

The Roles and Responsibilities of Mawsley Parish Council, the Mawsley Villagers Association and The Centre at Mawsley CIC, with regard to the operation of The Centre at Mawsley

Introduction:

This document sets out the relationships between Mawsley Parish Council, the Mawsley Villagers Association and The Centre at Mawsley CIC, in the context of running The Centre; and also explains the rationale for the funding support given by the Parish Council to The Centre.

Although the arrangements are long-standing, this document was approved and endorsed by:

- Mawsley Parish Council, at the full Council meeting held on 17th August 2015.
- The Mawsley Villagers Association, at their Board meeting on 23rd August 2015.
- The Centre at Mawsley CIC, at their Board meeting on 27th September 2015.

1. Background:

1.1 Mawsley Parish Council (MPC)

The Council is in a unique position of trying to develop a new village. In particular this requires ensuring that the village has suitable social facilities available at an affordable cost for users.

1.2 The Mawsley Villagers Association (MVA):

The MVA is a registered charity and company limited by guarantee. Its purpose is to provide and facilitate social events and facilities for the residents of Mawsley. Part of this remit is achieved via TCAM.

1.3 The Centre at Mawsley Community Interest Company (TCAM):

TCAM is the company that runs the Centre at Mawsley on behalf of Mawsley residents. It is a not-for-profit organisation, and as a Community Interest Company it is set up to serve the community it is a part of; it also has the benefit that the assets of the company are owned by the village and cannot be sold off by the company.

Although legally separate from the MVA it is in effect controlled by the MVA as the directors of TCAM must be drawn from the directors of the MVA.

TCAM's remit is to:

- provide a facility for community activities at a cost that is affordable to the Village
- keep the cost of running The Centre at a level that is affordable to the Village

These activities are in part in conflict and The Centre does not operate on purely commercial terms. TCAM strives to keep the cost of using The Centre for Village activities (e.g. user groups, social events, sports activities) at a cost significantly lower than the commercial rate; while the bar and non-Mawsley users operate along commercial lines.

1.4 The Centre at Mawsley (i.e. the building):

Completed in late 2005, but not handed over from the builders until October 2006. It was gifted as a S106 contribution to Kettering Borough Council, who then immediately gifted it to MPC.

Intensive inspections of the building in recent years have revealed a long list of latent defects. Much effort has gone into trying to get the builders, and Kettering Borough Council, to take responsibility for correction of these defects but this has proved largely fruitless. The builders have corrected some issues, but MPC has had to spend c. £42,000 since 2010 to address these defects.

MPC's view is that to force responsibility onto the shoulders of either the builders and / or Kettering Council would require legal action; this would be expensive and as there is no guarantee that MPC would succeed it would be a highly risky course of action to take.

Further, it is a very expensive building to run. Overheads (incl. utilities, insurance, cleaning, maintenance contracts) amount to c. £40,000 p.a.. Its size and complexity require a full-time manager and part-time admin. assistant, plus staff to be present at all times. It is open for c. 105 hours/week, thus incurring substantial staff costs. Initially the Centre was run using volunteer bar staff but this proved unworkable as people were unable / unwilling to continue to work shifts of 4 - 8 hours on a regular basis.

2. Rationale for MPC financial support for TCAM:

The Centre is absolutely key to the social life of Mawsley; there are no other facilities for community use or for social use. Nor is there a pub, and although land has been set aside for one it is clear there never will be one as it would be uneconomic to build one. The village has had extensive contact with pub retailing companies and commercial estate agents, who advise this to be the case.

Therefore it is very much in the interests of residents that this facility is kept open, and meets the needs of residents - at affordable prices. This is demonstrated by the fact that:

- 21 user groups (e.g. Youth Club; Scouts / Guides etc.; Karate; dance classes etc.) meet at The Centre. The Parish Council meets there too.
- There were 94 social events (e.g. children's and adults' parties; discos; weddings; christenings etc.) held at The Centre in 2014.
- The Centre also lays on social activities for residents (e.g. Quiz Night; Teens discos; children's film shows etc.). 82 have been scheduled for 2015.

The Parish Council works closely with the MVA and TCAM to ensure that these requirements are met. Of course the continuing losses by TCAM are a cause for concern and investigation by the Parish Council. In December 2010 the Council engaged an independent firm of accountants (Hawsons Northampton) to review the way in which TCAM operates, and consider any potential alternative business models. Hawsons confirmed that The Centre was well run; that the losses were not unreasonable in the circumstances; and that the business model was the most appropriate approach.

The Council attends TCAM Board meetings and notes the current extensive efforts to increase revenue and reduce costs.

The Council is therefore satisfied that funding TCAM is entirely justifiable and reasonable. Moreover it is of the view that there is minimal risk in continuing to support fund TCAM; current funding levels are sustainable, and are more likely to reduce than increase over the foreseeable future.

Commensurate with this it is therefore vital that the building is kept in good condition. The Council is fully aware that it is difficult to predict what maintenance and repair costs might be over time; that is why it has set up the "The Centre Repairs Reserves Fund" to ensure that in the event of major repairs (that are not covered by insurance) being necessary there will be adequate funds to enable them to be completed without delay.

3. Relationships:

	MPC	MVA	TCAM
The Centre building	<p>Owner (landlord) Leased to MVA</p> <ul style="list-style-type: none"> - MPC gets copies of all TCAM's risk assessments. - MPC undertakes a landlord's inspection annually, which is discussed with the MVA and TCAM. - There are now quarterly joint MPC / MVA / TCAM meetings to discuss issues / actions / progress generally. 	<p>Leaseholder (tenant)</p> <p>Gives authority for TCAM to operate the business. This is detailed within the MPC / MVA Lease.</p>	<p>TCAM operates a business within the terms of the Lease that seeks to provide:</p> <ul style="list-style-type: none"> - licenced trade facilities; - community social, leisure & educational facilities; <p>for all residents (and use by visitors to the village).</p>
Finance: revenue support	<p>A payment to TCAM to offset TCAM's annual running cost losses. This loss arises from provision of facilities for the Community. The costs of these are far higher than user groups (e.g. Scouts; Line Dancing; Youth Club etc. etc.) could ever afford to pay. In fact the loss on provision of community facilities is in the order of £50,000 p.a.; however the bar makes a (substantial) profit which reduces the MPC contribution (recently and currently to £24,000).</p>		<p>Uses this money to enable continued provision, at affordable rates, of community facilities.</p>
Finance: Capital expenditure grants	<p>As long as TCAM's business is not profitable then major capital expenditure is unaffordable. The Parish Council has agreed in principle to cover the costs of major items.</p>		
Finance: upkeep of the building	<p>As the landlord MPC is responsible for keeping the fabric of the building in a sound and safe condition. This is outlined in the lease.</p>	<p>As the tenant is responsible for internal condition of the building, as outlined in the lease.</p>	<p>Responsible for the upkeep of its own assets held in the building.</p>
Ownership of assets	<p>Details in the asset register. Capital purchases made by MPC for TCAM have been gifted to TCAM, hence appear on TCAM's asset register.</p>	<p>Details in the asset register.</p>	<p>Details in the asset register.</p>

4. MPC's financial arrangements with the MVA & TCAM:

	Recent previous arrangements and expenditure	Current (2015/16) arrangements and budgeted expenditure	Anticipated future arrangements and financial requirements
Revenue support to TCAM	2012/13 £24,000 2013/14 £24,000 2014/15 £24,000	£24,000; with proviso that that TCAM have agreed that in the event that their running cost losses for 2015/16 are less than £24,000 the full unspent balance will be returned to MPC.	Arrangement likely to continue as per 2015/16. Amount may reduce if TCAM reduces losses.
Capital grants to TCAM	As long as the business is not profitable then major capital expenditure is unaffordable. The Parish Council agreed in principle to cover the costs of major items. Ad-hoc grants: 2012/13 £4,896 2013/14 £nil 2014/15 £6,883	Arrangement continues; £10,000 grant funding budgeted.	Arrangement and amount likely to continue as per 2015/16.
Building maintenance (including repair of latent defects)	Ad-hoc amounts: 2012/13 £3,854 2013/14 £8,852 2014/15 £9,637	Arrangement continues; £10,000 budgeted.	Arrangement likely to continue as per 2015/16.
Reserves allocated to repairs and maintenance of The Centre building	Reserves held in general funds	Formally agreed to: - create "The Centre Repairs Reserves Fund" - set a ceiling of £75,000	Once the £75,000 ceiling is reached, (timing depends partially on whether any major repairs are needed), it may be possible to reduce the Precept.

	Recent previous arrangements and expenditure	Current (2015/16) arrangements and budgeted expenditure	Anticipated future arrangements and financial requirements
Insurance	<p>Buildings: although the lease specifies that TCAM is responsible for buildings insurance, in these years cover was taken out and premium paid by MPC as it could get a better deal than TCAM could - i.e. a saving for overall village funds. TCAM then reimbursed amounts in full.</p> <p>2012/13 £2,690 } full amount reimbursed 2013/14 £2,611 } each year 2014/15 £1,940 }</p> <p>Contents: cover taken out and premium paid by TCAM.</p>	<p>Buildings: cover taken out and premium paid by TCAM.</p> <p>Contents: cover taken out and premium paid by TCAM.</p>	<p>Buildings: likely to continue as per 2015/16.</p> <p>Contents: likely to continue as per 2015/16.</p>
Precept allocation to TCAM	<p>2012/13 £30,000 2013/14 £30,000 2014/15 £30,000</p>	£36,500	Likely to reduce as TCAM losses slowly reducing; also as £75,000 ceiling re "The Centre Repairs Reserves Fund" likely to be reached.
The Community Fund	<p>The Fund is the pot of money donated by the developers to the village as a part of the S106 agreement. <u>It is managed by MPC, but it is not part of MPC's own funds.</u></p> <p>The fund was used to help both the fitting out of the building and to cover TCAM's operating losses in the initial years. Rules of the fund require TCAM as a beneficiary of a grant to contribute at least 15% of the total project cost.</p>	Nil (TCAM's allocation from the fund has all been spent).	Nil