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Golden Lane Community Centre Resident Steering Group

CITY OF LONDON

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Dear GLCCRSG Members,

Golden Lane Community Centre Business Case & Proposal

Thank you for meeting with myself and colleagues on 16 November and for previously providing us with a copy of the GLCC Business Plan and Proposal prepared by Locality for GLERA.

As we explained at the meeting, these documents have been analysed by a number of City officers, including colleagues from the Chamberlain's Department and the Comptroller's Department, responsible for finance and legal matters respectively.

Firstly, I must say that the vision for the centre outlined in the Business Case is excellent and one that the City shares. The consultation carried out has been very positive and we're delighted by the ideas and enthusiasm shown. It is clear that the Resident Steering Group (RSG) is very passionate, and that there is resident support for the centre becoming a real hub for the estate and wider community.

The research into organisations wishing to use the centre is valuable and we support your proposed governance structure. We agree with you that the financial model which proposes 2.4FTE staff is unviable, so support the proposal to employ just one Centre Manager, at least for the first year or so.

However, as we outlined at the meeting, there are a number of risks or issues which will need further work.

Financial modelling

The financial models make an assumption that the City's Adult Skills & Education Service (ASES) will not be occupying the centre after the first 2 years. This is a prudent approach to take, as there is no commitment from ASES beyond those two years. However, all models show an increasing loss in years 3-5 if ASES is no longer a major presence in the centre. There is no contingency plan to show how this loss would be dealt with and we would need to see how the RSG would either plan to bring in alternative income or would

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work to ensure that ASES remained a steady income stream for the centre beyond the first two years.

The model proposed by the RSG relies heavily on having a mandatory 80% business rates discount. This is a risky assumption as ASES will be a major occupier of the building for the first two years at least and adult education is not a charitable activity. We do not feel this can be relied upon. There may be grounds for negotiating a discretionary discount, but this will take time and need a further analysis of likely use.

The targets set for grant funding are very challenging, as the report states and only four potential funders are referenced in Appendix 3. Whilst we recognise that reaching this target is not impossible, it also has to be flagged up as a risk. Although there is potential for corporate partnerships, St Luke's have achieved this only over a 10 year period and by having a dedicated team of staff, who manage corporate relationships with a very professional approach. There is no indication of how the RSG might resource a corporate partnerships function and it would take some time to build this up and establish credibility.

City's legal responsibilities to the Housing Revenue Account (HRA)

The key concern expressed by our legal advisors is that the Business Case assumes a zero or peppercorn rent for the centre. This is, potentially, a breach of the City's duty to maximise return on an HRA asset.

We entirely understand the reason behind this assumption and this is not a criticism in any way of the Business Case – only an acknowledgement that this could be an issue. It is true that, previously, the centre was leased on a peppercorn rent to a resident committee. However, at that point, the centre was extremely dilapidated and had virtually no investment. Once the refurbishment is complete, the centre will be a significant asset. If it is not to be run as a part of the Housing Service, the HRA should receive some return from it which can be used to the benefit of tenants.

We do not believe that this is an insurmountable problem, but it is one that will require further work and discussion. Our legal advisors also have concerns about the type of lease that might be appropriate. Further discussion will need to be held with them to explore these points and look at what might be possible.

Timescales and capacity

There is also a concern that the timescales for incorporating and setting up legal and governance structures are too challenging to allow the RSG to be sufficiently established to be in a position to take on a lease or to employ staff by the time the centre opens. The group is currently not constituted and will have a significant amount of work to do to prepare to take on what is a major legal and financial responsibility. Again, this would not be impossible, but it would create significant pressure and must be identified as a risk.

Set up

The Business Case assumes that virtually all set up costs are covered by the City. This includes the provision of all furniture and equipment. The City has said it will provide all of this, but this was based on the assumption that the City would be running the centre and taking income.

We would have to think carefully about other furnishings to be provided, as this would not be an appropriate use of HRA funds if there were no return to the HRA.
Fortunately, ASES will cover the cost of all furnishings and equipment that they need, and these will be available for general use. However, should ASES leave the centre, there is no provision for replacing these items, and this needs to be considered.

Buy-in from the wider estate community
There is certainly plenty of evidence of what the community wants to see from the centre, and of buy-in to the vision itself. This is very encouraging, as are the offers of volunteer engagement. However, there has been no consultation at all about whether the majority of Golden Lane residents actually want the RSG to run the centre. Again, this is not a major issue and we recognise the excellent engagement that has already taken place, but we do believe that further engagement is needed to really get the wider estate community on board.

Conclusion and recommendation
Overall, our view is that there is great potential for a resident-run Community Centre and our aspiration is for this to happen. However, further work is needed to address the risks and concerns identified above, and it is highly unlikely that this would be complete before the centre is due to open.

As discussed at our meeting, we feel that the best way forward is for the City to run the Centre for an interim period. During this time, the RSG would incorporate and set up your Board of Trustees and governance structure. You would have time to produce a funding strategy which results in a more robust and sustainable financial model, carry out further engagement with residents to develop a broad support base and develop your own capacity. In the meantime, we would explore further the legal issues identified.

During the interim period an Advisory Board will be set up, comprising of three tenants, three leaseholders and three officers. This Board will be put in place as soon as possible so that it can be involved in agreeing a job description and personal specification for the Centre Manager post and then be involved in recruitment. The Board can then start working on letting and other policies to assist the Manager in the running of the Centre.

Liam Gillespie will be the Lead Officer for the City in preparing for the opening of the Centre and working with the Advisory Board. We would aim to be in a position to hand over the running of the centre after one year, but this can be flexible. The final decision on the future running of the Centre will be taken by Members of the City's Housing Management & Almshouses Sub-Committee, to whom recommendations will be presented once your Board of Trustees and my officers are satisfied that all issues have been addressed and your organisation has the necessary capacity to proceed.

Yours sincerely

Andrew Carter
Director of Community and Children Services