

Title of Report:	Community Centre Shared Management Agreement – Supplementary Agreement re liability for utilities
Committee Report Submitted To:	Leisure & Development Committee
Date of Meeting:	18 June 2024
For Decision or For Information	For Decision
To be discussed In Committee	No

Linkage to Council Strategy (2021-25)	
Strategic Theme	Healthy, Active & Engaged Communities
Outcome	The Borough comprises cohesive and stable communities which work collaboratively with a range of stakeholders to address issues and deliver on opportunities
Lead Officer(s)	Community Development Manager Head of Community & Culture Head of Sport & Wellbeing

Budgetary Considerations	
Cost of Proposal	n/a
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	1261 – 1283 (S&WB)
Staffing Costs	n/a

Legal Considerations	
Input of Legal Services Required	Yes
Legal Opinion Obtained	Yes

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date: May 24
	DPIA Required and Completed:	Yes/No	Date:

1.0 Purpose of Report

The purpose of the report is to seek approval for a Supplementary Agreement to the Community Centre Shared Management Agreement that removes liability for the utilities from the community group and reduces the level of operating cost grant.

2.0 Background

Council has a stock of 17 community centres, 5 of which (Articlave, Ballybogey, Magilligan, Rasharkin and Stranocum) are currently operated by community groups through a Shared Management Agreement with Council. Council recently agreed to move to a Shared Management Agreement for a sixth centre at Millburn.

In December 2019 Council approved a Shared Management Agreement and Schedule of Maintenance Operations to formalise the legacy arrangements for community centres owned by Council that were operated by community organisations on Council's behalf. This Agreement was later updated in June 2021.

The Shared Management Agreement (SMA) formalised arrangements that were in place with the legacy Councils including provisions for the payment of utilities (electricity, heating and water). The electricity and water bills for four of the centres (Articlave, Ballybogey, Stranocum and Rasharkin) and the heating costs for two of the centres (Articlave and Rasharkin) are all paid directly by Council with the understanding that Council recoup the cost from the community group, however in the case of Magilligan community centre, these are paid directly by the group.

Currently the community groups can apply for a grant of £3,500 towards operating costs through the Community Development Support (CDS) Grant; with groups required to submit a claim with receipts to Council (including utility invoices) for the grant.

In February 2023 when Council agreed to enter into a Shared Management Agreement with Millburn Community Association for Millburn Community Centre, Council recommended a subsidy towards the cost of energy and fuel, subject to the approval of the Minister for Communities, and that the 5 other Community Associations that have a Shared Management Agreement also receive a subsidy dependent on funding in place from the Community Development Support Grant.

3.0 Current Situation

In the main, Councils' community centre stock is old with poor energy efficiency. A significant challenge in recent times for Community Groups managing Council Community centres has been the risk/uncertainty around energy costs while balancing the requirement to keep facility use prices at an affordable level for users.

Council officers are mindful of the need to reasonably protect community groups from escalating energy costs that they have little control over, and to also apply a fair approach to the liability for utility costs across Council owned community centres. At the same time there is a need to streamline the arrangements and reduce bureaucracy for both volunteers and Council staff. Internal audit guidance is to standardise the system for paying for energy costs for all these centres.

The preferred Infrastructure/Energy strategic approach would be to upgrade the facilities to reduce operational energy costs. This is a longer-term option that would require significant capital investment and therefore a short term consistent approach is required.

The Shared Management Agreement model for operating Councils community centres results in significant cost savings to Council as Council no longer need to provide a caretaker or manage bookings. Equally as important is the social value of community groups operating community centres. Benefits include increased community ownership and significantly increased community use of the centres.

4.0 Options Considered

Council Officers from Sport & Wellbeing and Community Development have considered a number of options in relation to liability for utilities and have discussed the options with the community groups. The options considered included:

- i. Council takes liability for all the utilities and then recoups the cost from the community groups and continues to provide an operating cost grant; and
- ii. Council takes liability for all the utilities and does not recoup the cost but rather reduces the level of operating costs grant;
- iii. Council disperses all utilities to the community groups to pay directly and continues to provide an operating cost grant.

5.0 Preferred Option

The preferred option is Option ii. Council pays for the utility costs directly and doesn't seek reimbursement of this cost from the community groups operating the centres but in turn reduces the operating costs grant that is provided to the groups through the Community Development Support Grant (CDSG).

Based on 2022-23 annual account figures the cost of Council expenditure on utilities (electricity, gas, oil and water) and grants (£3,500 Community Development Support Grant) for the 5 centres that are currently operated through a Shared Management Agreement (Articlave, Ballybogey, Magilligan, Rasharkin and Stranocum) was £28,241.

If Council were to apply the terms of the Shared Management Agreement and invoice the groups to recoup the utility costs then the cost to Council would reduce to £17,500.

The cost to Council of the preferred Option ii. (for the 5 current SMAs) where Council pays the utility costs but reduces the level of CDS Grant is £21,446 (based on 2022-23 figures).

Cost implications of each option for Council and the community groups are attached at **Annex A**.

While the cost of the preferred option is slightly higher than the cost of recovering the utility costs and paying out the full CDS Grant, it would remove the internal bureaucracy of invoicing the community groups for fluctuating utility costs as well as the paperwork for groups having to claim for these utility costs through the CDS Grant. As a result, this is deemed to be the preferred option.

Option iii. was eliminated as it would involve a significant amount of administration to set up utility contracts for each of the community groups; any savings from Council bulk buying contracts would be lost; and in the event of a community group deciding to leave the Shared Management Agreement Council would have to take back utility contracts.

In relation to the new Shared Management Agreement to be put in place for Millburn, it is proposed that the same approach is taken in relation to liability for utilities. It was estimated through the business plan that the Centre would be used twice as much when the community group start to operate it as when it was Council run. The transfer of Millburn Community Centre to Millburn Community Association will result in estimated savings of £8,700 to Council, even with a projected increase in utility use, and this is as a result of the removal of staff costs.

The preferred option would appear to be the best arrangement for all parties, particularly for the dual use sites such as Rasharkin (changing rooms & floodlighting) and Millburn (separate area in building leased to playgroup etc) where there are other users of the facility.

Rather than completely withdraw the full Community Development Support Grant for the groups, the level of the grant will be reduced from the highest rate of £3,500 to the lowest rate of £1,250 to cover other costs incurred by the community groups such as insurance and accountancy fees.

6.0 Next Steps

It is proposed that the new arrangement would start from 1st April 2025 as the community groups are in receipt of a 3 year offer of CDS Grant funding with 2024-25 being the 3rd year of that contract. This will give time for the necessary arrangements to be made and a notice period for the groups.

This proposal is made with several conditions:

- It would be subject to an annual review of energy use and of the level of activity taking place in the centre – groups would be expected to submit annual accounts and community usage figures annually;
- 2023-24 usage will be used as a base rate and the groups would be surcharged if energy use exceeds typical use, if they can't justify the increase in cost. An allowance of 10% variance from the base rate would be made and anything above that the group could be charged for;
- Any surplus money generated through venue hire by the group is to be used only for ongoing programme delivery;
- Energy efficiency will be strongly encouraged;
- Sport & Community Facilities Managers will liaise with the Energy Manager to review utility use on an annual basis.

Councils Legal Service has advised that a Supplementary Agreement should be put in place to document both actions i.e Council discharging all utilities, electric and heating and the grant funding being reduced. A copy of the proposed Supplementary Agreement is attached at **Annex B**.

5.0 Recommendation

It is recommended that Council puts in place a Supplementary Agreement to the Community Centre Shared Management Agreements that removes liability for the utilities from the community groups and reduces the level of operating cost grant.

Annex A:

Options for charging for Utility Costs – Comparison of Operating Income & Expenditure for Community Groups and Council

Table 1: Options

Existing Arrangement	Electricity and water bills for four of the centres and the heating costs for two of the centres are all paid directly by Council
Option 1	Council would charge groups for all utilities (as per Shared Management Agreement), or groups continue to pay utility bills if already doing so, and Council continues to provide £3,500 CDS Grant
Option 2	Council takes liability for all utilities (electricity, heating, water) and reduces the CDS Grant to £1,250

Table 2: Net Income for Community Group for each Option

	Net Income for Community Group		
	Existing arrangement	Option 1	Option 2
Stranocum Community Centre	£3,270	£1,962	£1,960
Ballybogey Community Centre	£2,194	£751	£424
Magilligan Community Centre	£1,612	£1,612	£2,397
Rasharkin Community Centre	£9,077	£3,175	£6,827
Articlave Community Portacabin	£2,823	£1,475	£573

Notes:

- Based on 22-23 Income & Expenditure
- Net Income after premises costs (insurance, telephone, wifi etc) have been paid
- Income generated by community groups through venue hire is kept by the groups for programme activity

Table 3: Cost to Council of each option

Net Cost to Council			
	Existing arrangement	Option 1	Option 2
Stranocum Community Centre	£4,808	£3,500	£3,498
Ballybogey Community Centre	£4,943	£3,500	£3,173

Magilligan Community Centre	£3,500	£3,500	£4,285
Rasharkin Community Centre	£10,142	£3,500	£7,892
Articlave Community Portacabin	£4,848	£3,500	£2,598
Total Cost to Council	£28,241	£17,500	£21,446

Notes:

- Based on 22-23 Income & Expenditure
- Includes Community Development Support Grant

Table 4: Millburn Community Centre

	Cost to Council		Cost to Millburn Community Association when SMA in place
EXPENDITURE	If Council were operating the centre	When transferred to Millburn CA	
Staff	£16,752.00	£0.00	£0.00
Utilities	£7,605.00	£12,047.00	£0.00
Maintenance	£3,300.00	£3,300.00	£0.00
Premise	£660.00	£0.00	£1,975.00
CDS Grant		£1,250.00	
Income from hire	£3,020.00	£0.00	£9,040.00
CDS Grant			£1,250.00
Net Income/ Expenditure	£25,297.00	£16,597.00	-£8,315.00

Notes:

- Based on 24-25 Budgets.
- Council will pay no staff costs if facility is under Shared Management Agreement.
- Council will retain utility liability, however projections increased based on doubled usage as projected in Millburn CA Business Plan.
- Council will retain liabilities re Maintenance & Repairs.
- Premises Costs will commence for group, eg telephone, wifi, insurance.
- CDS Grant will be applicable if Millburn CA operate the centre and is presented as a cost to Council.
- Income generated at the Centre will remain with Millburn CA and increase in hire income is reflected as per projected use in Business Plan.

Annex B: Supplementary Agreement for Community Centre Shared Management Agreement re charging for utility costs.



**Causeway Coast & Glens Community Centre
Management Agreement and Schedule of Maintenance Operations
Supplementary Agreement**

This Supplementary Agreement is made between:

Causeway Coast & Glens Borough Council of Cloonavin 66 Portstewart Road, Coleraine, County Londonderry, BT52 1EY (hereafter referred to as 'The Council');

And,

(hereafter referred to as 'The User').

For *(name of Community Centre)*

Supplementary to a Management Agreement and Schedule of Maintenance Operations dated day
of

The Parties hereby agree that Clause 9.4 and 12.1 of the Management Agreement and Schedule of Maintenance Operations, shall cease to have effect and responsibility for payment of electricity, heating and utilities shall be discharged by the Council.

9.4 The User will be responsible for the direct payment of Electricity and Heating Charges. (If and when there are legacy issues outstanding, Council will discuss these directly with the User and any other arrangements must be by written agreement with the Council.)

12.1 The User is responsible for all utilities relating the use of the facility including contact with suppliers and ensuring the appropriate payment process is in place.

It is further agreed that as a consequence of removal of utilities liabilities, the operating costs grant provided to the User by the Council through the Community Development Support Grant (CDSG) shall be reduced to a lower level of grant funding.

SIGNED on behalf of the parties on this day of 2024

Signed and sealed by a representative of **the User** In the presence of

.....

Witness 1

Name
Address

Occupation

.....

Witness 2

Name
Address

Occupation

Signed and sealed by A duly authorised representative of **the Council** In the presence of