

Title of Report:	Millburn Community Centre
Committee Report Submitted To:	Leisure & Development Committee
Date of Meeting:	20 September 2022
For Decision or For Information	For Decision

Linkage to Council Strategy (2019-23)	
Strategic Theme	Resilient, Healthy & Engaged Communities
Outcome	Council will work to develop and promote stable and cohesive communities across the Borough
Lead Officer	Head of Community & Culture Community Development Manager

Budgetary Considerations	
Cost of Proposal	No additional cost outside of existing budgets
Included in Current Year Estimates	YES/NO
Capital/Revenue	
Code	
Staffing Costs	n/a

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:
	DPIA Required and Completed:	Yes/No	Date:

1.0 Purpose of Report

The purpose of this report is to present a Strategic Outline Case in relation to the transfer of operational responsibility of Millburn Community Centre in Coleraine to Millburn Community Association, following a request from the Association.

2.0 Background

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.

In December 2021, Council's Leisure & Development Committee considered a request from Millburn Community Association (MCA) to enter into discussions with Council with a view to taking on responsibility for operating Millburn Community Centre. Council agreed to proceed to develop a Strategic Outline Case to consider the feasibility of the request.

Millburn Community Centre is located at Linden Avenue in Coleraine and includes a large hall, committee room and kitchen. The centre has always been operated by Council with bookings taken centrally through Council with a caretaker on site to accommodate bookings and cleaning. A separate section of the Community Centre was leased in 2011 by Millburn Community Pre-school Playgroup Ltd.

3.0 Strategic Outline Case

In considering the need for the proposed new approach to operational arrangements for the Centre, Council agreed to use the 10 Step approach for successful asset transfer for sports facilities, adopted by Council in May 2021 and adapted where relevant for community centres. A Strategic Outline Case which considers all these aspects is attached at **Annex A** with key matters summarised below.

3.1 Current Use

Millburn Community Centre is currently underused, exacerbated in part by the pandemic and also because a lot of the community activity in the area takes place from MCA's current premises. During 2021-22 there were 4 bookings a week for the community centre as well as several bookings from individual residents for birthday parties.

Millburn Community Association currently operates a youth club, older peoples group and various other activities at their current premises, which consist of office space and training/club activity room situated at 44 Maple Drive in a Housing Executive leased premises. The Association has outgrown the space that it has due to the number of clubs and activities it offers, and is limited in the numbers that can attend activities.

3.2 Proposed Use

If MCA were to take on operation of Millburn Community Centre, they propose to move their current activities to the centre and plan to expand these activities. Their planned programme of activities include: After Schools Clubs, Parents & Toddler Group, Youth Club, Crochet Class, Sewing Class, Monthly Disco, Senior Tea Dance and birthday party room hire. This will result in much increased footfall to the community centre.

The Association employs a Project Manager and has secured funding for the salary of an Activity Co-ordinator for 25 hours per week, initially for a 2-year period. Part of the remit for this staff member will be to engage with the community and ascertain how the association can better help individuals to participate more fully in community activities.

MCA has committed to accommodating bookings from existing user groups and any other external user groups and residents.

3.3 Consultation with Stakeholders

A consultation meeting and follow up telephone interviews were held with each of the existing user groups in Millburn Community Centre as well as with Millburn Community Pre-school Playgroup. Existing user groups were supportive of the proposed change in operational management of the centre if their existing booking arrangements were honoured. Existing users acknowledged that greater community use of the centre would be welcomed.

A publicly advertised online survey was undertaken to hear the views of residents. 87 respondents completed the survey with an overwhelmingly positive response and feedback indicated that there would be increased community activities if there were a transfer of operational responsibility to a local group. 85% of respondents felt that the centre would be better used by the local community if a local group were operating it.

The main reasons for respondents not using the centre regularly at present are that there are no activities taking place that they would like to take part in (47%); they had forgotten it was there (22%) and they don't know how to book it (16%).

Respondents were asked what activities they would like to attend in the centre. A long list of suggestions was provided, many of which related to activities for children and young people, and these have been used by MCA to develop a proposed programme of activities.

3.4 Legal View

Council's legal services have advised that any arrangement for Millburn Community Centre should be similar to that in place for the five existing Shared Management Agreements with community groups operating Council community centres. A Shared Management Agreement is a form of licence and is not a commercial lease with a rent. However, it may still be deemed to be a transfer/disposal at less than best value under section 96 of the Local Government Act/ DFC Guidance and as such will require Ministerial Approval.

3.5 Financial Projections

A business mentor worked with MCA to put together financial projections, should they take on operation of the centre. The income and expenditure projections can be found in Appendix 1 of the attached Strategic Outline Case.

The projections are based on conservative estimates of potential income from use of the community hall for a range of activities in addition to hire of the hall for health and fitness classes. The proposed income streams consider feedback from the Council survey with the community, which achieved a high level of community engagement. Due to uncertainty around energy costs at present, the services of Council's Energy Manager were engaged in order estimate future energy costs.

Projections estimate that there is a deficit of expenditure over income in the first 3 months (01 January to 31 March 2023) of £1,517 and deficits of £6,680 and £4,267 for the years to 31 March 2024 and 2025.

The deficits are due to projected high costs of electricity and gas which are estimated at £19,894 and £22,878 for 2023 and 2024. The main challenge is the risk/uncertainty around energy costs and the requirement to keep prices at an affordable level for users, particularly in consideration that the centre is based in a Neighborhood Renewal area, and therefore supporting primarily residents living within one of the top 10% most deprived areas within Northern Ireland.

Based on the projected high energy and fuel costs, Millburn CA has written to Council expressing their concerns about their ability to be able to generate sufficient income to operate the centre within the current fuel crisis.

There are clearly evidenced advantages to Millburn Community Association taking on the operation of Millburn Community Centre. The level of activity in the centre will significantly increase with the local community benefitting from a range of activities that promote physical and mental well-being. The group have recently secured funding for an additional staff member for 2 years who will proactively work to develop new services and promote usage. In addition, there will be cost savings to Council, including an amount of approximately £10K per year in wages when the services of a caretaker are no longer required.

Council may wish to consider a subsidy towards energy and fuel costs in order to ensure that it is affordable for MCA to take on the operation of the centre and to allow the Association to get established with their planned activities. This could be for a fixed term covering the months of Jan-Mar in the 2022-23 financial year and for the following two financial years up to March 2025.

Council may wish to cover the electricity and gas bills in full for the period Jan-Mar in the 2022-23 financial year. In the first full year of operations ie 2023-24 this subsidy could be equivalent to the amount that Council would pay for electricity and gas, if operational management of the centre does not transfer to MCA, calculated at the current rates of use and based on the predicted increased unit costs. This could then reduce by 50% in the following year.

Calculations for this option to subsidise the energy and fuel costs are included in Section 6 of the attached Strategic Outline Case. It is important to note that the calculations are based on projected unit cost and the actual subsidy if applied would be based on actual unit costs. If the actual unit costs are not as high as projected, then the subsidy will reduce accordingly.

4.0 Options

The options for consideration are:

Option One:

Do Nothing and continue with existing operational arrangement ie Council operated.

Option Two:

Enter into a Shared Management Agreement with Millburn Community Association without any additional subvention in place.

Option Three:

Enter into a Shared Management Agreement with Millburn Community Association and put in place a subsidy towards energy and fuel costs. The subsidy proposed is as follows:

- Jan-Mar 2022-23 - cover the electricity and gas bills in full;
- Apr 2023 – Mar 2024 – subsidise electricity and gas bills by the amount that Council would pay for these, if operational management of the centre does not transfer to MCA, calculated at the current rates of use and based on the predicted increased unit costs.
- Apr 2024- Mar 2025 - subsidise electricity and gas bills by 50% of the amount that Council would pay for these, if operational management of the centre does not transfer to MCA, calculated at the current rates of use and based on the predicted increased unit costs.

An analysis of the costs, benefits and risks associated with each option is provided in detail in Section 6 on page 11 of the Strategic Outline Case. The costs to Council of each option are extracted below for comparison for the two full years of operation ending March 2024 and March 2025.

Option		Revenue Cost 2023-24 (first full year of operation by Millburn CA)	Revenue Cost 2024-25 (second full year of operation by Millburn CA)
1	Option One: Do Nothing and continue with existing operational arrangement ie Council operated	<u>£32,914</u> £29,414 ¹ annual operating costs £3,500 annual Community Development Support Grant (CDSG) to Millburn CA	<u>£34,663</u> £31,163 ² annual operating costs £3,500 annual Community Development Support Grant to Millburn CA
2	Option Two: Enter into a Shared Management Agreement with Millburn Community Association with no additional subsidy/subvention	<u>£8,500</u> £5000 budgeted lump sum for costs incurred directly by Council for buildings maintenance and annual testing £3,500 annual CDSG	<u>£8,500</u> £5000 budgeted lump sum for costs incurred directly by Council for buildings maintenance and annual testing £3,500 annual CDSG
3	Option Three: Enter into a Shared Management Agreement with Millburn Community Association and put in place a subsidy towards energy and fuel costs	<u>£20,163</u> £7,547 subsidy to MCA towards cost of gas ³ £4,116 subsidy to MCA towards cost of electricity £5,000 for costs incurred directly by Council for buildings maintenance and annual testing £3,500 annual CDSG	<u>£15,205</u> £8,679/2 = £4,339 subsidy to MCA towards cost of gas ⁴ £4,733/2 = £2,366 subsidy to MCA towards cost of electricity £5,000 for costs incurred directly by Council for buildings maintenance and annual testing £3,500 annual CDSG

MCA will be encouraged to work with Councils Energy Manager to ensure that energy and fuel costs are kept as low as they can be. If approval is given to the subsidised approach to utility bills, officers will review arrangements with other community operated Council centres.

5.0 Recommendation

It is recommended that the Leisure and Development Committee recommends to Council that it enters into a Shared Management Agreement with Millburn Community Association for the operation of Millburn Community Centre, subject to approval from the Minister for Communities, and that a subsidy is provided towards the cost of energy and fuel as per Option 3.

¹ based on net operating costs in 2021-22 of £21,929 plus £2,669 projected increase in electricity costs based on existing use at projected increased rate plus £4,816 of increased gas costs based on existing use at projected increased rate.

² based on net operating costs in 2021-22 of £21,929 plus £3,286 projected increase in electricity costs based on existing use at projected increased rate plus £5,948 of increased gas costs based on existing use at projected increased rate.

³ increased amount that Council would be paying for electricity and gas, at the current rates of use, based on projected unit increase, if operational management of the centre doesn't transfer to MCA.

⁴ 50% of increased amount that Council would be paying for electricity and gas, at the current rates of use, based on projected unit price increase, if operational management of the centre doesn't transfer to MCA.



**Causeway
Coast & Glens
Borough Council**

Strategic Outline Case

Millburn Community Centre

**Request from Millburn Community Association to enter into a
Shared Management Agreement for operation of Millburn
Community Centre**

August 2022

Draft

Section 1: Project Overview

- 1.0 Millburn Community Centre is located at Linden Avenue in Coleraine and includes a large hall, committee room and kitchen. The centre is owned and operated by Council with bookings taken centrally through Council with a caretaker on site to accommodate bookings and cleaning. A separate section of the Community Centre was leased in 2011 by Millburn Community Pre-school Playgroup Ltd.
- 1.1 In December 2021, Council's Leisure & Development Committee considered a request from Millburn Community Association (MCA) who wish to take on operational responsibility for Millburn Community Centre and propose to run a series of activities in the centre as well as accommodating bookings from external user groups and residents. Council agreed to proceed to develop a Strategic Outline Case to consider the feasibility of the request.
- 1.2 At present Millburn Community Association has its office space and training/club activity room situated at 44 Maple Drive in a Housing Executive leased premises. The Association has outgrown the space that it has due to the number of clubs and activities it offers and they are limited in the numbers that can attend activities.
- 1.3 This is the first instance that a request has been received from a community organisation to take on operational responsibility for a centre that has historically been operated directly by Council. All of the other Council centres that are operated by community organisations were carried over from legacy Councils arrangements.
- 1.4 Council approved a Shared Management Agreement and Schedule of Maintenance Operations in December 2019 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.
- 1.5 Of Councils stock of 19 community centres, legacy arrangements were carried over for five centres (Ballybogey, Stranocum, Rasharkin, Greysteel, Magilligan) with a further 2 community organisations taking on responsibility for portacabins owned by Council that had been community operated (Articlave and Ballykelly). The Agreements with Ballykelly and Greysteel have since ended.
- 1.6 The purpose of this report is to establish if there is a business need for the requested arrangement and to allow Council to decide how best to proceed based on consideration of key issues.

Section 2: Aims, Objectives and Strategic Context

2.1 Aim

To enable decision making about the future operational arrangements for the Millburn Community Centre.

2.2 Objectives

- To present a business case to enable Council to make an informed decision about the future operational arrangements for Millburn Community Centre based on consideration of all relevant aspects;
- To develop the capacity of the community and voluntary sector in the Millburn area to address social isolation and promote community cohesion by ensuring that there is adequate community facilities to host a range of activities and services for all sections of the community on an ongoing basis.

2.3 Strategic Context

The *Causeway Coast and Glens Borough Council Strategy 2021-25* includes several outcomes that the provision of well used community centres contribute towards:

- Citizens and communities are supported to develop improved approaches to health and wellbeing and lifestyle choices as they progress through the Covid 19 recovery journey;
- Citizens will have access to a range of leisure, recreational, green and play environments which support better physical and mental health and wellbeing;
- The Borough comprises cohesive and stable communities which work collaboratively with a range of stakeholders to address issues and deliver on opportunities.

Causeway Coast and Glens Community Development Strategy 2020-23 has 3 main Outcomes which support the provision of community centres as hubs for community activity:

- I. Our Communities will be skilled and confident;
- II. Our Communities will be connected;
- III. Our Communities will be fair and inclusive.

Causeway Coast and Glens Strategic Framework for Community Centre Provision (2016), was developed as a toolkit to guide an area based approach to decision making in relation to community facility provision. Seven key standards for provision in an area are a centre that:

- i. is located within a 10 minute walking or driving distance (urban/ rural),
- ii. open and available for use by all sections of the community,
- iii. neutral, shared and welcoming,
- iv. availability particularly during peak times,
- v. affordable,
- vi. fit for purpose and
- vii. with a diverse range of programming, not just a hall for hire

Section 3: Need, Stakeholders and Constraints

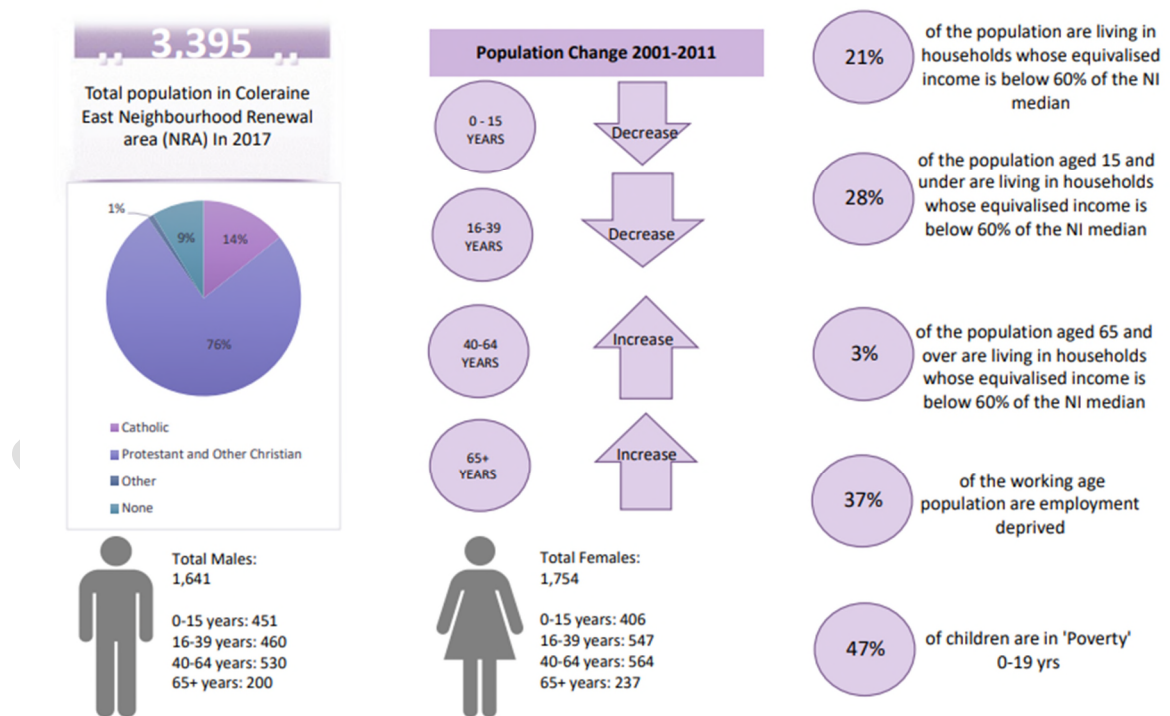
In considering the need for the proposed new approach to operational arrangements for the Centre, Council agreed to use the 10 Step approach for successful asset transfer for sports facilities, adopted by Council in May 2021 and adapted where relevant for community centres.

The following issues are considered as part of the process:

a) What are the needs in the area for the community centre? Can the requesting organisation meet the needs of the community in the centre?

Millburn is located in the Coleraine East Neighbourhood Renewal area, where there is a total population of 3,395 in an area that includes the estates of Millburn and Ballysally. The main statistics for this area are summarised in the table below:

Coleraine East Neighbourhood Renewal Area



As with all community centres, Covid-19 has had a significant impact on usage. The weekly users groups for the Millburn Centre between in 2021-22 are as follows;-

- Athletics NI/Speed Development Project
- Coleraine Surestart Partnership
- Millburn Playgroup
- Zanshin Karate Club
- Run Fit
- Birthday Parties

Millburn Community Association operates, fundraises and provides activities for the local community and provided a high level of support throughout the pandemic. They currently operate a youth club, older peoples group and various other activities at their current premises, which consist of office space and training/club activity room situated at 44 Maple Drive in a Housing Executive leased premises. The Association has outgrown the space that it has due to the number of clubs and activities it offers and they are limited in the numbers that can attend activities. MCA employ a Community Outreach Worker and they plan to move their office to the community centre. They will have an increased ability to meet the needs of the community if they are able to operate their activities from the community centre as they will be able to increase the numbers they are able to accommodate at their clubs and activities as well as being able to increase the number and type of activities they provide.

**b. Can the centre be operated in a more effective way by the requesting organisation?
Can the needs of existing user groups be accommodated?**

Currently Millburn Community Centre is underused, due in part to the pandemic, and also because a lot of the community activity in the area takes place from MCA's current premises. If MCA were to take on operation of the centre they propose to move their current activities to the centre and plan to expand these activities, while at the same time accommodating bookings from existing user groups and any other external user groups and residents. This will result in much increased community use of the centre.

A business mentor through Council's Alchemy programme worked with MCA to develop a business case which includes projected use and financial projections, should they take on operation of the centre. The Association has secured funding for the salary of an Activity Co-ordinator for 25 hours per week, initially a 2 year period. Part of the remit for this staff member will be to engage with the community and ascertain how the association can better help individuals to participate more fully in community activities. It is envisaged that this will result in increased footfall to the community centre.

Their planned programme of activities includes: After Schools Clubs, Parents & Toddler Group, Youth Club, Crochet Class, Sewing Class, Monthly Disco, Senior Tea Dance and Birthday Parties Room Hire. Millburn Community Association also has a large dedicated team of volunteers and 'hands on' committee members willing to assist with organising and supervising a wide range of activities at the centre.

c. Are there any other interested parties?

Council undertook a consultation process to communicate to stakeholders that a request had been received from MCA to take on operation of the centre and to gauge the opinion of all stakeholders in relation to the request. This took the form of telephone interviews with existing user groups and an online survey. No other parties indicated an interest in taking on operation of the centre.

d. Is a Shared Management Agreement the best arrangement?

The Shared Management Agreement is the approved Council model for community organisations operating Council owned Community Centres. Such an agreement allows more flexibility than a lease and allows for inclusion of more specific detail about operational matters. The Agreement still binds both parties but is considered to be less onerous on the operating groups in the longer term.

e. Seek input from Councils Legal Services

Council's legal services have advised that any arrangement for Millburn Community Centre should be similar to that in place for the five existing Shared Management Agreements with community groups operating Council community centres. The decision of Council should also be subject to approval from the Minister in line with DfC Guidance for District Councils on Local Government Disposal of Land at Less Than Best Price (Jan 2021).

f. Seek a rental valuation for the facility

A Shared Management Agreement is a form of licence and is not a commercial lease with a rent. However, it may still be deemed to be a transfer/disposal at less than best value under section 96 of the Local Government Act/ DFC Guidance and as such will require Ministerial Approval. The proposed agreement would have to be valued by a commercial agent and this valuation sent to the Minister as part of the approval process. The cost of this valuation will be borne by Council.

g. Openly consult stakeholders in relation to the change of operational responsibility

A consultation meeting and follow up telephone interviews were held with each of the existing weekly user groups in Millburn Community Centre. Existing user groups were supportive of the change in operation management as long as their existing booking arrangements were honoured. Existing users acknowledged that great community use of the centre would be welcomed.

An online survey was undertaken to hear the views of local residents and this was publicly advertised. 87 respondents completed the survey with a positive response and a feeling that greater community activities would be able to happen if there were a transfer of operational responsibility to the local group.

The main reasons for respondents not using the centre regularly are that there are no activities taking place that they would like to take part in (47%); they had forgotten it was there (22%) and they don't know how to book it (16%).

85% of respondents felt that the centre would be better used by the local community if a local group was operating it. Respondents were asked what activities they would like to attend in the centre. A long list of suggestions was provided, many of which related to activities for children and young people, and these have been used by MCA to source funding for an Activity Co-ordinator to roll out a programme of activities. Some additional comments from the survey are listed below:

“This would totally benefit our community or kids need more space to use especially in the winter months and also us as adults will really on the connections we make locally with the looming financial instability we are all facing.”

“Having a connection with the people there will make it be used more.”

“Millburn Community Centre is in great condition and should definitely be used more by the local community . Apart from playgroup I am not aware of it being used for anything else which to me is a waste of a good space.”

“This would be fantastic for the local community to have a say on what can be run there.”

h. Ensure that the requesting organisation has the necessary governance arrangements in place and a trustee body that is representative and understands its roles and responsibilities

Millburn Community Association is an annual recipient of Council grants and as such provide Council with annual accounts and confirmation of insurance. The Association has a board of 10 trustees and has a constitution in place which lays out the rules and responsibilities of members. MCA is registered with The Charity Commission for Northern Ireland (Charity no: 103614/ Date registered:14/08/2015) and its annual reporting is up to date. The Shared Management Agreement clearly lays out the roles and responsibilities of Council and of the organisation operating the centre.

i. Ensure that the requesting organisation has an effective means of communicating and consulting with the local community to ensure that its needs and interests are understood and that the community knows about the organisations activities and plans.

Millburn Community Association is a long established organisation with a track record of responding to local community needs. The Association regularly communicates and consults with its service users and the local community through use of social media and local advertising with posters etc. The online survey carried out as part of preparation of the business case provided very useful feedback in terms of how the local community would like to see the community centre developed and the activities they would like to participate in. This has helped inform the proposed programme of activities for which the Association has already secured funding.

j. Develop a business plan / feasibility plan with the requesting organisation to ensure a sustainable approach.

The business case projections for use and cashflow are attached at Appendix 1. The projections are based on conservative estimates of potential income from use of the community hall for a range of activities in addition to hire of the hall for health and fitness classes. The proposed income streams take into account feedback from the Council survey with the community, which achieved a high level of community engagement.

Affordability

Due to uncertainty around energy costs at present, the services of CC&G Energy Manager were engaged in order estimate future energy costs.

Electricity:

The pre covid annual average cost for electricity for the period **2015 -2020** was **£1,447** per year. This was based on an average of 10,289 annual units at an average of 14.07p per unit. The estimated cost of electricity for **2022-23** is **£7,202** (double the previous average units at an average cost per unit almost 2.5 times the previous rate ie. 20,578 units x 35p per unit). The projections for 2023 assume transfer to the Community Association on 01 January and on that basis electricity costs for the project in 2023 are 3/12 months of the annual estimate (£1,800). Taking into account expected increase in usage of the centre and estimated increases in unit costs, CC&G Energy Manager has estimated annual electricity costs of **£12,347** for **2023-24** (a 50% increase in units from the previous year to 30,867 units at 40p per unit). Projections assume a 15% increase in electricity costs from 2024 to 2025.

Gas:

Based on information supplied by CC&G, the pre covid annual average cost for gas for the period **2015 -2020** was **£2,731** per year. This was based on an average of 68,612 annual units at an average of 3.98p per unit. CC&G Energy Manager has estimated that the cost of gas for Millburn Community Centre for **2022-23** will be **£6,175** (i.e. the same average units at an average cost per unit of 9p, being a 126% increase in the cost per unit) Projections for 2023 cover the period 1 January - 31 March being a quarter of the annual estimate or £6,175 /4 £1,544. CC&G Energy Manager has estimated annual gas costs of **£7,547** for the year **2023-24** (units as previous years average and assuming an increase in unit costs to 11p). Projections assume a 15% increase in gas costs from 2024 to 2025.

Projections estimate that there is a deficit of expenditure over income in the first 3 months of **£1,517** and a deficit of **£6,680** for the year to 31 March 2024 and of **£4,267** for the year to 31 March 2025. The deficits are due to high estimated costs of electricity and gas.

Sensitivity analysis show that direct costs and expenses would need to decrease by around 17% or support towards expenses received at a similar level, and income to stay the same, in order for the centre to break even in 2024 (proposed first full year of management by the Community). Due to the difficulty in estimating how energy costs in particular will increase in relation to increased usage, it is difficult to predict break even or sustainable levels. For example if more participants use the hall, this will not necessarily result in an increase in light and heat costs directly in line with increased usage.

Based on the projected high energy and fuel costs Millburn CA has written to Council expressing their concerns about their ability to be able to generate sufficient income to operate the centre.

There are clearly evidenced advantages to Millburn Community Association taking on the operation of Millburn Community Centre. The level of activity in the centre will greatly

increase with the local community benefitting from a range of activities that promote physical and mental well-being. In addition there will be cost savings to Council, including an amount of approximately £10K per year when the services of a caretaker are no longer required.

Council may wish to consider a subsidy towards energy and fuel costs to ensure that it is affordable for MCA to take on the operation of the centre and to allow the Association to get established with their planned activities. This could be for a fixed term covering the months of Jan-Mar in the 2022-23 financial year and for the following two financial years up to March 2025.

Council may wish to cover the electricity and gas bills in full for the period Jan-Mar in the 2022-23 financial year. In the first full year of operations ie 2023-24 this subsidy could be equivalent to the amount that Council would pay for electricity and gas, if operational management of the centre does not transfer to MCA, calculated at the current rates of use and based on the predicted increased unit costs. This could then reduce by 50% in the following year. Calculations for this option to subsidise the energy and fuel costs are included in Section 6. It is important to note that the calculations in Section 6 are based on projected unit cost and the actual subsidy that is applied would be based on actual unit costs. If the actual unit costs are not as high as projected, then the subsidy will reduce accordingly.

Section 4: Management & Implementation

If Council decides to enter into a Shared Management Agreement with MCA for operation of Millburn Community Centre the roles and responsibilities of Council and the Association and contains detailed clauses in relation to all aspects of operation of the community centres.

In summary the following are the key responsibilities for both parties:

Responsibilities of Council:

- Ensure that Building Insurance is in place;
- Maintain internal and external structure and fabric of the centres including doors, windows, fixtures and fittings, decoration, electrical and mechanical installations and heating, cooling, lighting and security systems;
- Statutory maintenance requirements (electrical, PAT, fire, emergency and boiler);
- Carry out regular maintenance inspections;
- Take bookings for adjacent pitches and changing rooms;
- Provide developmental support and training as appropriate and grant assistance if available and dependent on successful application.

Responsibilities of community group:

- Ensure that Public Liability, Employers Liability and Contents Insurance are in place;
- Taking bookings from users and maintaining booking records;
- Maintain and provide to Council records of usage of the centre and income generated;
- Security of the facility and provision of key holders, one of whom must be available for call out in case of emergency;
- Opening and closing facility for bookings;
- Ensure that all Council policies and procedures are followed;
- Ensure that risk assessments are carried out for each individual booking or use of the centre;
- Ensure that weekly health and safety checks are carried out and appropriate records maintained;
- Ensure compliance with Evacuation & Emergency procedures and that staff, volunteers and users are aware of their respective roles;
- Ensure that Safeguarding policies and procedures are in place and followed;
- Keep the facility clean and tidy;
- Record and report any issues or incidents to Council immediately;
- Direct payment of all utilities including contact with suppliers;
- Provide a copy of charging schedule to Council and pay heed to Councils pricing policy;
- Inform Council of any special events to be held in the centre and of any unexpected closures;
- Direct any bookings for outside land to complete a 'Request to Use Council Land form' and submit to Council;
- Provide required documentation on an annual basis to Council including annual accounts and relevant policies;

- Have due regard to promotion of Good Relations.

Ongoing support would be provided to Millburn Community Association through Councils Community Development/ Neighbourhood Renewal and Sport & Well Being sections in Council.

Section 5: Options for consideration

The options for consideration are:

Option One: Do Nothing and continue with existing operational arrangement ie Council operated

Option Two: Enter into a Shared Management Agreement with Millburn Community Association

Option Three: Enter into a Shared Management Agreement with Millburn Community Association and put in place a subsidy towards energy and fuel costs.

The subsidy proposed is as follows:

- **Jan-Mar 2022-23** - cover the electricity and gas bills in full;
- **Apr 2023 – Mar 2024** – subsidise electricity and gas bills by the amount that Council would pay for these, if operational management of the centre does not transfer to MCA, calculated at the current rates of use and based on the predicted increased unit costs.
- **Apr 2024- Mar 2025** - subsidise electricity and gas bills by 50% of the amount that Council would pay for these, if operational management of the centre does not transfer to MCA, calculated at the current rates of use and based on the predicted increased unit costs.

Section 6: Costs, Benefits & Risks

Option	Revenue Cost 2023-24 (first full year of operation by Millburn CA)	Revenue Cost 2024-25 (second full year of operation by Millburn CA)	Benefits	Risks
1 Option One: Do Nothing and continue with existing operational arrangement ie Council operated	£32,914 £29,414 ¹ annual operating costs £3,500 annual Community Development Support Grant to Millburn CA	£34,663 £31,163 ² annual operating costs £3,500 annual Community Development Support Grant to Millburn CA	- Council maintains control of centre	- Poor community use of centre - Asset remains underutilised - MCA continue to have their activities curtailed by lack of space in their existing premises.
2 Option Two: Enter into a Shared Management Agreement with Millburn Community Association	£8,500 £5000 budgeted lump sum towards buildings maintenance and annual testing £3,500 annual CDSG	£8,500 £5000 budgeted lump sum towards buildings maintenance and annual testing £3,500 annual CDSG	- Would allow MCA to increase its activities to address social isolation and inequalities as well as promoting community cohesion - Cost savings to Council as no caretaking or bookings required and no utility costs.	- There is a deficit in projected income to cover projected operating costs with the resulting risk that MCA could not afford to take on operational management of the centre - If MCA were unable to operate the centre, operational management role would revert back to Council
3 Option Three: Enter into a Shared Management Agreement with Millburn Community Association and put in place a subsidy towards energy and fuel costs	£20,163 £7,547 gas ³ £4,116 electricity £5,000 towards buildings maintenance and annual testing £3,500 annual CDSG	£15,205 £8,679/2 = £4,339 gas ⁴ £4,733/2 = £2,366 electricity £5,000 towards buildings maintenance and annual testing £3,500 annual CDSG	- Would allow MCA to increase its activities to address social isolation and inequalities as well as promoting community cohesion - Significant cost savings to Council - Affordable for MCA to operate sustainably.	

¹ based on net operating costs in 2021-22 of £21,929 plus £2,669 projected increase in electricity costs based on existing use at projected increased rate plus £4,816 of increased gas costs based on existing use at projected increased rate.

² based on net operating costs in 2021-22 of £21,929 plus £3,286 projected increase in electricity costs based on existing use at projected increased rate plus £5,948 of increased gas costs based on existing use at projected increased rate.

³ increased amount that Council would be paying for electricity and gas, if operational management of the centre doesn't transfer to MCA at the current rates of use, based on projected unit increase.

⁴ 50% of increased amount that Council would be paying for electricity and gas, if operational management of the centre doesn't transfer to MCA at the current rates of use, based on projected unit price increase.

Appendix 1: Projected Income and Expenditure for Millburn Community Association operating Millburn Community Centre

Millburn Community Centre Projected Income & Expenditure Period Ended 31 March			3 months 2023	Year 2024	Year 2025
	Assumption Note	£	£	£	
Income					
Hire of Hall	7	900	6,240	7,905	
After Schools Clubs	8	1,600	7,680	10,480	
Parents & Toddlers	9	200	700	960	
Youth Club	10	250	875	1,135	
Crochet Class	11	200	600	600	
Sewing Class	11	200	600	600	
Monthly Disco	12	240	1,440	1,650	
Senior Tea Dance	13	400	2,100	2,500	
Birthday Parties Room Hire	14	480	2,800	3,600	
Birthday Parties Food	14	900	5,250	6,750	
Birthday Parties Bouncy Castle	14	270	1,050	1,350	
Total Income		5,640	29,335	37,530	
Direct Costs					
	15	2,485	11,108	12,630	
Less Expenses					
Electricity	16	1,800	12,347	14,199	
Gas	17	1,544	7,547	8,679	

Water		18	1,203	7,938	9,129
Insurance		19	125	575	661
Total Expenses			4,672	28,407	32,668
Surplus/Deficit income over expenditure before grants			-1,517	-10,180	-7,767
CC&G Community Development Support Grant		2	0	3,500	3,500
Surplus/Deficit income over expenditure after grants			-1,517	-6,680	-4,267
Sensitivity Analysis:					
Surplus/Deficit if direct costs & expenses increase by additional	20%	20	-2,948	-14,582	-13,327
Surplus/Deficit income is reduced by	20%	20	-2,645	-12,547	-11,773
Surplus/Deficit if costs & expenses increased and also income reduced by	20%		-4,076	-20,449	-20,833
Surplus/Deficit if direct costs & expenses decrease by additional	20%	20	-86	1,223	4,792
Surplus/Deficit if income is increased by	20%	20	-389	-813	3,239
Surplus/Deficit if costs & expenses decreased and also income increased by	20%		1,042	7,090	12,298

COMMENTARY

The projected income and expenditure for Millburn Community Centre should be read in conjunction with the accompanying assumptions. Projections are based on conservative estimates of potential income for using the hall for a range of activities and take into account feedback from a recent CC&G community survey, which achieved a high level of community engagement. Due to uncertainty around energy costs at present, the services of CC&G Energy Manager were engaged in order estimate future energy costs.

Projections estimate that there is a deficit of expenditure over income in the first 3 months of £1,517 and deficits of £6,680 and £4,267 for the years to 31 March 2024 and 2025. The deficits are due to high costs of electricity and gas which are estimated at £19,894 and £22,878 for 2023 and 2024.

Projections do not take into account any specific additional support that may be provided to community groups towards energy costs or any support towards providing classes or events for the community.

Sensitivity analysis show that direct costs and expenses would need to decrease by around 17% or support towards expenses received at a similar level, and income to stay the same, in order for the centre to break even in 2024 (proposed first full year of management by the Community).

Due to the difficulty in estimating how energy costs in particular will increase in relation to increased usage, it is difficult to predict break even or sustainability levels. For example if more participants use the hall, this will not necessarily result in an increase in light and heat costs directly in line with increased usage.

Overall, Millburn Community Association has the advantage of having committee who are keen to develop the community centre for the community alongside their experienced full time project manager, recently appointed activity co-ordinator and a dedicated team of volunteers.

The main challenge re the project is the risk/uncertainty around energy cost and the requirement to keep prices at an affordable level for users.

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*In Conjunction with Billy Ellis Project Manager Millburn Community Centre
Input from CC&G Energy Manager*

ASSUMPTIONS

1. Assumptions are based on conservative estimates of potential income from use of the community hall for a range of activities in addition to hire of the hall for health and fitness classes.
The numbers are based on interest expressed verbally by individuals and groups in the community. The proposed income streams take into account feedback from a CC&G recent survey with the community.
2. It is assumed that the current CC&G Community Support grant towards running costs will be allocated to the Millburn Community Centre from year to 31 March 2024.
3. CC&G Council will continue to cover capital costs and repairs and maintenance associated with the centre.
4. Millburn Community Association have secured funding for the salary of an Activity Co-ordinator for 25 hours per week, initially a 2 year period. Part of the remit for this staff member will be to engage with the community and ascertain how the association can better help individuals to participate more fully in community activities. It is envisaged that this will result in increased footfall to the community centre. It is also hoped that the position can be converted from a pilot scheme to a permanent position.
5. Millburn Community Association have a large dedicated team of volunteers and 'hands on' committee members willing to assist with organising and supervising a wide range of activities at the centre.
6. It is assumed that Millburn Community Association will assume responsibility for the management of the CC&G owned Community centre by 01 January 2023 at the latest.
7. Assumed the hall will be hired for 9 weeks up to 31 March 2023 for 6-8 hours per week, and for 40 weeks in 2023/24 and 2024/25 for a seasonally adjusted 5 -12 hours per week, increasing to 15 hours per week from September 2024. Full details are included in the Monthly Income & Expenditure tab. Allowing for increased energy costs, hire rates are calculated at £15 per hour. The committee may consider concessionary rates for community groups in line with Councils charging policy or higher rates if hired as part of a package to include refreshments.
8. There is a demand for an after schools club in the community. Projections assume it is provided during term time, 2 sessions per day at £2 per session four days per week. Calculations based on an initial 10 children per session, increasing to 15 in September 2023 and 20 in September 2024.

9. Parents and toddlers are assumed to be attended by 10 parents initially, increasing to 15 in September 2024 once per week at a rate of £2 per parent.
10. There is a demand for a local youth club and projections assume initial attendees of 25, increasing to 35 in September 2024, available 35 weeks per year at an affordable £1 per week per child.
11. The crochet and sewing classes are already established and are assumed to continue for 3 x 10 week sessions per year at £2 per participant per class. Numbers for both classes are 10 and can be increased if demand dictates and it is viable to purchase additional sewing machines.
12. The community centre would give the space to run youth discos and it is assumed there will be two discos per month on the same evening for different age groups at a charge of £2 and £2.50 and attended by a conservative estimate of 40 between the two discos. If it is decided to only run one of the age groups or to miss one or two months, then projections are not over estimated. An estimated profit from the tuck shop of £0.75 per child is included in the projections.
13. A monthly senior tea dance at £5 per person starting in February 2023 is assumed to be attended by 40, increasing to 50 in September 2023.
14. There is a demand for affordable birthday parties in the community. Assumptions are that from January 2023, the room will be hired mainly at the weekend, for 2 parties per week for an average of 2 hours per party at £20 per hour. It is assumed the average number attending a party is 15 and food will be provided at £5 per child with 50% of parties also booking the bouncy castle. Party bookings are estimated to increase to 3 per week from April 2023 (apart from the month of January with 2 per week).
15. Direct Costs are assumed to be as follows:
 - Ancillary costs for cleaning and nominal volunteer expenses at the rate of £200 per month re hire of hall and £50 per month each for the youth club, discos and birthday party hire. Enquiries have been made about having a bouncy castle permanently on site for a retainer fee of £50 per month.
 - All these figures are estimated to increase by 15% from April 2024.
 - Direct costs for after school drinks and snack and birthday party food are assumed at 25% of the fee charged.
 - Direct costs for tea and biscuits for parent and toddler, crochet and sewing classes are assumed at 15% of the fee charged.
 - The tutors/volunteers for the sewing and crochet classes are assumed to be £20 per week and the DJ £100 per week, all increasing by 15% from April 2024

16. Electricity

Based on information supplied by CC&G, the pre covid annual average cost for electricity for the period 2015 -2020 was £1,447 per year. This was based on an average of 10,289 annual units at an average of 14.07p per unit. CC&G Energy Manager has estimated that the cost of electricity for Millburn Community Centre for the year to 31 March 2023 will be £7,202 (i.e. double the previous average units at an average cost per unit almost 2.5 times the previous rate 20,578 units x 35p per unit). The projections for 2023 assume transfer to the Community Association on 01 January and on that basis electricity costs for the project in 2023 are 3/12 months of the annual estimate-£7,202/4 (£1,800).

Taking into account expected increase in usage of the centre and estimated increases in unit costs, CC&G Energy Manager has estimated annual electricity costs of £12,347 for the year to 31 March 2024 (a 50% increase in units from the previous year to 30,867 units at 40p per unit). Projections assume a 15% increase in electricity costs from 2024 to 2025.

17. Gas

Based on information supplied by CC&G, the pre covid annual average cost for gas for the period 2015 -2020 was £2,731 per year. This was based on an average of 68,612 annual units at an average of 3.98p per unit. CC&G Energy Manager has estimated that the cost of gas for Millburn Community Centre for the year to 31 March 2023 will be £6,175 (i.e. the same average units at an average cost per unit of 9p, being a 126% increase in the cost per unit) Projections for 2023 cover the period 1 January - 31 March being a quarter of the annual estimate or £6,175 /4 £1,544.

CC&G Energy Manager has estimated annual gas costs of £7,547 for the year to 31 March 2024 (units as previous years average and assuming an increase in unit costs to 11p) Projections assume a 15% increase in gas costs from 2024 to 2025.

18. Water

Based on information supplied by CC&G, the pre Covid annual average cost for water for the period 2015-2020 was £2,248 per year.

CC&G Energy Manager has estimated the cost for the year to 31 March 2023 to be £4,811, being double the usage at a rate representing 6.8% increase in the previous average rate. - 995 units @ 4.83p per unit. Projections for the 3 months to 31 March 2023 are £1,203.

Based on projected increased usage, the Energy Manager estimates a 50% increase in water usage in 2024 from 2023 and estimates the rate increasing from 20.48p per unit to 22.53p per unit. Total estimate for 2024 £7938. Projections assume a 15% increase in water costs from 2024 to 2025.

19. Millburn Community Association already have gold level insurance in place for public liability, contents etc. It is assumed that including the community centre on the policy will result in an increased premium and for the purposes of the projections this is included at £500 per year (pro rata) for 2022/23, increasing by 15% in the two subsequent years.

20. Sensitivity Analysis show the change to the projected surplus or deficit as a result of a specified increase or decrease in income or expenses, assuming everything else remains the same.

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