

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:-	Cabinet
2.	Date:-	6th August 2014
3.	Title:-	Review of Neighbourhood Centres- Phase Two
4.	Directorate:-	Neighbourhoods & Adult Services

5. Summary

On the 7th April 2014, Min No: 77 refers, the Cabinet Member for Safe and Attractive Neighbourhoods received a report which detailed recommendations to retain 37 of the 60 neighbourhood centres.

It was agreed that further work be undertaken to enable proposals to be finalised for the remaining 23 neighbourhood centres which were considered as unsustainable.

This report details recommendations for 14 of the 23 neighbourhood centres and emerging proposals for the laundry facilities. Recommendations for the remaining 9 neighbourhood centres, laundry and guest bedroom facilities will be submitted to a future meeting.

6. Recommendations

That Cabinet;

- Approve the decommissioning and alternative use of 10 neighbourhood centres (including communal lounge, laundry and guest bedroom facilities) as identified in Appendix 1
- Approve the retention of a further 4 neighbourhood centres as identified in Appendix 1
- Support the rationale for the laundry facilities as detailed in 7.3 and approve the recommended consultation in relation to the proposed increased charge
- Note the proposed next steps identified in 7.6

7. Proposals and Details

7.1. Background

There are 60 Neighbourhood Centres located within an aged persons housing complex across the borough which consist of a communal lounge with kitchen and toilet facilities. Some centres also offer a guest bedroom and laundry facility.

Tenants residing on a scheme with access to a centre have to pay a mandatory communal facility charge (CFC) which is currently set at £4.77 per property per week as agreed within their tenancy agreement for use and access to the neighbourhood centre. This charge provides income for the centres to support the associated running costs.

A review of the centres was initiated following customer requests in relation to the potential to opt out of the CFC and declining usage of the facilities by residents.

In addition, increasing management costs due to rises in utility costs and repairs and maintenance requirements, has resulted in the centres operating at an overall financial deficit and consequently creating budgetary pressures.

A thorough consultation exercise for each of the neighbourhood centres, including communal lounge areas, guest bedrooms and laundry facilities has been undertaken, to determine proposals relating to future use. This included:

- Sending postal surveys to all tenants with follow up calls to non-respondents - Overall a 71% response rate
- Seeking feedback from Ward Members- a response was received from 37 (59%) ward members and at least one ward member attended each consultation meeting
- Community groups and TARA's who utilise the centres have been consulted where applicable
- Holding open meetings at Centres with tenants and Ward Members where centres were identified as unsustainable based on usage, survey results and Ward Member feedback.

A summary of the consultation outcome per centre is attached as Appendix 2.

This exercise enabled recommendations to be finalised for the majority of neighbourhood centres with 37 approved for retention by the Cabinet Member for Safe and Attractive Neighbourhoods on 7th April 2014; minute number 77 refers. It was agreed that further work be undertaken to enable proposals to be finalised for the remaining 23 neighbourhood centres and borough wide laundry and guest bedroom facilities.

The emerging proposals and associated rationale for the guest bedroom and laundry facilities is detailed in sections 7.3 and 7.4. These facilities are integral to the neighbourhood centres. Accordingly, approval for removal of the under used guest bedrooms and laundries within the unsustainable centres (identified in Appendix 1) is requested ahead of final recommendations for these facilities at other locations.

This report details recommendations for 14 of the remaining neighbourhood centres. Recommendations for the final 9 centres will be submitted at a future date following conclusion of recommendations for laundry and guest bedroom facilities.

A programme of investment will be undertaken to improve the service offer within retained centres including both decoration and new furniture as required to encourage further use of neighbourhood centres. This will support the council's wider emerging older peoples housing strategy objectives in relation to maintaining independence, preventing social isolation and promoting health and wellbeing, and will provide suitable facilities for what is hoped will be a wider range of health and social activities.

7.2. Communal Lounge Facilities

The remaining 23 centres were identified as having poor usage and demand and therefore tenants and Ward Members were advised during open consultation meetings in November/December 2013 that usage would need to be increased within the subsequent six months to demonstrate their sustainability for continued use as a communal facility.

During meetings, tenants were offered advice and referral to Age UK Rotherham and Rotherfed in order to support increased activities within the centres.

A desktop analysis of usage has recently been undertaken which identified an increase in activities in 4 of the 23 centres. Accordingly, they are now being recommended for retention with a further review in 12 months.

7.3 Laundry Facilities

There are 52 laundry facilities within the 60 centres across the borough.

Tenants who pay the CFC may use the laundry facility for an additional optional charge at £0.85 per week. The current income does not provide sufficient resources to support the associated running costs. Accordingly, the laundry facilities are not financially viable as they are heavily subsidised by the CFC.

If retained, the laundry facilities will require significant investment to replace the majority of washing and drying machines which are reaching the end of their useful life.

Usage of the laundry varies significantly per scheme. The consultation process identified the following:

- The majority of tenants who use the facilities are keen for them to be retained
- A number of tenants are not adverse to an increase in the current charge
- Some tenants would be willing to consider having their kitchens altered to accommodate their own washing facilities.

Due to the significant deficit associated with the laundry facilities, it is considered that we should set a minimum threshold of 16 tenants or more per scheme as well as an increase in the current charge to justify sustaining the facilities borough wide.

Based upon the proposed minimum threshold and the current average running costs the charge would have to be set at £6.34 per tenant per week to achieve full cost recovery. However this is not considered to be a realistic increase therefore a proposed increase to £3.17 per tenant per week is considered to be reasonable in order to achieve recovery of 50% of the average running costs. We would then phase an increase over the forthcoming years in order to achieve full cost recovery.

Further consultation is required to determine the number of tenants per scheme who would continue to opt into the laundry facility at the proposed charge prior to concluding recommendations. However, a number of laundry facilities within the neighbourhood centres identified as unsustainable already fall below the proposed minimum threshold. As they are integral to the centres, they therefore need to be removed and included in the proposals for alternative use and submitted ahead of final recommendations borough wide.

Tenants affected by the removal of the laundry facility will be offered alterations to their kitchen area to accommodate their own washing machines or the potential to opt into a nearby neighbourhood centre laundry facility. Assistance will also be offered to acquire a washer/dryer if required.

Alternatively, tenants may utilise 3 commercial laundry and dry cleaning premises or 10 laundry collection services which currently operate within the Rotherham area.

7.4 Guest Bedroom Facilities

There are 52 guest bedroom facilities within the 60 centres across the borough.

All guest bedrooms are considered to be unsustainable based on usage and financial information and they also present a management issue in relation to the distribution of keys, collection of money and cleaning.

However, some tenants and Ward Members have asked to retain the facilities.

Recommendations for future use are being concluded.

However, the guest bedroom facilities within the neighbourhood centres identified for decommissioning and alternative use are integral to the units. They are therefore being submitted for decommissioning ahead of final recommendations borough wide.

It is proposed that they are included within conversion/asset transfer proposals where they are located within a one storey unit. Alternatively, guest bedrooms located on the first floor within a two storey building are recommended for decommissioning. They would then be offered to the adjacent residential tenant for an increased weekly rent.

If the tenant is not interested in pursuing this option, it is recommended that we investigate the potential conversion into two units (where feasible) when the adjacent flat becomes vacant.

7.5 Recommendations

Based on a range of parameters including usage, financial information, Ward Member feedback and consultation responses from tenants our recommendations for the remaining 23 neighbourhood centres are as follows:

- Retain 4 neighbourhood centres which are considered to be sustainable
- 10 neighbourhood centres (including communal lounge, laundry and guest bedroom facilities) are considered to be unsustainable, of these it is proposed to:
 - Convert 8 centres to residential units; the centres would be converted and re-let as council homes to support housing need and demand
 - Asset transfer 2 centres; expressions of interest have been received which comply with the relevant policy. This will allow management of the centres and the associated costs to be transferred to the identified group (including removal of the communal facility charge) as well as retaining a community facility. The proposed asset transfer of the 2 units identified will transfer full management and maintenance responsibilities to the lessee. However, if asset transfer does not go ahead then the units will be converted to residential units
- 5 neighbourhood centres have been identified as unsustainable however current usage of the laundry facility is above the proposed minimum threshold. Recommendations will therefore be deferred until the laundry consultation has been concluded
- 4 neighbourhood centres are being deferred pending further analysis

It is recommended that further consultation in relation to the proposed laundry charge is undertaken to enable recommendations to be concluded.

Further information including consultation results, financial information and usage is detailed in Appendix 1.

7.6 Next Steps

Subject to approval, the following steps are proposed;

- 1 Write to tenants and ward members with details of the decision and proposed timescales
- 2 Undertake further consultation in relation to the proposed increased laundry charge to inform recommendations
- 3 Submit final recommendations for the remaining 9 communal facilities, laundry and guest bedroom facilities in the Autumn

8. Finance

The majority of centres operate at a deficit and in 2013/14 there was an overall £83k deficit across the portfolio.

The estimated savings generated from the 10 centres proposed for an alternative use is £34k (based on 2013/14 actual expenditure).

The centres will be surveyed to determine a programme of future investment. An £100k capital investment programme is allocated within 2014/15 to invest in retained centres.

A further £50k revenue budget is allocated within 2014/15 for refurbishment of retained centres which will help to encourage and promote further usage.

The estimated costs associated with the 8 units identified for residential conversion (based on the two centres that have previously been converted) is £400k which would be funded from the Housing Revenue Account (HRA) and there are sufficient resources to facilitate works within 2014/15 Housing Capital Investment Programme. We have received confirmation that the works can be completed during 2014/15. However, the programme of work will be further refined and if necessary provision made within the 2015/16 capital programme as required, to complete the works.

Following conversion and re-letting, the properties will generate a rental income stream.

The average cost of operating a laundry facility is approximately £4875 per annum and the total estimated deficit for laundry facilities within 2013/14 was approximately £217k borough wide.

In addition, the majority of the washing and drying machines are 20-30 years old and will require replacement at around £2k per unit at a total cost of approximately £220k if retained. This is unbudgeted and would create a revenue pressure.

The estimated costs associated with altering kitchen areas in individual properties is approximately £500 per unit. We are looking into the potential to offer washing machines through the furnished homes scheme which would be paid back on a weekly rent. The potential cost to adapt properties that it is proposed will lose their communal laundry facility is approximately £62k.

We have had to put in place weekly cleaning of the guest bedroom facilities at a cost of £16k per annum regardless of whether they are used in order to ensure compliance with health and safety regulations such as legionella prevention.

9. Risks and Uncertainties

A timely decision is required to ensure that the required planning submission for change of use and the completion of construction works can be achieved within the current financial year. Discussions have been held with the Planning Service regarding the proposed conversion. It is not anticipated that there will be an issue with obtaining planning permission based upon the two units which were previously converted.

Whilst we have received initial confirmation that the capital works associated with the proposed conversions can be achieved during 2014/15, we will ensure a finalised programme is developed and make financial provision in 2015/16 as necessary.

The units are located within older persons housing schemes and therefore lettings would have to be sensitive towards the nature of the scheme with a relevant local lettings policy being applied similar to lettings of former warden flats above centres.

It may be necessary to change the terms of the tenancy agreements if the communal facility is to be no longer available or changed to a nearby site. Also if the alternative facility is too far from the site or shared with properties of a different status there may be a danger that they will lose their immunity from right to buy claims.

The usage identified was based on a standard week's activities in each centre which therefore may increase/decrease subject to changes in occupancy.

The proposed recommendations may meet resistance from tenants and ward members.

The centres are currently operating at a deficit and there is no certainty that appropriate funding will be available to subsidise the units in future.

10. Policy and Performance Agenda Implications

The proposals support the following 'Plan on a page' corporate priorities and achievements:

- Ensuring care and protection is available to those that need it the most
 - People in need of care and support have more choice and control to help them live at home
- Helping to create safe and healthy communities
 - People feel safe and happy where they live
 - More people are physically active and have a healthy way of life
 - People from different backgrounds get on well together

11. Background Papers and Consultation

- Cabinet Member for Safe & Attractive Neighbourhoods – 22nd April 2013 - Neighbourhood Centres Review - Initial Recommendations
- Cabinet Member for Safe & Attractive Neighbourhoods – 7th April 2014 – Review of Neighbourhood Centres Phase One

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