

Name of meeting: Cabinet
Date: 26th July 2016
Title of report: Freehold Asset Transfer of Howden Clough Community Centre, Leeds Road, Birstall, WF17 0HY

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Key Decision - No Private Report/Private Appendix - No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Director</u> & name	Jacqui Gedman - 15.07.16
Is it also signed off by the Director of Resources?	David Smith - 14.07.16
Is it also signed off by the Assistant Director (Legal Governance and Monitoring)?	Julie Muscroft - 14.07.16
Cabinet member portfolio	Asset Strategy, Resources and Creative Kirklees (Arts) - Cllr Graham Turner

Electoral wards affected: Birstall and Birkenshaw

Ward councillors consulted: Cllr Robert Light, Cllr Andrew Palfreeman, Cllr Elizabeth Smaje

Public or private: Public

1. Purpose of report

- 1.1. This report sets out the proposal to transfer the land and buildings on a freehold transfer, which currently make up Howden Clough Community Centre, Leeds Road, Birstall, WF17 0HY to the Howden Clough Community Association. The conditions of the freehold transfer will include covenants to ensure that Howden Clough Community Centre is a building that remains available only for community use.

2. Summary

- 2.1. Howden Clough Community Centre has been leased to Howden Clough Community Association for over 40 years and the current Association have recently formed a new group called Howden Clough Community Association which is a Charitable Incorporated Organisation (CIO) and the CIO is the proposed Association for the Asset Transfer.

The Association has brought forward plans to seek an asset transfer of the building and surrounding land. This paper sets out the background to this request and the Council's proposed response to transferring the asset at nil consideration but with restrictive covenants in place to protect community use.

3. Information required to take a decision

Background

- 3.1. Howden Clough Community Centre is situated on Leeds Road in Birstall, the community centre ("the Centre") is a venue that has been used by the local community for over 40 years. The Centre is currently leased to the Howden Clough Community Association and they are holding over on their current lease which expired in September 2007. The Centre has seen over the last few years an active interest from members of the community with the sole aim to maintain and develop the Centre.

More recently members of the Committee have met with Officers of Kirklees Council with a view to taking ownership of the Centre on a freehold basis and have worked to strengthen their committee.

The centre has a number of community users.

- 3.2. The Association have been running and managing the Centre since 1972. There is a lease in place with shared maintenance responsibilities, the Association have maintained the Centre to an acceptable standard and has completed maintenance and improvement works to the Centre over the term of their lease.
- 3.3. Howden Clough Community Association have submitted a robust application and business plan in line with the requirements of the Asset Transfer Policy, this includes the development of policies and capacity building which have been assessed by the Community and Engagement Team. It also includes financial planning and risk management which has been assessed by Locality, a third party who is also supporting groups working through Asset Transfer. Corporate Landlord have assessed the building related information provided in the application. The Centre is not used to capacity, however the Association have been trialling activities and sessions based around the community's health and well-being and this has received positive feedback.

The application and business case is assessed using the Asset Transfer Assessment Tool which assesses 5 main areas: financial, community impact, risk, organisation strength and the asset. This has been designed in line with the Hallmarks of an Effective Charity which is written and supported by the Charity Commission. All assessments are satisfactory.

Asset Transfer

- 3.4. The Council's Asset Advancement Policy was developed in response to the Quirk Review and subsequent localism agenda and was approved by Cabinet in October 2013. The policy allows for assets to be transferred either through a long term lease or a freehold transfer, both options will normally also have covenants that restrict use to community use.

The decision options for this asset transfer are:

- 3.4.1 Refuse the request for transfer. The Association are currently holding over on a 35 year lease and therefore have a leasehold interest, which means they have an entitlement to apply to a court for a new lease which might leave the Council with Landlord responsibilities for aspects of the maintenance and repair of the building, which in turn would continue to be a drain on the Council's resources. The Council would have the option of setting a Market Rent to the new lease.

Officers are of the opinion that this should not be the recommended option on the grounds that this would leave the Council with onerous responsibilities that would cost more for the Council to discharge, than any rent that would be received and the Association could be held back from developing their plans for the Centre and engaging the local community

- 3.4.2 Transfer the Centre either freehold or leasehold with restrictive covenants for community use with an exception for up to 30% commercial use in line with previous asset transfers. This would support the Associations Business Case which outlines how they intend to increase their community use to ensure continued sustainability of the Centre.

This would align with preceding transfer decisions that have occurred with other asset transfers.

Officers are of the opinion that freehold asset transfer with restrictive covenants for community use, with up to 30% commercial use should be the recommended option on the grounds that the future use of the Centre would be retained for the community and the Council would achieve revenue savings.

- 3.4.3 Transfer the Centre without restrictive covenants in place. Whilst this approach has not been adopted before it is recognised that, subject to approval, this option would fit within the current Asset Transfer Policy, however there is a risk that the Centres future use as a community centre could be lost.

Officers are of the opinion that this should not be the recommended option on the grounds that the future use of the community centre could be lost to the local community.

Costs

- 3.5 The Centre is in an acceptable state of repair, however, a 2006 Conditions Survey does identify works totalling £142,700. The main areas for investment works would be the roof which was estimated at £85,900, the external walls, doors and windows which were estimated at £16,000 and the electrical services which have been estimated at £23,000. The Association have reported that they have undertaken some of the remedial works for the roof, electrical services and the external doors and woodwork, however it is not known to what extent these works have been undertaken. Under the current lease the Council would be responsible for a number of these costs. In transferring the Centre the Capital Repayment Costs circa £9989 will be avoided.
- 3.6 The current building running costs are £4750, due to the lease currently holding over and having a shared responsibility for repairs and maintenance. The freehold transfer will result in a £4750 revenue saving to the Council.

3.7 Valuation

Unrestricted Value

The unrestricted value is the best price reasonably obtainable for the property and should be expressed in capital terms. It is the market value of the land as currently defined by the RICS Red Book (Practice Statement 3.2), except that it should take into account any additional amount which is or might reasonably be expected to be available from a purchaser with a special interest (a "special purchaser"). When assessing unrestricted value, the valuer must ignore the reduction in value caused by any voluntary condition imposed by the Authority. In other words, unrestricted value is the amount that would be paid for the property if the voluntary condition were not imposed (or it is the value of the property subject to a lease without the restriction).

The unrestricted value of the Centre is: £100,000

Restricted Value

The restricted value is the market value of the property having regard to the terms of the proposed transaction. It is defined in the same way as unrestricted value except that it should take into account the effect on value of any voluntary condition(s).

The restricted value of the Centre is: £ Nil

Voluntary Conditions

A voluntary condition is any term or condition of the proposed transaction which the Authority chooses to impose. It does not include any term or condition which the Authority is obliged to impose, (for example, as a matter of statute), or which runs with the land. Nor does it include any term or condition relating to a matter which is a discretionary rather than a statutory duty of the Authority.

The value of voluntary conditions in the proposed transaction is: £ Nil

Amount of discount given by the Council

The difference between the unrestricted value of the land to be disposed of and the consideration accepted (the restricted value plus value of any voluntary conditions).

The amount of discount in the proposed transaction is: £100,000

In respect of *Local Government Act 1972 general disposal consents (England 2003) disposing of land for less than best consideration that can be reasonably obtained* the transaction does not require the Council to seek specific consent from the Secretary of State as the difference between unrestricted value of land to be disposed of and the consideration accepted is £2,000,000 or less

4 Implications for the Council

- 4.1 The Local Government Act 1972 General Disposal Consent, means that specific consent is not required for the disposal of any interest in land/buildings at less than best consideration, which the Authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. Following their assessment, the Council are confident that Howden Clough Community Association meets the economic and social factors for the Birstall area.
- 4.2 The transfer of the Centre will support the community and recognises the benefit of these groups in sustaining the economic, health and wellbeing of the local community.

5 Consultees and their opinions

Local Ward Councillors were consulted and the following comments were received:

Councillor Robert Light: *I support the Asset Transfer of HCCA.*

Howden Clough Community Association were consulted and the following comments were received:

- 1. Local councillors have been consulted throughout the asset transfer preparation, and are supportive of the project.*
- 2. Desktop and field research was conducted in March 2015 to provide insight for HCCA into four local community venues: Batley Girls' High School; Batley Sports and Tennis Centre; The Chatterbox Centre and St.Saviour's Church Brownhill. Themes of 'older' and 'younger' people were examined. The objective of this research was to provide the HCCA with information about broader community and 'competitor's activity, to base their business plan on.*
- 3. Over ninety residents visited the centre in less than 24 hours over an open weekend in February 2015, where Locality and Kirklees Council community engagement staff were present. Many conversations took place, people enjoyed themselves and learnt about the centre and it's potential. Publicity was gained for the centre via local media, social media, leaflets and posters. Two films were made about the events.*
- 4. Community support is also evident from the many current users of the centre, who have also been consulted and have offered help in light refurbishments/commitment."*

More generally, should this information be relevant, details of the work we have carried out on the Centre in recent years have been contained in other reports to Council bodies, as it was

funded by grants from the District Committee, and we also had our own conditions survey carried out, which should have been included with the business plan, also funded by the Council through Locality.

6 Next steps

6.1 Subject to the decision made by Cabinet, Officers from Physical Resources and Procurement will complete negotiations and agree terms of the transfer.

7 Officer recommendations and reasons

7.1 Members are requested to authorise officers to transfer the freehold of Howden Clough Community Centre to Howden Clough Community Association for nil consideration and to include covenants to ensure that the centre can be used for Community Use with an exception of up to 30% of commercial use in line with previous asset transfers.

7.2 Members are requested to note the Assistant Director - Place and Assistant Director Legal Governance and Monitoring have delegated authority to negotiate and agree the terms and red line boundary of the freehold transfer that relate to the transfer of the Howden Clough Community Centre to Howden Clough Community Association.

8 Cabinet portfolio holder's recommendations

The Portfolio Holder, Cllr Graham Turner recommends the freehold transfer of Howden Clough Community Centre to Howden Clough Community Association for no premium/nil consideration subject to the restrictive covenants discussed in paragraph 3.4.2 - which states that the proposed asset transfer route, subject to approval is to *transfer the Centre either freehold or leasehold with restrictive covenants for community use with an exception for up to 30% commercial use in line with previous asset transfers. This would support the Associations Business Case which outlines how they intend to increase their community use to ensure continued sustainability of the Centre.*

9 Contact officer

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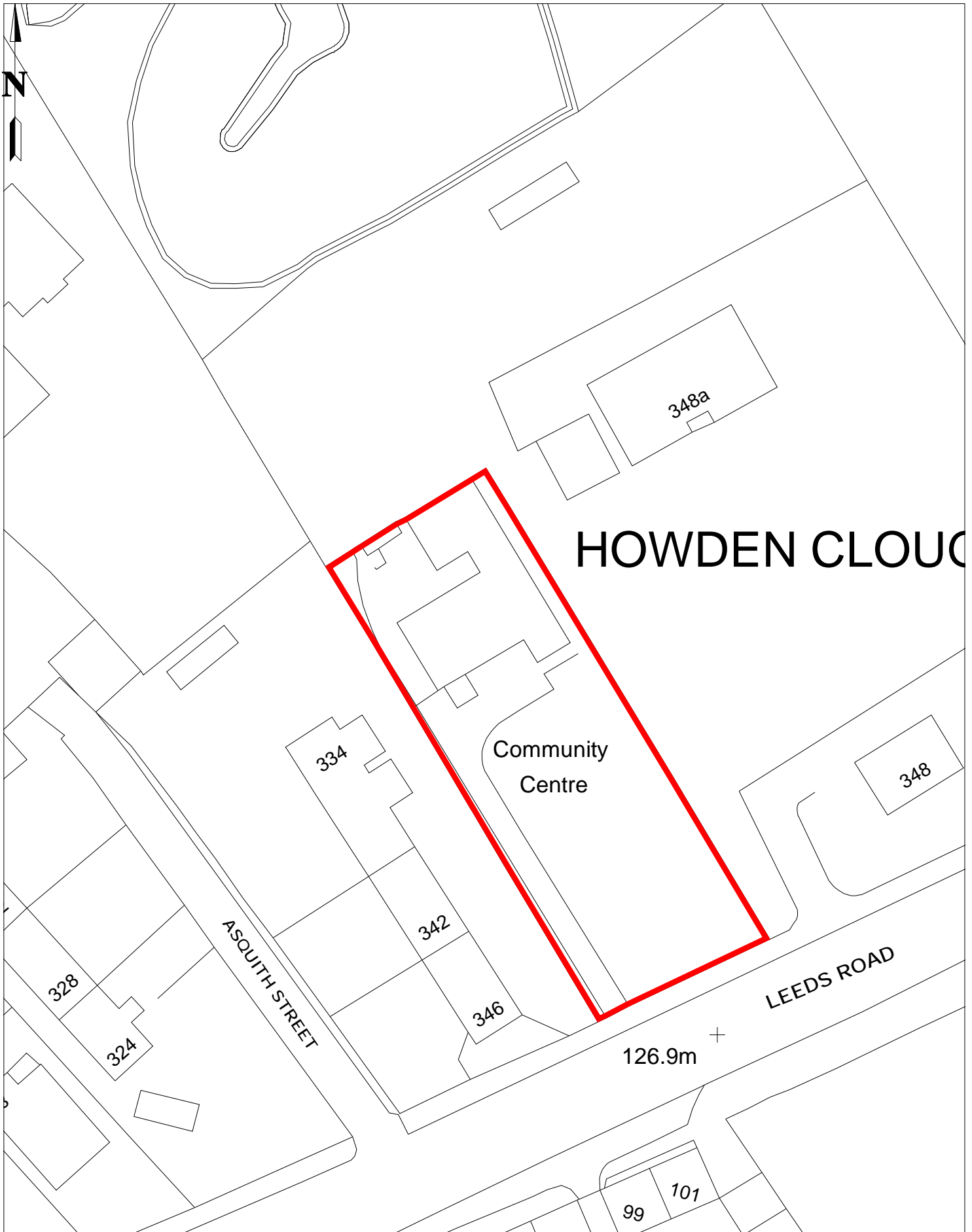
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10 Background Papers and History of Decisions

10.1 Howden Clough Red Line Boundary

11 Assistant Director responsible

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HOWDEN CLOUD

Community Centre

ASQUITH STREET

LEEDS ROAD

126.9m +



PHYSICAL RESOURCES & PROCUREMENT
 Plan No: 16-0256
 Scale: 500
 Required by:

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