

Report to: The Executive

Date: 9th January 2012

Report of: Director of Corporate Resources

Report No:

Contact Officer: S. M. Arnfield

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Report Title: **Voluntary Sector - Bolton Hub**

Non -Confidential: This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To seek Members' approval to providing additional grant support of upto £70,000 to cover a potential income shortfall at the Bolton Hub

Recommendations: That an additional grant of upto £70,000 to cover a potential income shortfall at the Bolton Hub during 2012/13 be approved, funded from the money set aside for transitional support to the voluntary sector

1. BACKGROUND

In February 2007 the Bolton Hub was opened to provide accommodation to a range of voluntary sector organisations. The Hub is owned by Bolton Trinity Centre, a charity/company limited by guarantee and was funded from contributions by the Big Lottery, ERDF and Neighbourhood Renewal Fund. The building has operated successfully up until the current year when a number of tenants vacated the building.

Several of the organisations within the Hub have faced a reduction in funding over the last 12 months and others face potential further reductions in the future. At the moment the Hub has a 73% occupancy and subject to several grants/bid processes this occupancy could reduce to 50% during 2012/13 as other organisations vacate the building due to funding pressures.

The managers of the building have approached the Council to discuss the potential options going forward. Based upon retaining the existing 73% occupancy, the Hub would incur a deficit during 2012/13 in the order of £33,000 and should the occupancy fall to 50% this deficit would increase to £70,000. The Hub have limited reserves but these will be used up in the current year to fund the existing deficit. The Hub therefore do not have the resources to continue in 2012/13 on the same basis as they currently operate.

Initial discussions with the Council have identified a range of potential options which would include attracting new tenants to the building, closing part of the facility, finding alternative uses for some of the accommodation or potentially closing the building down. Should the building cease to operate as the voluntary sector Hub, then many of the grants would need to be repaid out of any receipt arising from the disposal. This would lose a valuable asset to the Borough and also result in increased accommodation costs for those organisations who currently occupy the building. (The service charge for users is based upon the maintenance and running costs of the building only as the building itself was fully funded when it was initially acquired).

2. PROPOSAL

The options listed in the previous paragraph, along with any other ideas that come forward, need to be worked up in detail and then implemented. In order to enable this to happen the management of the Hub need to be able to cover the lost income until changes are put in place. To provide sufficient resources to cover the next 12 months and enable these options to be evaluated, the Hub have requested that the Council consider making a grant of upto £70,000 to cover any rent shortfall over the next 12 months (ie until March 2013).

When the Council set its budget for 2011/12, savings arising from the late notification of a reduced precept from Greater Manchester Transport, were earmarked to provide a transitional fund to assist voluntary sector organisations who had lost funding. This fund was intended to cover both 2011/12 and 2012/13. Whilst the funding for 2011/12 was allocated earlier in the year, a grant to the Hub of upto £70,000 could be provided from the 2012/13 transitional fund.

Providing this funding would be on the clear understanding that it was only to be used to meet any shortfall in the service charge contributions as a result of organisations leaving the Hub and on the basis that this is a one-off grant. The Council would work with the management at the Hub over the next few months to work up the potential options for bridging this funding gap, either by attracting new organisations into the Hub or reducing the running costs of the Hub on an ongoing basis.