

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:-	Cabinet
2.	Date:-	4th February 2015
3.	Title:-	Review of Neighbourhood Centres- Final Recommendations
4.	Directorate:-	Environment and Development Services

5. Summary

Recommendations for 51 of the 60 neighbourhood centres have been approved to date.

It was agreed that recommendations for the remaining 9 neighbourhood centres and borough wide laundry and guest bedroom facilities be finalised following further consultation and usage analysis (Cabinet, 6th August 2014, Min no 29 refers).

This report details the outcome of the consultation process and final neighbourhood centre recommendations.

6. Recommendations

That Cabinet;

- Approves the recommendations identified for each centre in Appendices 1 and 2 and detailed in section 7.6 of the report:
 - Retain 1 centre
 - Decommission 8 centres for an alternative use subject to planning permission
 - Increase the laundry charge to £1.60 with a minimum threshold of 10 tenants resulting in the retention of 29 facilities and removal of 18 facilities
 - Remove 43 guest bedrooms for an alternative use
 - Retain 1 guest bedroom and increase the charge to £10 per night
- Approves the removal of payphones within all neighbourhood centres

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.

A review of the centres was initiated following customer requests in relation to the potential to opt out of the communal facility charge (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 exercise enabled approval of recommendations for 51 of the 60 centres to date as summarised in 7.2 and detailed on a centre by centre basis within Appendix 2.

Further consultation and usage analysis has now been concluded which has enabled recommendations to be finalised for the remaining 9 centres and laundry and guest bedroom facilities borough wide.

7.2. Neighbourhood Centres

We have received approval to retain 41 and decommission 10 centres to date.

The remaining 9 centres which were identified as unsustainable due to poor usage and demand were deferred pending further analysis / laundry consultation.

The consultation has now been concluded and a further analysis of activities / usage has been undertaken which has enabled the remaining recommendations to be finalised as summarised below and detailed for each centre in Appendix 1:

- **Retain 1 centre-** The centre is only used 6 hours per week but operates at a surplus and the majority of tenants wanted to retain it. It is located within a deprived area where we would like to work with the existing Tenants and Residents Association to increase use
- **Decommission 8 centres** - These centres are not very well used, most operate at a deficit and the majority of tenants (on 7 of the 8 schemes) supported removal of the charge and an alternative use

The guest bedrooms will be removed from all facilities recommended for an alternative use as detailed in Appendix 1. However, some of the laundry facilities may be retained if usage is above the proposed threshold (as detailed in 7.3). The recommendations for the laundry facilities within each of the centres are detailed within Appendix 1.

The centres would be converted and re-let as council homes to support housing need and demand subject to planning permission for a change of use. If planning permission is not granted then we may have to consider alternative options i.e. asset transfer, retention and increasing use etc.

Subject to the relevant approvals, the works will be phased with centres already approved for conversion over a two year period (2015/16 and 2016/17).

7.3 Laundry Facilities

There are 53 laundry facilities within the 60 centres across the borough and 2 stand alone laundry facilities (where centres have previously been removed).

Laundry facilities in 8 of the centres have already been approved for removal as part of wider proposals for the centres (6 conversion and 2 asset transfer).

The income generated by the current laundry charge is far lower than the cost of operating a laundry and usage of the facilities varies significantly per scheme. Therefore, the facilities are heavily subsidised by the council and council tenants in general.

In addition, the majority of washing and drying machines are nearing the end of their useful life and require replacement which would create a significant budget pressure.

Accordingly, we have undertaken tenant consultation in relation to a proposal to increase the charge which will enable the facilities to become more financially sustainable. This exercise has enabled us to identify recommendations for each facility.

7.3.1 Laundry Options

The following options have been considered:

Option A) Increase charge to £3.17 per week and adopt a minimum threshold (Not recommended)

Consultation was undertaken on the basis of an increase to £3.17 per week. A minimum threshold of 16 tenants would recover approximately 68% of the operational costs. However, based on this rationale and the consultation undertaken with tenants, only 1 of the remaining 47 laundry facilities met the criteria for retention.

If we reduce the minimum threshold to 10 tenants then 11 facilities would meet the criteria for retention.

Option B) Increase charge to £1.60 per week and adopt a minimum threshold of 10 tenants (Recommended)

This charge is considered to be more realistic based upon the current charge. However, we would continue to subsidise the facilities and therefore need to continuously review usage as well as gradually increasing the charge in the future.

Further consultation has not been undertaken on this basis but it is estimated that around 29 facilities would be retained (based upon the current number of tenants paying the charge and the number of tenants who said they were willing to pay £3.17) and 18 facilities would be removed.

Option A was initially recommended in order for the deficit associated with the laundry facilities to be reduced and for the facilities to become more sustainable. However, tenants expressed that it was a significant increase compared to the current cost and would therefore prefer a gradual increase.

The consultation process also identified that the proposed minimum threshold of 16 tenants is unrealistic and therefore should be reduced to 10.

Accordingly, we have taken into account the outcome of the tenant consultation and are recommending Option B (detailed in 7.3.1) with a further increase and review of usage in 12 months.

If laundry facilities are removed, tenants would be offered with alternative arrangements including:

- Use of an alternative laundry facility nearby (where applicable).
- Altering tenants kitchen areas to accommodate their own washing facilities
- Low cost payment arrangements to hire a washing machine/dryer through the furnished homes team

The removal of the facilities would be undertaken on a phased basis to facilitate kitchen alteration works.

The retained laundry facilities will be subject to a further review of usage in 12 months to ensure that they continue to comply with the minimum usage threshold.

The recommendations for each facility are detailed in Appendix 2.

7.4 Guest Bedroom Facilities

There are 52 guest bedroom facilities within the 60 centres across the borough. Only one of the bedrooms is used on a regular basis and other facilities are not used at all or very infrequently. Recommendations for each facility are detailed in Appendix 2 and proposals are summarised below:

- **Retain as a guest bedroom-** only 1 unit would be retained which is used on a frequent basis however it is proposed that we increase the charge significantly from £0.50 per night to £10 per night as an increase has not been implemented for a number of years. Use of the facility will be reviewed within 12 months.
- **Remove and include in proposed conversion or asset transfer-** 8 guest bedrooms are located within centres approved/proposed for conversion or asset transfer and will therefore be included in this work
- **Utilise as office/stores rooms-** 22 facilities have been identified for potential use by locality based operational staff for hot desking office bases or alternatively for use as storage of equipment by the tenant groups
- **Include within adjacent tenancy-** 19 guest bedrooms are located on the first floor and could be offered to adjacent tenants for an additional weekly rent subject to the feasibility and associated costs. Accordingly, it is proposed that

individual feasibility studies are undertaken when the accommodation becomes void to establish whether it is viable to reconfigure the properties from one to two flats

- **Convert into a self contained flat-** 2 indoor neighbourhood schemes have guest bedrooms which are actually fully functioning flats which would be better utilised as accommodation available to rent subject to the completion of investment works.

7.5 Payphones

Payphones within the majority of centres are no longer used or used very infrequently and it is therefore proposed that they are removed which will generate cost savings.

Tenants are able to access their own mobile telephones and rothercare fobs in an emergency situation within the centre.

As part of the Council's digital inclusion strategy, we are considering the creation of wifi hotspots in a number of the retained neighbourhood centres. This would increase the service offer to tenants by enabling them to access free wifi in the communal lounges of the centres and will also assist in preventing social isolation and promoting digital inclusion. The savings generated can be utilised for the installation and ongoing costs associated with this provision.

7.6 Summary of Recommendations

The recommendations for each centre, laundry and guest bedroom facilities are detailed in Appendices 1 and 2.

Neighbourhood Centres (detailed in 7.2 and Appendix 1)

It is recommended to:

- Retain 1 neighbourhood centre with a further review in 12 months
- Decommission 8 neighbourhood centres subject to planning permission for an alternative use

If the recommendations are approved; 42 centres (70%) would be retained and 18 centres (30%) would be decommissioned overall.

Laundry Facilities (detailed in 7.3.1 and Appendix 2)

Option B (as detailed in 7.3.1) is recommended; increase charge to £1.60 per week and adopt a minimum threshold of 10 tenants. This would result in the retention of 29 facilities and removal of 18 facilities.

Guest Bedroom Facilities (detailed in 7.4 and Appendix 2)

It is recommended that:

- All guest bedrooms are removed for an alternative use (with the exception of Shaftesbury House).
- Approve an increase in the charges for hire of the remaining guest bedroom at Shaftesbury House from £0.50 per night to £10 per night
- Notes that an appraisal of former warden flats and adjacent guest bedroom facilities will be undertaken when the properties become vacant to establish the potential for conversion from one into two units (where feasible)

7.7 Next Steps

Subject to approval, the following steps are proposed;

- 1 Develop a programme and timescale for decommissioning and conversion works within each identified neighbourhood centre
- 2 Develop a programme and timescale for removal of the identified laundry facilities
- 3 Write to tenants and ward members with details of the decisions and proposed timescales
- 4 Develop an investment programme for the retained centres and ensure that ward members are kept informed and tenants are involved in the investment choices
- 5 Periodically review use of retained communal lounge, laundry and guest bedroom facilities and provide an update/recommendations to Cabinet within 12 months

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 8 centres proposed for an alternative use is approximately £6k revenue savings plus maintenance/investment requirements. The estimated costs for residential conversion is £1.1m which would be funded from the 2015/16 and 2016/17 Housing Capital Investment Programme.

Following conversion and re-letting, the properties will generate a rental income stream of approximately £54k per annum for the combined units.

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 and will be removed from the rent account if the centre is removed.

We have allocated a budget to invest in the retained centres in order to improve the service offer which will include both decoration and new furniture as required to encourage further use. Reducing the number of neighbourhood centres has meant that we are able to better focus resources and investment on the most sustainable centres, thus improving the service offer to tenants paying the communal facility charge.

Condition surveys have been undertaken to determine a programme of investment. Works are currently being planned and it is anticipated that the 2014/15 investment budgets (£100k capital budget and £50k revenue budget) will be fully spent on upgrading a number of retained centres including decoration, carpets, new furniture, furnishings and renovation works where required. The centres are being prioritised for investment (based upon their usage levels) and the investment programme and proposed timescales will be shared with ward members once finalised. The tenants

are being involved and consulted in the investment planning i.e. selecting colour choices etc.

A further investment budget will be allocated in 2015/16 and the amount is to be confirmed following budget setting in the forthcoming weeks

Laundry Facilities

The income generated by the current laundry charge of £0.85 per week is far lower than the cost of operating a laundry and usage of the facilities varies significantly per scheme. Therefore, the facilities are heavily subsidised by the council and council tenants in general.

In addition, the majority of washing and drying machines are nearing the end of their useful life and require replacement. The cost of replacing a dryer is approximately £1000 and a washer is £1800. Therefore, if all laundries are retained then the total investment requirement would be approximately £150k borough wide. However, if the proposal to reduce the number of laundries is approved then it would reduce the investment amount to approximately £30k. This work would be funded by the housing capital investment programme.

The average cost of operating a laundry facility is approximately £4815 per annum (for a stand alone facility) and £3815 per annum (within a neighbourhood centre) and therefore the total estimated running costs for laundry facilities within 2013/14 was approximately £190k borough wide. The laundry income received is currently £34k and they therefore generate an approximate £156k deficit (which is absorbed in the overall CFC costs).

Subject to approval of the laundry recommendations for an increase of the laundry charge to £1.60 per week and removal of 18 facilities, the net loss would reduce to approximately £92k per annum based upon the 29 remaining facilities.

We would recommend an increase every year based upon the number of tenants paying the charge to enable full cost recovery to be achieved.

The estimated costs associated with altering kitchen areas in individual properties is approximately £1000 per unit. The potential cost to adapt properties that it is proposed will lose their communal laundry facility is approximately £190k and it would therefore take under three years to payback the investment from the savings generated. This work would be funded from the Housing Capital Investment Programme.

We are able to offer washing machines and dryers through the furnished homes scheme which would be paid back outright or rented through the furnished homes scheme on a one item charge (Washer=£3.25 p/w
Dryer=£2.82 p/w or Washer Dryer=£6.07 p/w)

However, we would need to initially purchase the machines at an approximate cost of £75k. This work would be funded from the furnished homes budget.

Guest Bedroom Facilities

We have had to put in place weekly cleaning of the guest bedroom facilities at an approximate 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 therefore the removal of the guest bedroom facilities will generate a significant cost saving.

The cost of retaining the guest bedroom at Shaftesbury House is approximately £750 and it is anticipated that we will generate a similar level of income based upon the current use and proposed increased charge.

The costs of converting former warden flats and the adjacent guest bedroom facilities will vary per unit and detailed feasibility studies would be undertaken to determine the costs of works and feasibility when each property becomes vacant.

Payphones

The estimated cost savings associated with the removal of payphones is £19k borough wide which may be re-invested in public wifi provision within neighbourhood centres.

9. Risks and Uncertainties

Informal discussions have been held with the Planning Service regarding the proposals for a change of use to residential units. They have stated that we must demonstrate that the existing community use is no longer required and that there isn't any other community use that could benefit from the building before considering allowing a change of use to residential. This is in accordance with the councils UDP policy CR1.5

Accordingly, we are able to justify that the community use is not viable based upon current usage and consultation feedback however there is a risk that planning permission will not be granted and we will then have to consider alternative options.

The units are located within older persons housing schemes and therefore future 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 will 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
- Cabinet- 6th August 2014- Review of Neighbourhood Centres Phase Two

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