

## **CABINET**

# **Hathershaw & Fitton Hill New Deal for Communities (NDC) Succession Strategy**

## **Report of Councillor Mark Alcock**

### **Portfolio Responsibility: Citizens & Neighbourhoods**

**30 June 2010**

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### **Purpose of Report**

The purpose of the report is to approve the NDC Succession Strategy

### **Executive summary**

1. The NDC programme ends on 31 March 2011 and the NDC and the Council, as 'Accountable Body' are required to formally agree an NDC Succession Strategy to submit to the Department of Communities and Local Government (CLG). The Strategy has to meet the guidance set out in NDC Programme Notes 44 & 44a which provides 8 criteria to be fulfilled (appendix 2). Two of the 8 key criteria which provide the focus of this report are:

Criterion 2 – the community continues to be empowered and community leaders are supported

Criterion 4 – the assets are safeguarded into the long term for the continuing benefit of residents and businesses in Hathershaw and Fitton Hill.

2. The NDC assets include both community facilities (e.g Honeywell Centre) and business assets (e.g Ashton Road shops and Earl Mill Enterprise Centre). The report proposes that the assets continue to be managed by the Council with a dedicated staff team funded from the income generated by the assets.
3. The proposed Honeywell Forum, an unincorporated body representing stakeholders in the NDC area, will form a key element of the succession arrangements for the NDC. It

will continue the community empowerment activities commenced by the programme and for which it has won a number of awards thereby meeting CLG succession arrangements. It will also be an important vehicle in 'piloting' emerging and improved area partnership working in the borough – and in so doing it will provide a valuable role in piloting the implementation of Total Place at a local / neighbourhood level. The Honeywell Centre, delivered and funded by the NDC is becoming an important community facility and offers the potential to become a 'Neighbourhood Hub' providing a base for community empowerment and the local delivery of services. The Honeywell Forum will work with the Council to manage the centre and other local activities.

4. The overall objectives of the Forum are:
  - To ensure that assets acquired by NDC investment in the area are maintained as a community hub for community benefit
  - To ensure the community continue to have an ongoing dialogue with service providers and continue to be supported and empowered.
  - To continue community involvement in planning the community direction and use of the flagship Honeywell centre.
  - To maintain / increase community engagement and participation which results in better community cohesion and services
  - to continue local networking and raise funds through external resources to meet community needs.
  
5. It is proposed that the main activities of the Forum will be to:
  - Support community development & empowerment
  - Encourage efficient management of all the assets purchased with NDC resources. This could involve the establishment of a subsidiary Asset management group – with the local authority
  - Advise on the management of the Honeywell Centre to maximise benefits to the community and income;
  - Work with Oldham MBC and partners to assist with delivery and improvement of local services
  
6. The Forum will have close links with the PACTs, the West Oldham District Partnership and the West Oldham CTrust and make a significant contribution to area working in West Oldham.
  
7. The Strategy needs to look ahead 10 years over the period to 31 March 2021. However the current detailed proposals deal in particular with the 3-year period up to 31 March 2014. This is intentional as the Strategy needs to be able to respond to changing economic circumstances and possible radical changes to the way public sector services are delivered.
  
8. The responsibility for developing, overseeing and delivering the Succession Strategy is a shared responsibility between the Council, other partners and the Forum. A joint Delivery Plan will be prepared setting out the roles and responsibilities of each party. This will form part of the West Oldham Area Plan.

## **Recommendations**

It is recommended that:

1. Cabinet approve the proposed NDC Succession arrangements including:
  - i) the proposed asset management arrangements
  - ii) the establishment of the Honeywell Forum
  - iii) restructuring of the existing NDC staff team to a smaller team necessary to support the above
2. the approval of the detailed Strategy submission to CLG be delegated to the Executive Director for Economy Place & Skills in consultation with the Cabinet Member for Citizens & Neighbourhoods.

## **NDC Succession Strategy**

Report of Councillor Alcock

Portfolio Responsibility: Citizens & Neighbourhoods

### **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to outline the proposed succession arrangements for the NDC. It provides an overview of the achievements of the NDC programme and a summary of the assets acquired with NDC resources. A key element of the succession arrangements is the establishment of the Honeywell Forum which will ensure that Oldham Council and the local community derive maximum benefit from the use of these assets. Due to the financial climate the level of income is uncertain and for this reason alternative financial scenarios are provided.

### **2 EXECUTIVE SUMMARY**

- 2.1 The NDC programme ends on 31 March 2011 and the NDC and the Council, as 'Accountable Body' are required to formally agree an NDC Succession Strategy to submit to the Department of Communities and Local Government (CLG). The Strategy has to meet the guidance set out in NDC Programme Notes 44 & 44a which provides 8 criteria to be fulfilled (appendix 2). Two of the 8 key criteria which provide the focus of this report are:

Criterion 2 – the community continues to be empowered and community leaders are supported

Criterion 4 – the assets are safeguarded into the long term for the continuing benefit of residents and businesses in Hathershaw and Fitton Hill.

- 2.2 The NDC assets include both community facilities (e.g. Honeywell Centre) and business assets (e.g. Ashton Road shops and Earl Mill Enterprise Centre). The report proposes that the assets continue to be managed by the Council with a dedicated staff team funded from the income generated by the assets.
- 2.3 The proposed Honeywell Forum, an unincorporated body representing stakeholders in the NDC area, will form a key element of the succession arrangements for the NDC. It will continue the community empowerment activities commenced by the programme and for which it has won a number of awards thereby meeting CLG succession arrangements. It will also be an important vehicle in 'piloting' emerging and improved area partnership working in the Borough – and in so doing it will provide a valuable role in piloting the implementation of Total Place at a local / neighbourhood level. The Honeywell Centre, delivered and funded by the NDC is becoming an important community facility and offers the potential to become a 'Neighbourhood Hub' providing a base for community empowerment and the local delivery of services. The Honeywell Forum will work with the Council to manage the centre and other local activities.

2.4 The overall objectives of the Forum are:

- To ensure that assets acquired by NDC investment in the area are maintained as a community hub for community benefit
- To ensure the community continue to have an ongoing dialogue with service providers and continue to be supported and empowered.
- To continue community involvement in planning the community direction and use of the flagship Honeywell centre.
- To maintain / increase community engagement and participation which results in better community cohesion and services
- to continue local networking and raise funds through external resources to meet community needs.

2.5 It is proposed that the main activities of the Forum will be to:

- Support community development & empowerment
- Encourage efficient management of all the assets purchased with NDC resources. This could involve the establishment of a subsidiary Asset management group – with the local authority
- Advise on the management of the Honeywell Centre to maximise benefits to the community and income;
- Work with Oldham MBC and partners to assist with delivery and improvement of local services

2.6 The Forum will have close links with the PACTs, the West Oldham District Partnership and the West Oldham Trust and make a significant contribution to area working in West Oldham.

2.7 The Strategy needs to look ahead 10 years over the period to 31 March 2021. However the current detailed proposals deal in particular with the 3-year period up to 31 March 2014. This is intentional as the Strategy needs to be able to respond to changing economic circumstances and possible radical changes to the way public sector services are delivered.

2.8 The responsibility for developing, overseeing and delivering the Succession Strategy is a shared responsibility between the Council, other partners and the Forum. A joint Delivery Plan will be prepared setting out the roles and responsibilities of each party. This will form part of the West Oldham Area Plan.

### 3 **RECOMMENDATIONS**

3.1 It is recommended that:

1. Cabinet approve the proposed NDC Succession arrangements including:
  - iv) the proposed asset management arrangements
  - v) the establishment of the Honeywell Forum
  - vi) restructuring of the existing NDC staff team to a smaller team necessary to support the above
2. the approval of the detailed Strategy submission to CLG be delegated to the Executive Director for Economy Place & Skills in consultation with the Cabinet Member for Citizens & Neighbourhoods.

## 4 BACKGROUND

4.1 The Hathershaw and Fitton Hill NDC was approved by Government in 2000/01. £53.5 million was awarded by government to implement a 10-year programme of activities from 2001-2011 aimed at regenerating the area and improving services. Fundamental to the approach has been the participation of the local community who have been involved in the direction and implementation of the programme and whose capacity to make a meaningful contribution to neighbourhood regeneration activities has been considerably strengthened. Following a problematic start since 2005 the programme has been successfully managed and has been responsible for a number of notable achievements including:

- Piloting of neighbourhood policing resulting in marked reduction in crime and improved levels of public satisfaction
- Improved educational attainment and participation in education, employment and training
- Increase number of businesses in the area
- Health improvement through smoking cessation, nutrition and physical activity projects
- Community cohesion and community empowerment through piloting of neighbourhood agreements, BME Forum, Youth Forum, Disability Forum, Older Persons Forum
- Improved quality of life through environmental improvements, alleygating and target hardening and targeted community safety and streetscene activities
- New Childrens Centre and primary care facilities
- Establishment and empowerment of local residents (The TNT group) to work with service providers to launch 5 thematic neighbourhood agreements and establish a network of street representatives. This has gained national recognition and a number of best practice awards.

4.2 In addition a number of assets have been acquired/developed to contribute to the achievement of NDC outcomes and which with careful management can make a very significant contribution to the continuation of key activities commenced by the programme.

4.3 The NDC programme ends on 31 March 2011 and the NDC and the Council, as 'Accountable Body' are required to formally agree an NDC Succession Strategy which should have been submitted to the Department of Communities and Local Government (CLG) by 30 October 2009. The Strategy should meet the guidance set out in NDC Programme Notes 44 & 44a which provides 8 criteria to be fulfilled (appendix 2). Two of the 8 key criteria which provide the focus of this report are:

Criterion 2 – the community continues to be empowered and community leaders are supported

Criterion 4 – the assets are safeguarded into the long term for the continuing benefit of residents and businesses in Hathershaw and Fitton Hill.

4.4 The NDC initially developed a succession strategy for submission to CLG during 2009 which was discussed with Government Office North West (GONW) and was formally

approved by the NDC Board and Cabinet in October 2009. This comprehensive document was based on the following arrangements:

- i) establishment of an NDC successor body - the Honeywell Trust:
  - to continue some limited but very important aspects of the work of community-led regeneration in Hathershaw & Fitton Hill
  - to manage the NDC assets
  - to provide support to the VCF sector
  - to advocate and lobby partners
- ii) activities and projects that can be sustained through the Voluntary and Community and Faith (VCF) sector
- iii) interventions and services that will be sustained by partner agencies

4.5 The Honeywell Trust was proposed as a company limited by guarantee with charitable status. Importantly it was proposed that it would manage the range of assets purchased with NDC funding – although it was intended that these would continue to be owned by Oldham MBC at least for the first five years. The initial Trust Business Plan was founded on a forecast overall revenue surplus from the total NDC asset base and was not intended to be dependent on grant support from the Council, other partners or government with financial projections showing sufficient surplus income from NDC assets to fund the activities of the Trust including the costs of employing staff and providing a subsidy to the running of the Honeywell Centre.

4.6 Prior to submitting the succession strategy to CLG final checks to the business plan for the proposed company revealed some doubts about the forecasts of future revenue income which provided uncertainty over the future viability of the Trust. The major issue was the Earl Mill Business Enterprise Project which was demonstrated to run the risk of deficit instead of a possible surplus. This was further compounded by the failure of a key NDC project – the Enterprise Factory Business Incubation project which would no longer provide a key tenant within the building. In addition the NDC Sports Pitch project had to be scaled down and was now likely to be cost neutral instead of providing a surplus.

4.7 This resulted in the Business Plan as a whole showing a potential deficit. Submission of the Strategy was consequently deferred to enable further examination of options available.

## **5 ACTIVITY TO AGREE A REVISED SUCCESSION STRATEGY**

5.1 Since October the NDC team have been focused on managing issues connected with the end of the programme which also help resolve succession arrangements. These include:

- Addressing staffing issues including managing the necessary reduction in staffing numbers;
- Maximising the use and benefits of the asset base;
- Consideration of the broad succession options.
- Considering the financial scenarios to support succession;

The team have been assisted by Margaret Jackson, a Local Improvement Advisor appointed by Government Office. Margaret has acted as a 'critical friend' testing the

assumptions underpinning the strategy and advising if the Strategy meets the requirements set by CLG.

The issues are considered below:

**i) Staffing Issues**

5.2 The NDC staff employment contracts are with the Council although funded through NDC grant or use of assets. The team has already been reduced in number from 34 in January 2010 to 16. The NDC staff team includes a number of people with valuable experience and skills especially of community development and neighbourhood working which the Council would wish to retain. Discussions are ongoing both with the staff and HR in respect of redeployment and redundancy issues.

5.3 It is important that the staffing needs of the Succession are agreed at an early date so that, if appropriate, existing staff can be considered for the roles that remain beyond the end of the programme. (see para. 7.27)

**ii) Consideration of NDC Assets**

5.4 The NDC Programme has invested approximately £11m in assets. The assets acquired by the NDC incorporate a mix of commercial and community based uses and provide a diverse portfolio. In addition they incorporate a mix of:

- Properties which provide a service to the community but which may require ongoing financial support – and from a financial perspective can be regarded as a cost;
- Assets which provide a service to the community which are regarded as financially neutral
- Assets which can produce a return either through a rental income e.g. retail units or which will be disposed of – to support implementation of housing market renewal and Ashton Road Corridor improvement – which can provide a capital receipt over the length of the programme.

**iii) Succession Options**

5.5 Within this context the following options were considered for the establishment of a successor vehicle. These are considered below together with a summary of the major issues involved. All scenarios assume that there will be some level of continued support to community empowerment activities

**Option 1 To establish a company limited by guarantee with a focus on community empowerment and management of assets which would be retained in local authority ownership.**

5.6 Under this option the new company would employ its own dedicated staff team to be based in and manage the Honeywell Centre. It would need to ensure that sufficient income was available from management of assets to meet expenditure.

5.7 Whilst this would provide an independent voice for the community with an ability to undertake further developments and raise finance from elsewhere this would require considerable drive from the community and with little time available would require ongoing support from outside sources, including the local authority, to be a realistic option.

**Option 2 The establishment of an unincorporated group to maintain community involvement in the use of the Honeywell centre; to continue community empowerment activities and to oversee management of NDC assets. In effect this would be an evolution of the NDC Board – potentially with a broader membership.**

5.8 This option would not create a separate legal entity and therefore staff would remain in the employment of the local authority. Revenue requirements are likely to be similar to those of option 1 – although flexible staffing arrangements would be required to deal with peaks in demand.

5.9 It is intended that this option would include a dedicated team to manage the Honeywell Centre and other key activities. The unincorporated board and staff team could also help support Oldham's new framework for area working. The precise arrangement would need to evolve but one option would be for this team to provide a focused service and share best practice with the rest of the borough. It would also be well placed to support the development of Total Place which relies on new collaborative ways of working which 'starts from the citizen viewpoint to break down organisational and service silos'.

**Option 3 For Oldham MBC to manage all assets with community empowerment and support being provided from the Neighbourhood Manager with oversight from the District Partnership.**

5.10 This option would in effect be a 'do minimum' option and whilst it is possible that the costs may be lower without the benefit of a dedicated team and oversight and scrutiny by an independent board it is probable that there would be less effort to maximise the use of, and income from the assets.

5.11 This option would potentially fail to capitalise and continue benefits of the NDC programme and may have more difficulty meeting the CLG Succession Strategy criteria.

**Preferred Option**

5.12 Option 2 is the preferred option in that it best meets the CLG criteria and provides a strong framework to achieve the objectives of the Succession Strategy (appendix 2). It provides for an NDC succession strategy focused around an unincorporated organisation with a role in continuing to implement a community empowerment strategy, to have a role in managing assets together with a role in facilitating the local delivery of services in the area. In performing this role in the NDC area, and the wider area of West Oldham can continue to be a testbed for Oldham's emerging approach to delivery of services in localities.

5.13 It also provides a dedicated staff resource to drive the business of the NDC assets and facilitate continuing community empowerment through dialogue with local service providers. This need not be wholly confined to the NDC area but could be expanded to better align with ward boundaries and the District partnership boundary.

**iv) Financial viability of succession arrangements**

5.14 The financial viability of the proposed Succession Strategy is largely dependent on:

- i) the total income from NDC assets, as a minimum, covering the operating costs and other liabilities

- ii) surplus income from the asset portfolio being available to continue to provide dedicated resources to support community development and empowerment
- v) the sale of some property assets so that the capital receipts can be used to establish an initial reserve fund of £500,000 in 2010-2011 with a further £485,000 in 2015/16 to carry forward to support the Succession Strategy

Otherwise a subsidy would be required from the Council. This is unrealistic in the current financial climate. Maximising the use of, and income from, the assets has therefore continued to be a key focus for attention.

- 5.15 Details of the existing and proposed assets are set out in section 7 of the report and in appendix 1.
- 5.16 The level of income to support succession will be primarily funded through the management of the asset base. A key challenge for any successor body is to maximise usage of the asset base and in turn income potential. It will need to work with and manage the relationship with Unity Partnership and/or other managing agents to ensure that they perform. The ability to service existing tenants, identify new ones and increase overall occupancy rates will be key to providing a steady and reliable source of income. The amount of funding is therefore dependent on a number of variables. These include:
- The level of occupancy of Earl Mill.
  - The occupancy achieved by the retail units & Langham House
  - The level and balance of users of the Honeywell Centre
- 5.17 The success of the Honeywell Centre is dependent not just on tenancies but also on ad hoc and block bookings for events and community activities. As the level of usage and opening hours increase income increases but additional staffing will also be needed. If the Centre continues to be run by Council staff one of the challenges is to keep the core staffing to a base level but also to have a pool of appropriately qualified and experienced sessional staff readily available to draw on when the needs of the business require additional staffing.
- 5.18 It is difficult to be certain about the amount of income that will be available to support the Succession Strategy. Section 8 of the report looks in detail at the financial implications of the proposed Succession Strategy. Three key funding scenarios are provided based on the variables identified.

## **6. THE SUCCESSION ARRANGEMENTS**

### **i) Objectives of the Succession Strategy**

- 6.1 The overall objectives are:
- To ensure that the community in the area continue to be empowered – through providing a role as a community anchor
  - To continue community involvement in planning the direction and use of the flagship Honeywell centre.
  - To ensure that all the assets acquired by the NDC are managed cost effectively for the benefit of the community
  - To maintain / increase community engagement and participation which results in better community cohesion and delivery of local services

- To continue NDC work on key targets, in particular, continuation of a limited number of key projects/activities based on the NDC assets and designed to address the continuing deprivation issues in the Hathershaw & Fitton Hill area i.e. health improvement/physical activity, jobs & training, children & young people and neighbourhood agreements;
- Maintaining a key role in monitoring and influencing regeneration strategy & Masterplan Implementation;
- to continue local networking and raise funds through external resources to meet community needs.
- Accessing funding from external agencies that may not be available to other (public sector) bodies;
- Development of social enterprise;
- Continuing to develop and share good practice and respond to opportunities both within and beyond the NDC area

**ii) Proposed Succession Arrangements – A Shared Responsibility**

6.2 The responsibility for developing, overseeing and delivering the Succession Strategy is a shared responsibility. The proposed delivery falls into 4 parts:

- i) interventions and services that will be sustained by the Council and other partner agencies including NHS Oldham, Greater Manchester Police, Positive Steps, Oldham College, etc Full details of these arrangements are included in the full Succession Strategy documents and can be made available.
- ii) activities and projects that will be sustained through the Voluntary and Community and Faith (VCF) sector e.g Community Groups Network, TNT, Reaching Communities, DARE, etc Full details of these arrangements are included in the full Succession Strategy documents and can be made available.
- vi) establishment of a dedicated NDC successor vehicle - the Honeywell Forum:
  - to oversee the implementation and further development of of the Succession strategy including continuing community-led regeneration in Hathershaw & Fitton Hill
  - contribute to the wider neighbourhood working arrangements in West Oldham
  - to oversee management of the NDC assets

Details of the Honeywell Forum are provided in section 7.

- iv) retention of a small, locally based, staff team within the Council to:
  - manage the Honeywell Centre
  - act as ‘client officer’ for the management of the other NDC assets
  - support the work of the Forum
  - contribute to the wider neighbourhood working arrangements in West Oldham
  - contribute to the development of the ‘Total Place’ agenda in West Oldham
  - pilot new initiatives and cascade the learning Borough-wide

Details regarding the proposed staffing arrangements are provided in section 8.

- 6.3 The Strategy needs to look ahead 10 years over the period to 31 March 2021. However the current detailed proposals deal in particular with the 3-year period up to 31 March 2014. This is intentional as the Strategy needs to be able to respond to changing economic circumstances and possible radical changes to the way public sector services are delivered.
- 6.4 A joint Delivery Plan will be prepared setting out the roles and responsibilities of each party. This will form part of the West Oldham Area Plan.

## **7 THE HONEYWELL FORUM**

### **i) Purpose**

- 7.1 The Honeywell Forum will form a key element of the succession arrangements for the NDC. It will continue the community empowerment activities commenced by the programme and for which it has won a number of awards thereby meeting CLG succession arrangements. It will also be an important vehicle in ‘piloting’ emerging and improved area partnership working in the borough – and in so doing it will provide a valuable role in piloting the implementation of Total Place at a local / neighbourhood level. The Honeywell Centre, delivered and funded by the NDC is becoming an important community facility and offers the potential to become a ‘Neighbourhood Hub’ providing a base for community empowerment and the local delivery of services. The Honeywell Forum will work with the Council to manage the centre and other local activities.
- 7.2 The primary area of benefit has to remain Hathershaw and Fitton Hill. However the NDC boundaries are somewhat artificial and do not sit neatly with ward and PACT boundaries. In some cases one side of a street is within the NDC area and the opposite side is not. It is therefore proposed that the ‘Area of Benefit’ should be drawn more widely than the NDC area to include the adjacent areas of Medlock Vale ward in Bardsley and Coppice and the Primrose Bank area immediately to the north of the NDC area. Some residents from these areas are already working closely with NDC through the Medlock Vale Neighbourhood Agreements and the work of the former Area Committees.
- 7.3 It is also important to recognise that the sustainability of the NDC assets is in part dependent on business from outside the NDC area. CLG recognises the need for a much wider ‘Area of Activity’ as long as the proceeds from these activities are ploughed back into the ‘Area of Benefit’. It is proposed that the potential ‘Area of Activity’ for the Forum should, if appropriate, be borough wide. If the Forum is to continue the NDC ethos of innovative pilot projects that result in learning and good practice that can be rolled out elsewhere, then it is important that the ‘Area of Activity’ provides for such learning and good practice to be used elsewhere in the Borough as appropriate.

The Honeywell Forum will not have an independent legal status and therefore the assumption is that there will be no need to provide an independent business plan for the organisation as part of the succession documents submitted to CLG. Nevertheless the discipline associated with the production of the plan has been followed to ensure that the benefits of the Honeywell Forum are maximised for the local community. The Council will also wish to ensure that the activities of the Forum are funded, as far as possible, through income from the NDC assets and not at additional cost to the Council.

7.4 The main objectives, activities and management arrangements for the body are outlined below to ensure that the Forum maximises the benefits both to the existing community in the NDC area and to Oldham MBC as a whole.

**ii) Objectives**

7.5 The overall Objectives of the Honeywell Forum are:

- To ensure that assets acquired by NDC investment in the area are maintained as a community hub for community benefit
- To ensure the community continue to have an ongoing dialogue with service providers and continue to be supported and empowered.
- To continue community involvement in planning the community direction and use of the flagship Honeywell centre.
- To maintain / increase community engagement and participation which results in better community cohesion and services
- to continue local networking and raise funds through external resources to meet community needs.

**iii) Activities of the Honeywell Forum**

7.6 It is proposed that the main activities of the Honeywell Forum will be to:

- Support community development & empowerment
- Encourage efficient management of all the assets purchased with NDC resources. This could involve the establishment of a subsidiary Asset management group – with the local authority
- Advise on the management of the Honeywell Centre to maximise benefits to the community and income;
- Work with Oldham MBC and partners to assist with delivery and improvement of local services

**iv) Community Empowerment**

7.16 Key community empowerment activities include:

- Supporting local groups in the community in a variety of ways including bid writing and assisting groups to raise funds from lottery, trusts and government initiatives;
- Overseeing the distribution of a community chest to promote community activities (if resources allow)
- Organise and promote general community activities.
- Maintain a web site to continue communication channels with the community
- Support TNT to continue developing the (award winning) neighbourhood agreements and to develop other activities– including exploring the feasibility of establishing a social enterprise
- Support CGN – to provide on-going support to networks including older people’s forum and clubs.
- continue communicating with the wider community
- continue to develop and build on relationships with service providers – including the PCT, police, West Oldham Trust, voluntary sector organisations
- support community leaders and directors

**v) Assist Oldham MBC manage assets for Community Benefit**

7.17 As an unincorporated group the Honeywell Forum will scrutinise the management of the NDC assets to ensure that assets acquired with NDC funds continue to be used for the benefit of the neighbourhood. The portfolio of assets is wide and the Honeywell Forum will have a different role – depending on the nature of the asset. In summary the role will be to maximise the community use of facilities and maximise the income from assets

7.18 This is summarised in the table below:

Asset	Proposed Arrangements	Role of Honeywell Forum
<b>Existing</b>		
<p><b>Honeywell Centre</b> Community hub, events venue &amp; local service centre inc Childrens Centre</p>	<p>Currently the Honeywell Centre has a dedicated staff team employed by Council. Building maintenance and lettings by Unity Partnership. A staff team will continue to be required to manage the Honeywell Centre.</p> <p>The recent establishment of a dedicated business management/marketing role is already paying dividends in the form of increase business and income. This role therefore needs to be sustained.</p>	<p>This has been under utilised and not achieving it's full income potential. Increased marketing over the past few months has started to increase use and income. The current business plan aims to cap the deficit at £50,000 pa although the aim is now to improve on this.</p> <p>It is proposed that the Honeywell Forum have a role in ensuring that the Centre maximises it's potential as a community hub. Recognising the need to provide for three different uses:</p> <ul style="list-style-type: none"> <li>• predominantly community uses – run by and on behalf of the community;</li> <li>• services provided for the community – run by statutory and voluntary organisations for the benefit of the community; and</li> <li>• potential income maximising activities – for use/benefit by the wider community and which provide the potential to generate additional income streams.</li> </ul> <p>Maximising the use and income of the centre requires flexible staffing arrangements to deal with peaks of demand – an issue which will require resolution by the Council.</p>
<p><b>Langham House</b> Neighbourhood Health Centre</p>	<p>Let to NHS Oldham. Unity Partnership NDC agent</p>	<p>Honeywell Forum to continue liaison with NHS Oldham to ensure health activities in both centres are maximized.</p>
<p><b>Ashton Road Shops</b> to be retained</p>	<p>Let to tenants Unity Partnership letting agent</p>	<p>Honeywell Forum to ensure;</p> <ul style="list-style-type: none"> <li>• that Unity maximise the letting potential of shops through marketing.</li> <li>• The uses are of benefit to the local community</li> </ul> <p>This could increase the net surplus to Oldham MBC. Base case assumes net surplus of</p>

		£60,000 pa from letting of shops assuming current 70% occupancy is sustained
<b>Ashton Road shops</b> to be sold	To be sold to appropriate small businesses Unity Partnership agent	Honeywell Forum to ensure that maximum value is obtained for these assets.  Estimated capital receipts of up to £360,000 in 2010/11 to support Succession Strategy subject to CLG approval. If CLG approval not granted properties remain with the Council
<b>E3 – Top floor - Earl Mill</b> (25 year lease with break at 10 years) Business incubation & training, local employment	Unity Partnership management & letting agents  A high specification development with substantial potential the occupation of which is suffering in the recession and due to the demise of the Enterprise Factory. 'The Hive' business incubation project needs to be fully established sustained to ensure that the necessary outcomes are achieved	Honeywell Forum could ensure that costs are minimised through shared reception arrangements with the Honeywell Centre. It could also play a part in working with Oldham MBC to ensure the occupation of the building is maximised, and costs minimised.  Annual cost of rent, service charges and business rates rises to £400,000 pa. Need to achieve 80% occupancy to fully to cover costs. Base case assumes occupancy progressively increasing to 50%  Need to re-establish viable business incubation/managed workspace project to ensure that original outcomes are achieved
<b>Belgrave No 2 Mill site</b> Land assembly for business/employment development	To be sold to developer Council PDI team are NDC agents	Estimated capital receipt of £250,000 in 2010/11 to support Succession Strategy subject to CLG approval. . If CLG approval not granted properties remain with the Council
<b>Properties in Borough Mill Triangle</b> Land assembly for housing	To be sold to developer Council PDI team are NDC agents	Possible capital receipts of £485,000 after 2013 to support Succession Strategy when land is sold for housing development.
<b>Car parks</b> To support local businesses	No active management Maintained by Council (EPS)	No income or dedicated maintenance budget
<b>BMX/Skate Park</b> Leisure facility	No active management Maintained by Council (EPS)	Honeywell Forum to monitor use is appropriate on behalf of the council.
<b>Proposed</b>		
<b>Fitton Hill Neighbourhood Centre</b> Integrated primary care, library, youth & community services	To be managed by NHS Oldham and Council (PCS – Libraries and IYS)	Honeywell Forum to monitor community use and service delivery on behalf of Oldham MBC & advise on use of any surplus income
<b>Community playing fields</b> at Hathershaw College, Broadfield & St Martins School. A hub for	To be managed by West Oldham Trust	Honeywell Forum to monitor community use on behalf of Oldham MBC & advise on use of any surplus income

sports development, youth engagement and increased participation in physical activities		
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**vi) Work with Oldham MBC & Partners to deliver local services & address continuing deprivation issues**

7.19 The Honeywell Forum will have close links with the PACTs, the West Oldham District Partnership and the West Oldham Community Trust and make a significant contribution to area working in West Oldham.

7.20 The current Oldham-wide Area Working Framework includes:

- District Partnerships which act as champions for their areas and develop a plan for their area and allocate resources in support of this.
- Ward Pacts (Partners & Communities Together) – whose primary role is community engagement – listening to the views of residents and feeding back to them about what is happening. The communications and influencing arm of District Partnerships.
- Area Action Teams – Multi disciplinary officer teams responding to issues flagged up through the PACT meetings

The NDC area includes a large part of Medlock Vale Ward and a small part of Alexandra ward and lies within the West Oldham District. Residents and community groups in the NDC area are already very well engaged with this framework.

7.21 The Area Working Framework is about to be taken forward to its next stage with the development of:

- i) a core offer on ‘Services and Governance’
- ii) a core offer on ‘Partnerships and Engagement’

The report to Council on 26 May refers.

7.22 Oldham is also undertaking a number pilot projects under the Total Place initiative with an integrated programme relating to early years; better life chances in deprived neighbourhoods, low carbon initiatives and housing options.

7.23 Residents in the NDC area are already significantly empowered and, are aware of, and have good working relationships with both local members and local service providers. This community resource will be sustained through the activities of the Honeywell Forum and be available to contribute to the development of the Area working Framework not just in the NDC area but more widely across West Oldham. The Forum could also work with Voluntary Action Oldham to help build greater local engagement and community empowerment across the borough.

7.24 There will be a dedicated staff team at the Honeywell Centre, reporting through the Oldham MBC structures, but also having an important role in liaising with and supporting the Honeywell Forum. It is proposed that this staff team could have a wider role to work with the neighbourhood manager over an extended geographic area. In particular to:

- promote the area
- support residents to become involved with PACT/District Partnership meetings

- supporting the delivery of Total Place development within the borough.e.g. to promote activities which address children and young people, worklessness and health improvement

**vii) Management & Governance of the Honeywell Forum**

7.25 The make up of the unincorporated forum is still being finalised but membership will include organisations who support the proposed activities of the Forum. They will include representatives drawn from:

Independent Chair	Les Coop the current chair of the NDC is willing to chair the group in the early stages to ensure this fulfils the potential. Gordon Roscoe is also prepared to support the group in a voluntary capacity when his current role ends.
Community & Voluntary membership	To be elected from TNT and CGN- initially to include 2 NDC Resident Directors to ensure continuity Youth Forum representative Faith group representative Reaching Communities (BME forum) representative DARE representative (disability group) Elderly Persons Forum Local business representative
Users/supporters of users of the Honeywell Centre and other NDC assets	Children's Society, Oldham Athletic Community Trust, Age Concern, Phab group etc.
Council & Oldham Partnership representatives	Ward Councillors District Partnership representative Council Leadership representative Oldham Partnership representative Neighbourhood Manager Councillors Police West OldhamTrust (local schools)

7.26 The Forum will meet quarterly and will be able to appoint one or more sub groups (e.g Asset Management, West Oldham Trust stakeholder group, etc ) to make recommendations to the full Forum.

**viii) Staffing arrangements**

7.27 The Honeywell Centre currently has a dedicated operational staffing complement of 6.fte but also benefits considerably from the wider business management and marketing expertise provided by the wider NDC staff team. These wider resources are currently NDC grant funded. It is proposed that a new dedicated staffing structure be implemented reflecting the needs of both operation of the Honeywell Centre and the wider Succession Strategy. The job descriptions need to accommodate the wider roles demanded of the staff team and in particular in, business development, marketing and community development. It is also proposed that to maximise the benefits of the team as well as minimising costs that staff will need to work flexibly to accommodate changing needs and opportunities. .

7.28 The new staffing structure has yet to be finalised but is likely to include the following roles:

**NDC Succession Manager** – to have overall responsibility of maximising use and income for the Honeywell Centre; to ensure assets are sweated to maximise income, to raise resources from external sources, to support Oldham’s area working agenda, to support the Honeywell Forum

**Business & Marketing Officer** – to be responsible for the day to day trading and operation of the Honeywell Centre, and maximise its’ use for events and conferences and other activities

**Community Development Officer**– to support the Honeywell Forum and other community organisations and to provide on-going support to both TNT and CGN and youth activities. – including fund raising. To coordinate communities activities across all the NDC assets.

**Community Support Workers** – to support activities in the Honeywell Centre and other NDC assets, providing community liaison, administration, caretaking, cleaning, reception, refreshment services.

Some existing NDC staff may be eligible to be slotted in or ring-fenced to the new posts

## **8 FINANCIAL ASSUMPTIONS**

8.1 The financial viability of the preferred option depends largely on the ability of the Council and the Forum to maximise the income from the NDC assets and keep staffing costs to a minimum. The bottom line is that any overall deficit is a cost to the Council. However any temptation to reduce the proposed staffing needs to be treated with care as it would impact on the ability to sweat the assets and increase the potential income

8.2 Oldham MBC as the accountable body for the NDC, owns both the assets which include a balanced portfolio of properties and the potential liabilities which include the responsibility of running the Honeywell Centre and also Earl Mill. The proposed succession arrangements seek to maximise the benefits whilst minimising the potential costs to Oldham MBC.

8.3 Base, worst and best case financial scenarios are presented.

### **i) Income Assumptions**

8.4 The income assumptions for implementing succession arrangements depend on:

- the level of return from the balanced portfolio of properties – in particular Honeywell Centre, Ashton Road shops and Earl Mill
- receipts from proposed to sell land/property for housing development and Ashton Road Corridor improvements

### **Honeywell Centre**

8.5 The proposed succession arrangements will continue to focus on increasing the level of use and income to the Honeywell centre – both from the community and commercial users. This approach follows from an increased marketing and business focus over recent months which has provided evidence of an substantial return on the investment of staff time. The aim is now to remove the operational deficit on the Centre.

<b>Deficit</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Worst case	£72k deficit	£79k deficit	£85k deficit	£87k deficit
Base case	£25k deficit	£25k deficit	£25k deficit	£25k deficit
Best case	No deficit	No deficit	No deficit	No deficit

### **Ashton Road Shops**

- 8.6 The return of the shops units is largely dependent on sustaining the current high level of occupancy. The scope for increasing rentals is limited because of the need to ensure the right mix of 'local shops for local people'.

### **Earl Mill**

- 8.7 A high level of occupancy (75% plus) of Earl Mill is needed to avoid a year on year deficit to August 2017. The financial climate and the closure of the Enterprise Factory has resulted in a loss of projected income to offset the responsibilities incurred through entering into a 25 year lease. Earl Mill nevertheless is a high specification facility offering major opportunities for conferences and business use. It is proposed that the dedicated staff team provide marketing support for Earl Mill and work closely with Council officers to maximise use of this high specification facility. Occupancy is starting to build slowly but it is too early to assess what level of occupancy is achievable. The working assumption is that occupancy of Earl Mill will build up over time in all three scenarios as follows:

<b>Occupancy levels</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Worst case	20%	25%	30%	40%
Base case	40%	40%	45%	50%
Best case	65%	70%	75%	80%

- 8.8 Earl Mill also offers conference facilities and this use is steadily increasing as a result of marketing activity being undertaken by the NDC team. Whilst use and income will inevitably vary over the year the projected average income this year is forecast to be £500 per week. On this basis an income for conference use at Earl Mill is forecast as £25k per annum.
- 8.9 In the best case scenario it is possible that there could be some income from the proposed sports pitches and Fitton Hill Neighbourhood Centre estimated as £15k per annum.

### **Use of capital receipts**

- 8.10 Income from capital receipts is anticipated from the sale of Ashton Road Shops and Belgrave Mill are assumed to be £610k of which £500k will be carried forward to support succession. A further £485k is due from development at Borough Mill Triangle which is dependent on the time taken for the development to be complete. However agreement with CLG over use of receipts is still awaited and the worst case scenario assumes that no capital receipts will be available for the first three years. In this instance the authority would hold capital assets for potential release at some point around year 5 – (Ashton Road properties £610k and Borough Mill Triangle £485k) The assumptions are as shown below:

<b>Use of receipts</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
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Worst case	0	0	0	0
Base case (Necessary to front load use of receipts to fund the strategy)	£100k	£100k	£100k	£100k £485 capital receipt
Best case (less need to use receipts up front so some can be held back as a reserve for future use)	£40k	£40k	£40k	£485 capital receipt

## ii) Expenditure Assumptions

8.11 The main expenditure items are:

- The operational costs of managing assets including staffing costs
- The costs of administering the Honeywell Forum including additional staffing

8.12 The proposed staffing provides for an integrated and dedicated staff team to run the Honeywell Centre and provide the wider range of Honeywell Forum services and activities outlined. Currently Honeywell Centre has a dedicated staff complement of 6 people but also benefits from significant business management and marketing input from the wider NDC team. The proposed staffing budget is therefore the minimum necessary to drive income from the assets and support the wider activities of the Forum. All financial scenarios assume the staffing structure as proposed at a cost of £200,000 pa. This includes provision for necessary enhanced payments for operational staff working evenings and weekends. Reduction of staff would substantially reduce the ability of the team to maximise income and reduce expenditure.

8.13 In addition to the core staffing it is proposed to establish a pool of sessional staff to cater for additional usage and ensure that opportunities for additional income are not lost. It will be important to ensure that the income derived from such additional usage exceeds the additional staffing costs.

### Honeywell Centre

8.14 In addition to the staffing costs the Honeywell running costs include:

- Utilities
- Repairs & maintenance
- Office supplies
- Business rates
- Unity fees (letting and FM services)

The non-staffing costs do not vary significantly with increased use.

### Earl Mill

8.15 The costs relating to Earl Mill include:

- Rent to owners

- Service charges to owners
- Business rates
- Utilities
- Maintenance
- Unity fees (letting and FM services)

The base and worst case scenario estimates that reception duties will be shared with the Honeywell Centre. The best case scenario estimates that Earl Mill will have a full time receptionist.

### **Honeywell Forum**

- 8.16 The costs of running the Forum are largely covered by the asset management costs and the costs of the integrated staff team. The only additional costs are:
- Forum administration budget to cover training, expenses, etc
  - Project budget to fund community chest, etc (subject to affordability)
- 8.17 The income and expenditure forecasts are brought together in the base case, worst case and best case scenarios set out below:

**Scenario 1 –Base case scenario** This assumes that the deficit on the Honeywell Centre is £25k p.a, that occupation of Earl Mill commences at 40%, retail units 70% and a reserve fund contributing 100k per year for 4 years with a further capital receipt of £485k due in year 5 to enable an £80 k per year contribution for a further 6 years. The expected scenario demonstrates a small deficit of £21k in year 1 rising to a maximum of £45k in year 2 and falling thereafter. However £100k is assumed as being held in reserve from capital receipts. There is no provision for projects costs which would need to be funded through ad hoc funding bids year on year.

**Scenario 1 - base case income & expenditure, assuming deficit on the Honeywell reduced to 25k,**

**Earl Mill occupancy is starting at 40% and retail units occupancy is 70%**

**Reserve fund contributing 100k per year over 4 years & then further capital receipts contributing £80k per year**

Year	1	2	3	4	5	6	7	8	9	10
	Apr-11	Apr-12	Apr-13	Apr-14	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20
<i>Earl Mill Occupancy (%)</i>	40	40	45	50	50	50	50	50	50	50
<b><u>Income (000s)</u></b>										
Retail Units	60	70	70	70	74	74	74	78	78	78
Honeywell Centre	223	235	247	260	274	289	304	320	339	342
Earl Mill	-131	-163	-152	-129	-131	-132	-133	-136	-137	-137
Earl Mill Conferences	20	25	25	26	26	26	27	27	27	28
Langham House	50	50	53	53	53	56	56	56	59	59
Accrued Income Reserves*	100	100	100	100	80	81	81	81	81	81
<b>Total Income</b>	<b>322</b>	<b>317</b>	<b>343</b>	<b>380</b>	<b>376</b>	<b>394</b>	<b>409</b>	<b>426</b>	<b>447</b>	<b>451</b>
<b><u>Expenditure (000s)</u></b>										
Full Staff Costs	200	205	210	215	221	226	232	238	244	250
Honeywell Running Costs	138	147	156	167	178	190	201	214	228	230
Forum Running Costs	5	10	10	10	10	10	10	10	10	10
Project Costs -no provision										
Asset Costs -no provision										
<b>Total Expenditure</b>	<b>343</b>	<b>362</b>	<b>376</b>	<b>392</b>	<b>409</b>	<b>426</b>	<b>443</b>	<b>462</b>	<b>482</b>	<b>490</b>
Net Deficit Position	-21	-45	-34	-12	-33	-33	-34	-36	-35	-38
Deficit Cumulative Balance	-21	-66	-100	-112	-145	-178	-211	-247	-282	-321

\* £500k of income permitted to be carried forward - split £100k per year for 4 years with £100k held in reserve.

£485k in year 5 expected return from Borough Mill Investment - split between years 5 to 10.

**Scenario 2 – Worst case scenario.** This assumes that the deficit on the Honeywell Centre commences at £72k and progressively increases; occupation of Earl Mill commences in year 1 at 20% rising to 40% in year 4; retail units 50% and no use of capital receipts to create a reserve fund. The worst case scenario shows a deficit in the region of £250k per annum. However this is demonstrated for illustrative purposes only since steps are being taken to minimise the deficit on Earl Mill through aggressive marketing and provision of business support services. In addition although this scenario shows no income from reserves the Council would have a potential capital receipt of over £1m to offset the revenue deficits shown.

**Scenario 2 Worst Case, assuming full deficit on the Honeywell (starting at -£67k and progressively increasing)**

**Earl Mill occupancy is starting at 20% and progressively increases, retail units occupancy is 50% and income reserves are nil**

Year	1	2	3	4	5	6	7	8	9	10
	Apr-11	Apr-12	Apr-13	Apr-14	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20
<i>Earl Mill Occupancy (%)</i>	20	25	30	40	45	50	50	50	50	50
<b><u>Income (000s)</u></b>										
Retail Units	40	47	47	47	49	49	49	51	51	51
Honeywell Centre	175	181	187	199	205	212	225	233	241	243
Earl Mill	-224	-236	-226	-178	-157	-132	-133	-136	-137	-137
Earl Mill Conferences	20	25	25	26	26	26	27	27	27	28
Langham House	50	50	53	53	53	56	56	56	59	59
Accrued Income Reserves	0	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	<b>61</b>	<b>67</b>	<b>86</b>	<b>147</b>	<b>176</b>	<b>211</b>	<b>224</b>	<b>231</b>	<b>241</b>	<b>244</b>
<b><u>Expenditure (000s)</u></b>										
Full Staff Costs	200	205	210	215	221	226	232	238	244	250
Honeywell Running Costs	138	147	156	167	178	190	201	214	228	230
Forum Running Costs	5	10	10	10	10	10	10	10	10	10
Project Costs -no provision										
Asset Costs -no provision										
<b>Total Expenditure</b>	<b>343</b>	<b>362</b>	<b>376</b>	<b>392</b>	<b>409</b>	<b>426</b>	<b>443</b>	<b>462</b>	<b>482</b>	<b>490</b>
Net Deficit Position	-282	-295	-291	-245	-232	-216	-219	-230	-241	-245
Deficit Cumulative Balance	-282	-577	-868	-1113	-1345	-1561	-1779	-2010	-2251	-2496

\* No Capital receipt to fund reserve - property retained for release at some point around year 5

- Current value Ashton Road properties (£610k) and Borough Mill investment (£485k)

**Scenario 3: Best case scenario** This assumes that the deficit on the Honeywell Centre is removed, and occupation of Earl Mill commences in year 1 at 65% rising to 80% retail units 80% and a reserve fund contributing 40k per year for 10 years - The best case scenario demonstrates a surplus which would enable some potential project costs to be available for the community.

**Scenario 3 - Best case assuming Honeywell income covers running costs and costs of original staff,**

**Earl Mill occupancy is starting at 65% and retail units occupancy is 80%**

**Reserve fund contributes 40 k per year over 10 years. Small budgets now included for projects and work to assets.**

Year	1	2	3	4	5	6	7	8	9	10
	Apr-11	Apr-12	Apr-13	Apr-14	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20
<i>Earl Mill Occupancy (%)</i>	65	70	75	80	80	80	80	80	80	80
<b><u>Income (000s)</u></b>										
Retail Units	65	75	75	75	79	79	79	83	83	83
Honeywell Centre	248	260	272	285	299	314	329	345	362	367
Earl Mill	-14	-16	-5	19	21	20	19	22	21	21
Earl Mill Conferences	20	25	25	26	26	26	27	27	27	28
Langham House	50	50	53	53	53	56	56	56	59	59
Accrued Income Reserves*	40	40	40	40	120	121	121	121	121	121
<b>Total Income</b>	<b>409</b>	<b>434</b>	<b>460</b>	<b>498</b>	<b>598</b>	<b>616</b>	<b>631</b>	<b>654</b>	<b>673</b>	<b>679</b>
<b><u>Expenditure (000s)</u></b>										
Full Staff Costs	200	205	210	215	221	226	232	238	244	250
Honeywell Running Costs	138	147	156	167	178	190	201	214	228	230
Forum Running Costs	5	10	10	10	10	10	10	10	10	10
Project Costs	20	21	21	22	22	23	23	24	24	25
Asset Costs	5	10	10	11	11	11	11	12	12	12
<b>Total Expenditure</b>	<b>368</b>	<b>393</b>	<b>407</b>	<b>424</b>	<b>442</b>	<b>460</b>	<b>477</b>	<b>497</b>	<b>518</b>	<b>527</b>
Net Surplus Position	41	42	52	74	156	156	154	157	155	152
Surplus Cumulative Balance	41	83	135	208	365	520	674	831	986	1138

\* £500k of income permitted to be carried forward - split £40k per year with £100k held in reserve.

£485k in year 5 expected return from Borough Mill Investment - split between years 5 to 10.

Surplus income from Sports Pitches (£10k per year) and Neighbourhood Centre (approx £5k per year)

Net surplus could be used for additional staff or to cover further project costs.

## 9. REVIEW PERIOD

9.1 The Strategy needs to look ahead 10 years over the period to 31 March 2021. However the current detailed proposals deal in particular with the 3-year period up to 31 March 2014. This is intentional as the Strategy needs to be able to respond to:

- The evolution of Oldham's' area working and Total Place initiatives.
- changing economic circumstances
- possible radical changes to the way public sector services are delivered

It is suggested that the proposed arrangements are therefore reviewed after three years – to ensure that the Honeywell Forum and its activities are closely aligned with mainstream.

### Next Steps

9.2 The next steps are to :

- Formally submit the proposed succession strategy to the CLG
- Implement the necessary changes to the staffing structure
- Establish the Honeywell Forum

9.3 This will be done in parallel with the wind down of the NDC programme up to 31 March 2011 so that a smooth transition takes place.

9.4 These arrangements would then develop and evolve over the period up to 31 March 2014. During 2013/14 a review would take place to consider the best arrangements going forwards. A number of options may need to be considered depending on the circumstances at the time:

### 9.5 Options beyond 31 March 2014

1. Continue as years 1-3 if the model is working well and resources permit
2. Extend activities of Forum if income from assets increases significantly – consider if it should evolve into an independent company
3. Curtail operations and mainstream asset management and community empowerment if resources decline.

## 10 Financial Implications

10.1 The proposed represents both capital and revenue expenditure.

10.2 As the report is looking at the future strategy, the figures have been prepared using assumptions as detailed in section 8 of this report. This therefore increases the element of risk to the financial implications of the proposals contained in the report.

### Revenue Implications

10.3 In the revenue implications summarised below, are the projections based on worst, base and best case scenarios, as detailed in para 8.17

Financial Year	Worst £'000s	Base £'000s	Best £'000s
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2011-12	(282)	(21)	41
2012-13	(295)	(45)	42
2013-14	(291)	(34)	52
2014-15	(245)	(12)	74
2015-16	(232)	(33)	156
2016-17	(216)	(33)	156
2017-18	(219)	(34)	154
2018-19	(230)	(36)	157
2019-20	(241)	(35)	155
2020-21	(245)	(38)	152
<b>Cumulative - (deficit)/surplus</b>	<b>(2,496)</b>	<b>(321)</b>	<b>1,139</b>

- 10.4 Using the figures for the worst case scenario, by 2020/21, the proposals would result in an accumulated deficit of £2.496m. Over the same period, the best case scenario would result in a surplus of £1.139m, whilst the base case would result in an accumulated loss of £0,321m. None of the deficits or surpluses have been budgeted for. It is likely that something between the worst and best case scenario will prevail although at which end of the spectrum cannot be assessed with any degree of confidence. Therefore using the base case scenario, which is based on an assumption that retail units occupancy is at approximately the current levels and with Earl Mill with current occupancy at approximately 20%, it is anticipated that there will be a call against Council resources ranging between £21k and £45k over the period to 2020/21. It should however be noted that there are a number of enquiries in the pipeline for occupancy of the larger spaces in Earl Mill.
- 10.5 The base case figures also assume that £500,000 from NDC funds will be allowed by CLG to be held and carried forward to support the succession strategy and also that the capital receipt from the disposal of assets will be allowed to be utilised as revenue support for the succession strategy. The final decision from CLG is still awaited. This therefore means that there is an element of risk that the call on Council resources in order to support the proposals in this report would be nearer those outlined by the worst case.
- 10.6 Not included in the above figures are, subject final approval from CLG, the possible revenue income streams from yet to be implemented Fitton Hill Neighbourhood Centre (FHNC) and the Community Playing Fields project. Both these new projects are in the final stages of approval by the CLG but due to the current spending review being undertaken by the CLG a final decision on these projects has been delayed. On completion, both projects are likely to generate some surplus income to support the succession strategy. Until such time that CLG formally offer grant funding for these projects it is not possible to quantify the likely revenue income that each may generate.
- 10.7 There currently is no provision within Council budgets to support any additional call for resources. Should the succession strategy be approved, then budgets will need to be identified to support the necessary call but also officers must work with the Honeywell Forum and other partners to ensure that the activities within NDC are either self-sufficient or that adequate provision is made available, so as not to jeopardise the agreements with CLG. Therefore, if approved, the costs associated with the Succession Strategy will be an issue for inclusion in the Council's Medium Term Financial Strategy which will incorporate all additional funding requirements, the available resources and link these to the Council's priorities.

### Capital Implications

- 10.8 It is anticipated that there will be some minor capital expenditure in ensuring the assets held by NDC are kept in a condition where they continue to provide a revenue income stream to support the succession strategy.
- 10.9 Also there will be disposal of assets which will generate capital receipts. The sites for disposal include the Ashton Road retail shops, Belgrave No.2 Mill site and Properties in the Borough Mill Triangle. This would normally be available to be recycled for capital spend within the NDC area in line with CLG guidance, however, the NDC have made an application to CLG to utilise the capital receipts, as detailed in para 8.10, not on capital spend but to support the overall activities of the succession strategy. In either case any receipts need to be reused for the benefit of the NDC area. Otherwise grant clawback could apply.
- 10.10 The anticipated capital receipt is summarised below:

2010/11	£'000s
Ashton Road retail units	360
Belgrave No.2 Mill site	<u>250</u>
	610
2014/15	
Properties in Borough Mill Triangle	<u>485</u>
TOTAL CAPITAL RECEIPT	1,095

- 10.11 As stated in para 10.5, NDC have submitted an application to CLG that the disposal of assets can be utilised as revenue support for the succession strategy. A final decision from CLG is still awaited. This therefore means that there is an element of risk that the call on Council resources in order to support the proposals in this report would be nearer those outlined by the worst case. (Jit Kara)

## **11 Legal Services Comments**

- 11.1 The Council is required to submit an NDC succession strategy, signed by its Chief Executive, to the department for Communities and Local Government. The succession strategy will not be approved by CLG unless it meets the criteria set out in its Programme Notes PN 44 & 44a.
- 11.2 The recommendations contained within the report effectively mean that the ongoing succession arrangements are a mirror of the existing arrangements in place for the NDC Programme. Whilst the new Honeywell Forum may make certain decisions or recommendations, they will need to be ratified by the appropriate Decision Maker under the Council's Constitutional decision making process before being implemented. There is therefore potential for conflict if a decision or recommendation does not accord with the Council's overarching policies, aims or objectives. The risk is however minimal.
- 11.3 Normally, with an unincorporated association, the risk lies with the party implementing the decision. As the report details that the asset management

arrangements, decision making forum and staffing structure all belonging to the Council, most risk lies with the Council.

11.4 Any proposal contained within the report relating to the disposal of land or property assets must accord with the Council's statutory duty to achieve best consideration that can reasonably be achieved and that the requirements of the Land and Property Protocol are followed.

11.5 Any staffing matters will require formal consultation with all appropriate parties affected by the decision notably the Trade Unions and is normally a decision taken by the Executive Director in consultation with the Executive Member and the Executive Director Performance, Services and Capacity or nominee and the Borough Treasurer. (Daniel Howard)

## 12 **Human Resources Comments**

12.1 Human Resources have been involved throughout the reduction in staffing and will continue to do so in accordance with the Council's Human Resources Policies. (Gaynor Boardman)

## 13 **Risk Assessments**

13.1 A Risk Register and Risk Management Strategy will form part of the submission to CLG.

## 14 **IT Implications**

14.1 None

## 15 **Property Implications**

15.1 Property implications are dealt with within the report.

## 16 **Procurement Implications**

15.1 None

## 17 **Environmental and Health & Safety Implications**

17.1 The Succession Strategy does not in itself raise any environmental or health & safety implications.

## 18 **Community Cohesion Implications [including Crime & Disorder Implications in accordance with Section 17 of the Act and Equalities Implications]**

17.1 The proposed succession arrangements will continue to foster community cohesion in Hathershaw & Fitton Hill.

## 19 **Forward Plan Reference**

19.1 EPS-51-09

## 20 **Key Decision**

20.1 Yes

## 21 **Background Papers**

21.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref : [insert]

Name of File: NDC Succession Strategy

Records held NDC Offices, Honeywell Centre, Hadfield Street, Oldham

Officer Name : Gordon Roscoe

Contact No : 0161 621 3948

## 22 **APPENDICES**

22.1 Appendix 1 NDC assets  
Appendix 2 CLG assessment criteria

### **Appendix 1 NDC Assets**

A1.1 The retained property assets fall into 2 categories:

#### **i) Neighbourhood Facilities & Service Centres**

A1.2 The Honeywell Centre, Fitton Hill Neighbourhood Centre and School Sports Pitches are to be operated as a suite of facilities that compliment each other and compliment other facilities in the area. This will include an area -wide membership scheme, flexible staffing and complimentary marketing, pricing structures and booking system.

#### **Honeywell Centre**

A1.3 The Honeywell Centre is the NDC Programme's flagship project. The Centre already provides a 'community anchor' facility in Hathershaw providing local services and activity space for community groups. It is helping to sustain a number of important NDC projects (Childrens Centre, training, youth provision, physical activities, healthy eating, etc). It is proposed that it will become a 'community access point' for Hathershaw and adjoining areas. When the project was appraised and approved the Centre was expected to run at deficit of £40,000 per year with grant support from the Council but the grant support has not been sustained. It is therefore necessary to try and generate sufficient income from letting office space and use of its community facilities to cover its staffing and other operating costs.

A1.4 The Centre is currently trading at a loss of around £70,000 per year and, having taken independent advice from Community Concepts (community regeneration consultants),

the NDC Board has approved and is in the process of implementing a robust business plan. The business plan strikes a balance between the need for a significant amount of commercial activity and affordable access for community groups. The current target is to cap the subsidy to the Centre at £50,000 per year. Any subsidy will be a cost to the Succession Strategy which has to be funded from the total revenue income.

A1.5 The Centre is currently managed by the NDC staff team who are Council employees. The staffing of the Centre is one of the major costs. The staffing needs of the Centre are being reviewed in the context of the need to 'drive the business' and ensure that the necessary skills, experience and capacity are available to deal with the key areas of:

- Business planning
- Marketing
- Customer care
- Arranging events and activities

A1.6 The keys areas of the business are:

- Commercial lettings to businesses providing local services – e.g Childrens Centre – Unity Partnership employed as managing agents
- Letting of rooms to community groups
- Letting of Multi Use Games Area – a possible partnership with Oldham Community Leisure Ltd (OCLL) is being evaluated
- Conferences, training events and functions
- NDC/Honeywell Trust office & community room

A1.7 A service level agreement is in place with Unity Partnership to manage the building maintenance.

#### **Fitton Hill Neighbourhood Centre (due to open June 2011)**

A1.8 Subject to CLG confirmation of the necessary £2.08 million NDC grant funding, Fitton Hill Neighbourhood Centre is proposed to be jointly funded by Community First Oldham Ltd (C1OL) and NDC and will be owned by C1OL. It is designed to provide for innovative integrated service provision between NHS Oldham and Oldham Council. In return for a £2m capital investment the Council (on behalf of NDC) will have a 25 year lease on half of the building, rent free. This space will be sublet to the Councils Library and Youth Services and will also provide rooms for community use when not required for service provision. The other half of the building is to be leased to NHS Oldham to provide the primary care services. The Centre will help to sustain NDC projects in the areas of health improvement, lifelong learning and youth and community services. It is proposed that the Centre provides a 'community access point' for Fitton Hill.

A1.9 C1OL will maintain the building and the operational management will be shared between NHS Oldham and Oldham Council. Although the Council space is rent free the Council will have to pay an annual maintenance fee to C1OL and a service charge for the management of the common areas. These costs would be met from Council revenue budgets and by rental income received from community groups resulting in the operation of the Council part of the Centre being cost neutral. The NDC Successor Body would have no direct involvement in the running of the Centre but

would perform an 'overview & scrutiny' role to ensure that appropriate services are developed and sustained and affordable access is available for community groups.

- A.10 The Council will have an option to renew the lease or buy its half of the building for a peppercorn at the end of the 25 year period.

### **School Sports Pitches (due to open autumn 2010)**

- A1.11 Subject to confirmation of CLG funding it is proposed to provide new/improved sports pitches at schools in the NDC area. The schools involved are partners in the West Oldham Trust and the project includes:

- Broadfield Primary school – 2 multi use games areas (one open access) and 1 3G 5-aside football pitch
- St. Martin's C of E Primary School - 2 multi use games areas (one open access) and 1 3G 5-aside football pitch
- Hathershaw College – improvements to drainage to 4 no. grass pitches and upgrading of full size gravel pitch to 3G pitch

- A1.12 The pitches would be managed by the West Oldham Trust with appropriate arrangements for affordable community access. Income from users would cover the management and maintenance costs resulting in the facilities being cost neutral. The NDC Successor Body would have again no direct involvement in the running of the facilities but would perform an 'overview & scrutiny' role to ensure affordable access is available for community groups.

Existing partnership arrangements with Integrated Youth Service and Oldham Athletic Community Trust would be sustained to ensure that the facilities are used to meet community and sports development objectives.

### **Car parks**

- A1.13 The following car parks on Ashton Road are owned by the Council on behalf of the NDC and help to sustain the local shops:

- Tyro Street Car park
- Tydden Street Car Park
- Claremont Street Car park
- Copsterhill Road Car park (to be redeveloped for housing - see below)

- A1.14 These are short-stay car parks designed to support local businesses. Charging is therefore unviable. They are therefore not forecast to produce any income.

- A1.15 Whilst the neighbourhood facilities are unlikely to generate any cash surpluses that might be re-invested by a successor body their intrinsic value lies in the fact that they "asset lock" services into the area. They will host and anchor organisations who will continue to deliver services in the area for the benefit of local people

### **ii) Business assets**

- A1.16 A number of business assets have been acquired using NDC grant and are owned by the Council on behalf of NDC. The letting and management of the NDC business assets is contracted to Unity Partnership.

### **Ashton Road Shops**

A1.17 The Council on behalf of NDC owns 22 shops on Ashton Road. 12 shops have been refurbished and are to be retained and are let/to be let to businesses that provide for the needs of the area and provide vitality to the Ashton Road frontage. (e.g, café, hairdressers, etc). These properties are forecast to provide a revenue surplus. This surplus income will contribute to the overall revenue income needed to sustain the activities of the Succession Strategy. The amount of income derived from the shops is dependent on maintaining both rental and occupancy levels and will to some extent vary with market conditions. Despite the recession there is currently strong interest in the properties.

### **Langham House**

A1.18 Langham House is owned by the Council on behalf of the NDC. A service level agreement is in place with Unity Partnership to manage the building maintenance.

A1.19 The building was used as the NDC offices but has recently been let on a 10 year lease to NHS Oldham for use as a new doctors surgery. The building is therefore producing a secure income to help support the Succession Strategy.

### **Earl Mill**

A1.20 NDC has worked in partnership with Goyt Properties, the owners, to refurbish Earl Mill. In return for an NDC investment of £1,721,000 the Council, on behalf of NDC, has a 25 year lease on the top floor of the mill. This space is designed to be sublet as office space to provide managed workspace for start-up businesses and accommodation for a commercial tenant(s). These tenancies will help to sustain the growth of new businesses and provided jobs in the area. The project was also intended to produce surplus income to help support the Succession Strategy.

A1.21 The business plan in the project appraisal, prepared before the recession, showed Earl Mill breaking even, (taking into account the rental and service charges, business rates and management fees) at an occupancy level of 40% with any additional occupancy producing a revenue surplus. However a review of the business plan, as part of the development of the NDC Succession Strategy, has shown the forecasts in the original business plan to be very optimistic. The revised forecasts based on much more cautious, and realistic, assumptions about income now require around an 80% occupancy figure to break even.

A1.22 The situation has not been helped by the closure of the Enterprise Factory (the NDC Business Incubation project) in August 2009. Part of the floorspace was due to be occupied by Enterprise Factory tenants moving across from Borough Mill. Alongside the need to maximise the commercial letting income it is still necessary to provide affordable managed workspace for incubator businesses to achieve the original objectives of the project. A re-launch of the business incubation and support project is taking place alongside the commercial marketing.

### **iii) Assets to be disposed of**

A1.23 There is some land and property currently held by the Council on behalf on NDC that it is proposed to sell to further the regeneration of the NDC area. This is either because the properties are part of larger scale land assembly for housing and business development or because prospective occupiers wish to purchase rather than rent the

properties. Subject to CLG approval the capital receipts will be used to help fund the Succession Strategy. Some of the receipts can be achieved before the end of the programme in March 2011 and others will come in beyond the end of the programme. Up to £500,000 income can be carried forward beyond the end of the programme to support the Succession Strategy.

**Ashton Road Shop properties**

A1.24 The NDC has successfully bought and refurbished a number of empty/underused shop properties in the Ashton Road corridor. A number of these have been let to local businesses. However some businesses wish to purchase rather than rent. Firm offers have been received for these properties from prospective purchasers.

**Belgrave No. 2 Mill**

A1.25 Belgrave No.2 Mill was originally purchased with a view to demolition and the procurement of a development partner to develop new workspace units. Vacant possession has been secured and the building is currently being demolished. However there is now no NDC funding available to put towards the redevelopment of the site. It is therefore proposed to sell the site for employment purposes.

**Borough Mill Triangle properties**

A1.26 Land in the Borough Mill Triangle area is due to be sold to Countryside Properties for new housing development. This development is a key element of the Spatial Masterplan for Hathershaw and Fitton Hill. The NDC assets within the Triangle include part ownership of Borough Mill, Copsterhill Road Car park and 4 properties on Ashton Road. The timing of these sales is uncertain given the current state of the housing market but is likely to be from 2010/11 onwards. However it unlikely that any repayments to NDC will be possible until last phase of development is completed around 2015.

A1.27 In the summary the potential receipts are as follows:

Total up to 31 March 2011	£610,000	
Total After 31 March 2011	£485,357	

**APPENDIX 2 – CLG ASSESSMENT CRITERIA**

A2.1 The CLG assessment criteria set out in Programme note 44 are:

- Criterion 1 – The outcomes to be delivered are appropriate for the NDC area and the community it serves.
- Criterion 2 – The community continues to be empowered and community leaders are supported
- Criterion 3 – An agreed split of responsibilities in continuing NDC activities/projects/services (between any successor body, the local authority, other partners etc.)
- Criterion 4 – The NDC assets are safeguarded into the long term.
- Criterion 5 – Governance arrangements support the objectives of the succession plans

- Criterion 6 – The risks to the succession strategy have been properly identified and are being actively managed.
- Criterion 7 – The strategy must be agreed by the Local Authority/ Accountable Body and supported by local partners.
- Criterion 8 – Any successor vehicle(s) must be financially independent into the long term