Section on the terms of the lease and it was recommended that the Council charge a rent of £1,750 per annum, with the lessee being responsible for all repairs, insurance and utility bills.
- 2.6 After considering these terms, the playgroup offered to take on the lease but only at a rent of £1,400 per annum and with the Council continuing to pay for all repairs and building insurance.

- 2.7 This offer was discussed at a meeting of the Asset Management Working Group on 4<sup>th</sup> June 2008, where it was agreed to seek advice from the Community Wellbeing Manager on what assistance (financial or other) could be available to the playgroup.
- 2.8 A meeting with the Community Wellbeing Manager took place on 1<sup>st</sup> July 2008 in which she advised that Community Wellbeing is not in a position to subsidise the running of community halls. Moreover, the community halls for which her section are already directly responsible are now being offered on similar full repairing leases.
- 2.9 She also advised that while funding from external sources may be available for a community association who run a playgroup, this is not likely to be forthcoming for groups that are primarily run on a commercial basis.

### **3.0 Proposals**

- 3.1 Since neither the majority of Prince Charles Close residents nor the users of the hall are now council tenants, it is inappropriate to continue funding the shortfall from the Housing Revenue Account.
- 3.2 The terms of the lease should therefore require the lessee to take on full repairing and insuring responsibilities for the hall.
- 3.3 The playgroup has indicated that it would not be viable for them to take on the lease on these terms but the Council are not in a position to negotiate on continued subsidising of the hall from the Housing Revenue Account. It is therefore proposed that the playgroup be given the option to reconsider their offer before a decision is finally made on the future of the hall.
- 3.4 The alternative option for making the building self-financing would be to increase the charge for hiring the hall. To meet the average annual repair costs, current utility services costs and a notional market rent of £1,750 per annum, it would be necessary to increase the hire charge to approximately £25 per session. However, as it is already difficult to let the hall at £10 per session, an increase of this size is likely to result in even fewer bookings and therefore still not achieve the Council's goal of making the hall self-financing. Charges would also need to be regularly reviewed to take account of rising utility bills and other costs.
- 3.5 If agreement cannot be reached, it is proposed that plans should be drawn up to convert the building into Council accommodation. In this case, the current users should be advised that the hall will not be available for hire from 1<sup>st</sup> August 2009. This will allow them time to find alternative accommodation.

### **4.0 Legal**

- 4.1 The Council has a legal duty to ensure that Housing Revenue Account assets and funding are not used for any purpose other than for that which they were originally intended.

### **5.0 Financial implications**

- 5.1 As set out in section 2.0 of the report.

## **6.0 Recommendations**

6.1 The Cabinet Member for Improved Customer Services is recommended:

- i) to reject the terms offered by the playgroup for taking on the lease.
- ii) to agree that officers should enter into discussions with the Prince Charles Close playgroup organisers to determine a full repairing and insuring lease in line with the terms set out in section 2.5 of this report.
- ii) if agreement on these terms cannot be reached by 28<sup>th</sup> November 2008, to approve that officers advise users that the hall will no longer be available for hire from 1<sup>st</sup> August 2009 and to instruct officers to draw up plans to convert the building into Council accommodation.

## **Local Government Act 1972 Background Papers:**

Housing and Central Services Committee – 13 September 2005  
Housing and Central Services Committee – 20 November 2007  
Housing and Central Services Committee – 4 March 2008

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## **Schedule of Other Matters**

### **1.0 Council Priority**

1.1 To put the customer at the heart of our business and to deliver services as efficiently, effectively and economically as possible.

### **2.0 Specific Action Plans**

2.1 To make best use of an under-utilised council asset.

### **3.0 Sustainability Issues**

3.1 Well maintained and properly managed communal facilities may contribute towards a sustainable community.

### **4.0 Equality Issues**

4.1 Present funding arrangements penalise council tenants at the expense of those living in other forms of tenure.

### **5.0 Community Safety issues (Section 17)**

5.1 Matter considered and no issues identified.

### **6.0 Human Rights Issues**

6.1 Matter considered and no issues identified.

### **7.0 Reputation**

7.1 While the concept of community facilities is often quite popular, this hall is under utilised and does not make best use of Council assets.

### **8.0 Consultations**

8.1 Consultation is on-going with facility users.

### **9.0 Risk assessment**

9.1 Matter considered and no issues identified.

### **10.0 Health & Safety Issues**

10.1 Matter considered and no issues identified.

### **11.0 Procurement Strategy**

11.1 Matter considered and no issues identified.

### **12.0 Partnership working**

12.1 Matter considered and no issues identified.