

"The Committee considered the undernoted report:

"Relevant Background Information

In April 2009, the Committee considered a request from Connswater Community and Leisure Services to extend their lease on the Ballymacarrett Recreation Centre. Committee agreed to a time limited extension during which officers would review the centre's performance and management capacity. If the review was successful, a further lease extension might be offered.

The purpose of this report is to present to committee the outcome of the review and to present recommendations for the future management arrangements of the centre and the related grant aid support.

Pending the outcome of the review, and in light of the group's failure to meet the monitoring requirements in relation to their previous grant aid, Members are asked to note that no grant has been released for the 2010/11 year to date.

Context

Council is committed to the provision of venues for people to gather, meet, participate, share information and celebrate in recognition that Community Centres promote social inclusion, participation and engagement and as such they are often the first point of contact between the individual and wider community involvement. The Council currently support this commitment via 3 delivery models:

- Council owned and managed facilities*
- Community owed and managed facilities.*
- Council owned and community managed facilities*

The latter is a less cohesive category but is generally where council continues to own a building or site but has entered into lease arrangements with local community organisations for the management of the facility. These agreements have evolved over a period of time and appear to have been reactive and usually either as a Council initiative to address under usage of centres via working in partnership with the local geographical community or have developed in direct response to community requests.

While the traditional focus of these centres is on sports and recreation activities, input from Community Services staff has supported the development of broader programmes to address community needs. The range of broad based community programmes varies across each of the independently managed centres. Council currently support 6 such centres through a range of interventions including grants and waiver of rental income, capital charges and maintenance costs.

In March 2004 a report was submitted to a special meeting of the Community and Leisure Services Sub-Committee: the Strategic Review of Council Owned Indoor Leisure Facilities. This report provided the committee with information to facilitate strategic decisions regarding Council-owned indoor leisure facilities. One of the recommendations in the report was that the Ballymacarrett Recreational Centre be transferred to

the community sector subject to satisfying management arrangements and agreement on the detailed terms.

In January 2005, the committee agreed to handover management of this facility to Connswater Community and Leisure Services Ltd (CCLL). This company was formed by Mersey Street Area Residents Association (MARA) and other local interests in order to facilitate the transfer of the management of the Ballymacarrett Recreation Centre from BCC to the control of the local community. The decision was implemented in February 2006, following refurbishment of the centre and on a basis of a 3 year lease.

CCLL is a not for profit organisation and has charitable tax exemption. The Board of Directors is the key decision making body for CCLL. The Board has 8 directors which include the Chair, Vice Chair, Treasurer and Secretary. There are 9 volunteers who work at the centre and include the Centre Manager, Assistant Manager/Administrator and Assistant Administrator. There are also a number of paid cleaning staff.

To facilitate the transfer, Community Services provided regular officer support to the group to ease/enable the management process. During the lease period, reviews have found a number of management issues. The business focus /community need balance became a quarrelsome issue for the board of Directors resulting in some resignations including the Chair, Vice Chair and Treasurer. This further eroded the management capacity of the group: the issue that had been questioned at the start of the lease. One of the group's strengths however was that they had a highly committed and motivated manager who had around him a strong team of volunteers. Sadly, in December 2008 the centre manager unexpectedly died. The organisation, coordination and vision for the centre was largely led by him and the Connswater group had significant adjustments to make if they were to continue to develop the capacity that Mr Cochrane had contributed to the organisation.

CCLL requested an extension to their lease arrangement. Advice was requested from Legal Services who indicated that the Lease allowed for a further extension to the Lease term provided that there is 'no breach or subsisting breach of covenant and there are notice provisions within the Lease for exercising the option to extend by the Lessee'. This was interpreted by Legal Services that any request by CCLL to extend the Lease agreement should be considered favourably by BCC unless they were in breach of the terms of the original Lease agreement.

In considering the extension request, Members discussed a number of considerations including ongoing community need, wider environmental changes, the balance of service delivery and the capacity of the management team. Members also took account of advice from Legal Services which noted that 'under the terms of the original lease the Lessee has the option to extend the lease for a further period of three years, insofar as there is no breach or subsisting breach of covenant'. Legal Services further commented that the terms of the lease note that this option to renew should be formally requested by the lessee 'not less than 2 nor more than 6 months prior to the expiry of the Term hereby granted'.

The lessee missed this time period for service notice on the initial lease, however, given the extenuating circumstances, Council used its discretion to extend under a Heads of Terms agreement to allow for a further 12 month period. This extension would allow for a review of performance (to take place after 6 months) in order to assess the ongoing need for provision and the capacity of the lessee to manage the contract.

To meet the committee approved need for a review of performance, Community Services sought the support of officers in

- **Audit, Governance and Risk Services (AGRS) in relation to financial management**
- **Legal Services in relation to compliance with the terms of the Lease, Heads of Terms and Funding Agreements**
- **Property & Projects staff in the form of a formal Gate 5 review which examines arrangements in relation to service delivery, contract management, operational management, benefit realization, value for money and performance.**

Key Issues

The findings, recommendations and planned actions were considered under the following headings:

- **Management Structure & Governance Arrangements**
- **Performance Management**
- **Financial Performance**
- **Current Policy & Procedure**
- **Current & Potential Usage**
- **Alternative Local Service Provision**
- **Programme of Development in East Belfast**
- **Options for Future Management**

These findings, which have been outlined to local elected Members, can be summarised as follows.

1. Surplus in accounts:

At year end 2008/09 the CCLS Audited Accounts indicate a balance of £34,113.02. The Board response is that community programmes are now well established and that the associated costs are being supplemented from income generated via service provision. The surplus level for 2009/10 cannot yet be confirmed as Audited Accounts are not yet available.

While this level of ongoing income generation related to service provision is welcomed, Members may wish to review the level of BCC grant subvention required to support local service provision. All of the income generated is via programme fees: charges have been reviewed and are in line with those of BCC leisure centres.

Given the withholding of the 2010/11 grant support pending the receipt of outstanding monitoring returns, the organisation has been using the accumulated reserve to resource operational overhead costs. This reserve has now been exhausted. The group were not in a position to meet their electricity costs and Airtricity the supplier, gave notice that supply would be discontinued. Pending committee decision on the 2010/11 grant allocation, the Director approved the direct payment of £2.385 to Airtricity on the basis that Ballymacarrett is a BCC asset and as such the integrity and security of the building must be maintained and to ensure that BCC can honour current booking agreements pending committee decision.

The group has not demonstrated any potential to lever other income to develop the site.

2. Ineligible use of revenue grant

Monitoring returns have demonstrated the group's ineligible use of their revenue grant on a number of levels. The annual accounts indicate that grant has been used for capital investment without BCC permission: The funding agreement between BCC and CCLS stipulates that funding is provided 'in respect of its revenue (operating) costs', and as such is restricted. The financial statements for years ending for 2008/09 and 2009/10 detail capital expenditure from BCC's restricted funding.

The Board have outlined the detail of the expenditure and this is attached as Appendix 1. They accept this is a breach of the conditions of BCC grant support however the current volunteer centre manager and the re-established Board state they were unaware of the terms of support.

In response to a final demand for information returns, it is now apparent that CCLS have spent a total of £26,015 on volunteer expenses. Officer investigation of this high level of expenditure has found that it relates to volunteer training and development and to volunteer allowances in respect of childcare, travel and subsistence costs. Officers have advised the Board that elements of this expenditure do not reflect legislative or best practice approaches. The Board have been advised to amend practice immediately and that BCC may pursue remedies to recoup related expenditure.

3. Inability to verify 2008/09 accounts by auditors:

The financial statements prepared by the company's accountants (Cunningham, Wilkinson, Maxwell & Co) and reviewed by AGRS were unaudited. It is therefore difficult to complete an authoritative review of the financial information in the accounts due to the unaudited nature of the data. The Accountants' Report as part of the financial statements for the year ended 30 June 2009 refers to the death of the Centre Manager, and the subsequent loss of information held on his computer, restricting the accountants' ability to verify all entries. According to their report, they have sought confirmation from the remaining staff in the completion of the report. This raises concerns regarding the completeness, accuracy and robustness of the financial information presented.

The Board have submitted draft accounts for 2009/10 and indicate that unqualified accounts will be forwarded to BCC by November 2010.

4. Current Policy & Procedure:

Business continuity has been a major issue for the centre. While a new structure has been introduced which is developing processes and procedures as well as management information systems, there is still a heavy reliance on the volunteer manager of the centre who deals with all of the issues and problems of the running of the centre. Some improvement is demonstrable in the development and management of centre programme activities however officers believe that the group have still not achieved the necessary level of management competency in order to ensure compliance particularly around financial management.

From inception, and despite repeated periods of intensive officer support, our monitoring has identified ongoing capability issues. This assessment has prompted requests to extend officer assistance and, while Members were concerned at the resource implications of this, they agreed a further extension when the CCLL committee difficulties again arose in May 2008. To inform the request to extend the lease, BCC completed a Gate 5 review. The findings reinforce an ongoing officer assessment that, without the additional and consistent BCC officer involvement over and

above that provided to other independent community organisations, this group demonstrate ongoing capability limitations which have contributed to some serious management mistakes.

If the BCC grant support is extended, there is therefore continuing evidence of a need for further officer involvement to help build more robust processes and procedures. Furthermore, the group will need to extend the Board Membership in order to address this skills gap.

5. Current & Potential Usage:

The Gate 5 review assessed the current usage of the centre in respect of leisure activities (84%), community activities (15%) and other (1%). It might be extrapolated that, given the significant weighting towards leisure activity at 84%, this activity type forms the balance of the programme on offer. BCC Parks & Leisure have conducted a recent research exercise as part of the Strategic Review of Leisure which is to be used to inform the direction which BCC will take in providing leisure services. The research which is wide ranging but also covers aspects such as current leisure centre provision, including location and costs. Given the sport and leisure aspects of centres such as Ballymacarrett, this review might assist the council in determining the future for the centre. The review would also assist in the setting of objectives and outcomes which best suit the delivery capabilities of the centre.

6. Alternative Local Service Provision:

The Ballymacarrett Recreation Centre is situated within the Ballymacarrett Ward which is classed as being within the top ten wards in relation to high levels of deprivation. Within one kilometre of the centre there are also two BCC owned and managed facilities: Dee Street Community Centre and Avoniel Leisure Centre. There are also several community groups in the area who receive BCC funding.

While many of those interviewed indicated an acceptable level of satisfaction with the services provided at Ballymacarrett Recreation Centre, particularly commenting upon the high level of volunteer commitment, there appeared to be limited awareness of the centre and its activity programme outside of the immediate catchment area. Also, a number of the interviewees felt there is duplication in some of the services being provided. From those interviewed, there are therefore varying views in relation to Value For Money in continuing to finance provision at this location given the availability of other BCC assets locally.

In partnership with Leisure Services, officers have conducted an analysis of the scale and type of activity currently provided at Ballymacarrett against an assessment of local need and the programme capacity within BCC centres and other partner providers. This assessment indicated that the majority of current user groups could be accommodated at either of the 2 BCC local centres or within other local community facilities supported via BCC Grant. While further detailed work would need to be undertaken in advance of any plan to transfer provision to other local venues to ensure proper service coverage in East Belfast, this examination might also identify efficiencies and ensure that the services BCC are responsible for are providing value for money for the ratepayers of Belfast.

7. Programme of Development in East Belfast:

Under the auspices of City Investment, Members have been considering the type of development necessary to improve quality of life across various parts of Belfast. In regards to Inner East Belfast there has been strong political direction that rebuilding the local population base is fundamental

to regenerating the whole area. To this end Members are keen to encourage the building of social and affordable housing where suitable sites can be made available. The Council has made a limited start on this by making a small site in Templemore Avenue available for housing. However, Members are more ambitious and a number of sites have been considered including potential school closure sites and the possibility of the Ballymacarrett site, if the centre is no longer viable.

8. Development activities

The review took on board development activities in relation to other projects which are under consideration: Tommy Patten park area as a leisure hub: the Connswater Community Greenway project, a £40m+ scheme that will be on site by the end of 2010/11; the Rapid Transit project: the Skainos Project which is a £20m flagship redevelopment scheme due for completion in 2013: and community led plans for a partnership project to redevelop the old Templemore Avenue School into an East Belfast Network Centre with an official opening planned for June 2012.

Options for Future Management

As part of the review, officers conducted an initial analysis of the options for future management of the site. The options are not necessarily mutually exclusive but rather there may be a possibility of using some of the options together as a stepping stone to achieve the best value for money and realization of tangible social benefits while minimizing risk exposure.

1. Do Nothing – continue funding and extend lease to February 2012

Officers recommend this option is discounted given the concerns raised by the Gate 5 Review and the continued late provision of insufficient monitoring returns both of which point to persistent concerns regarding the capacity of the Board to compliantly manage Ballymacarrett Recreation Centre.

2. Continue funding CCLL and extend lease.

Any proposal to continue to fund CCLL would need to review the level of grant required to maintain service provision and include conditions to address the capacity issues highlighted:

- **Extend Membership of the Board to increase capacity and improve social connectivity beyond the immediate locality.**
- **BCC officer support to revise systems and provide Board and volunteer training to improve governance**
- **Identify and incorporate best practice lessons from other independently managed BCC centres.**

3. Withdraw grant funding and allow continuation of lease until February 2012.

Legal Services indicate there is sufficient evidence to terminate grant funding. Pending the outcome of this review and, given that the group have only recently submitted outstanding monitoring returns, the agreed grant for 2010/11 has not been released. The group have now expended all of the surplus revenue in the running of the centre and indicate they could not proceed without access to BCC revenue support.

The annual rental was reviewed from £11,000 to £17,000 per annum upon extending the term of the lease (May 2009). Given that the rent is considered as part of the gross grant award, if the Council allows continuation of lease / occupation until February 2012 but withdraws grant funding, consideration needs to be given as to whether the group will be liable for the Council rent.

4. Interim measure (Combination of options 1, 2 and 3):

In order to manage an effective withdrawal which will ensure local service provision while proactively engaging with key stakeholders, Members consider an amended grant contract with CCLL:

- Agreed a defined contract end-date (either to calendar or financial year end)**
- Based on the agreed end date above, reassess the level of required financial support;**
- Put in place increased financial management procedures to ensure compliance, for example, BCC officer to pre-approve all payments which must be agreed and recorded by the Board**
- Plan for the scheduled relocation of current service provision and agreed bookings and**
- Immediately identify and extend the Board Membership in order to address this skills gap.**

During this exit time-frame, the CSUM will work with the group to determine current financial status including liabilities. This would include finalising receipt of the 2009/10 unqualified accounts and determining the need for any grant claw back.

5. Research options for alternative stakeholder management of the facility

Officers have continued to liaise with other local providers to determine interest in the local asset. Given the high level of need associated with local youth, BELB Youth Service has recently expressed an interest in relation to their youth provision. Officers are continuing to explore this option.

If this centre is to be occupied by another external body there will need to be clarity from the outset as to the terms of any occupation by them. There is currently a rental assessment of £17,000 p.a in respect of these premises but this is a discounted rent (i.e. as compared to a full commercial rent) to reflect the community type usage. Based on committee decision in respect of all independently managed centres, the service does not invoice this rent but consider it as part of the gross grant award. There is also exemption from rates due to the nature of its use.

Whilst the Recreation & Youth Services (NI) Order 1986 provides that Councils can assist, by financial contribution, or otherwise any person to establish maintain and manage any facilities for recreational social and physical and cultural facilities, the Council would need to be assured that the future use and occupation of these premises by any other body falls within the scope of this Order if a discounted rent is to continue. If Youth Service provision or use by BELB is not something that falls within the Council's remit or can be covered by the Recreation & Youth Services

Order then care needs to be taken as to the terms under which the Council would (if it so decided) to transfer this asset to BELB.

6. Close centre and sell asset

If Members are minded to progress this option, officers will work internally and with external providers to develop a phased exit strategy to allow for a managed withdrawal from the site. This would include:

- a proactive communications strategy to key stakeholders including local residents, user groups, community sector, other service providers and councillors;**
- the identification and planned relocation of some local service provision;**
- work with Asset Management Group to progress development plans for site;**
- work with the Community Safety team to mitigate against any potential anti social behaviour.**

Each of the options carry levels of associated benefit and risk.

Within the Connswater Community Greenway proposals the Recreation Centre site is located adjacent to the proposed 'Main Civic Square' and a proposed Public Realm link from this Square along the Ballymacarret Walkway to the 'Library Square' facing onto Hollywood Road. It is important that any future use options for the Recreation Centre takes cognisance of these CCG proposals to ensure the most effective integration and complementary use of these adjoining land uses.

In planning terms, the majority of the site is shown in dBMAP as open space, although the existing built leisure/community use of the recreation centre as well as the provision of alternative open space as part of the CCG should be a factor in any future redevelopment options. The proposed route of the EWAY Rapid Transit Scheme directly adjoins the centre; and the proposed Connsbank Link & Hollywood Arches Bypass is also located to the east of the centre. The majority of the overall site comprising the Recreation Centre and adjoining lands are held on terms which restrict its use to open space and recreational use. However, a portion of the Recreation Centre site is held on title with no restrictions.

Following a recent officer and Member review meeting regarding the Recreation Centre it was agreed that a planning assessment/options appraisal be undertaken in respect of both the Recreation Centre site and surrounding lands. The Planning Assessment is due for completion on 29 October and a title report has been provided by Legal Services although there remain some further areas for clarification in terms of the Council's ability to have the restrictions lifted or modified. The planning and title information will be used to prepare an Options Report in terms of future use options for these lands on the assumption that the current management arrangements for the centre do not continue.

Conclusion

The review notes a number of major issues in respect of the centre and the capabilities needed to drive the centre forward as a community based resource. The management capabilities have been questioned and, whilst

users have been complimentary about the services / facilities provided, there needs to be more evidence in respect of their successes.

Some stakeholders have raised concerns in respect of the inclusion of the whole community and the VFM aspects of this facility, especially given the financial climate and the potential duplication of services. While the review acknowledges there have been major difficulties for the centre over the last number of years, concern is expressed that 4 years on there is an ongoing need for substantial BCC officer support.

We also acknowledge the need for Community Services to review associated monitoring practices and to revise these in order to address group capacity to protect public funds. The service will immediately move to include a 6 monthly review of progress for all independently managed centres.

Resource Implications

The renewal of the lease would be within revenue estimates but would require ongoing officer input for monitoring and support.

If the lease is not renewed there would be an annual saving to Council of both grant aid and direct payments associated with the maintenance of the capital asset.

- The BCC grant aid for Ballymacarrett for 2010/11 has previously been agreed by committee as £55,183. Officers have not processed any payment in relation to the 2010/11 pending submission of outstanding monitoring returns.**
- The further potential saving is in relation to direct payments associated with the maintenance of the capital asset. These vary annually depending upon need however the total costs in 2009/10, as the last full financial year, were £16,051.**
- Furthermore the rent was assessed by Estates at £17,000 per annum from the date of the extension of lease term. However, based on a previous decision, the level of revenue funding provided to the group is net of this rent.**

The gross funding subvention provided to this group is therefore £88,234 per annum

If any extension is granted, Members may wish to reconsider the level of financial support necessary in order to ensure the continuation of needs based community or leisure services in the area. Any assessment should be informed by the previous grant under spend in 2009/10 and an acceptable level of reserve.

Recommendations

Members are asked to note the findings of the review and to consider the most effective future management arrangements for the site.

Given the persistent concerns over the capacity of the group the evidence would suggest that, without intensive officer support, Connswater Community and Leisure Services Ltd cannot meet the base level requirements necessary to continue to independently manage this council asset.

In order to ensure a managed withdrawal in line with this assessment and to allow time to further develop plans for alternative use of the site in line with the broader development agenda for the east of the city, officers suggest that it might be beneficial to adopt a stepped approach towards this goal. Officers therefore recommend the following:

- 1. Agree a time-frame within which to cease grant support as per option 4 outlined above.***
- 2. Officers work with the group to agree a withdrawal action plan. This plan would calculate the level of grant required to maintain service provision to the agreed exit date. Any release of funds would be conditional on receipt of the 2009/10 unqualified accounts.***
- 3. Impose increased financial management procedures to ensure compliance, for example, BCC officer to pre-approve all payments which must be agreed and recorded by the Board***
- 4. Develop a phased exit strategy to allow for a managed withdrawal from the site. This would include:***
 - A proactive communications strategy to key stakeholders including local residents, user groups, community sector, other service providers and councillors;***
 - the identification and planned relocation of some local service provision;***
 - work with the Community Safety team to mitigate against any potential anti social behaviour.***
- 5. Continue to explore with BELB their expressed interest in managing the site for Youth Service provision.***
- 6. Clarify with Estates Management any ongoing costs if the site is left vacant. Initial assessment would suggest these costs would primarily relate to maintaining site security and the reassessment and removal of the current exemption from rates due to the nature of use.***
- 7. Asset Management Group/ Strategic Policy & Resources Committee to continue to progress development plans for the site.***

Abbreviations

***CCLL – Connswater Community and Leisure Ltd
MARA – Mersey Street Area Residents
CSUM – Community Services Unit Manager
CDO – Community Development Officer”***

After discussion, during which the Committee sought and received confirmation in relation to the management structure, governance arrangements and financial performance, the Committee agreed:

- (i) not to extend the current lease arrangements with the Connswater Community and Leisure Services group for the Ballymacarrett Recreation Centre;***
- (ii) that no further grants be released for the group;***

- (iii) that all further payments to be made by the organisation be pre-approved by Council officers; and*
- (iv) on cessation of the lease, Council officers take control of the facility and undertake the stepped approach as outlined in recommendations 4 to 7 of the report.”*