

Name of meeting: Cabinet Committee - Assets
Date: 29th March 2017
Title of report: Freehold Asset Transfer Hunsworth Community Centre, Green Lane, Hunsworth, BD19 4DZ

Purpose of report: This report sets out the proposal to transfer the land and buildings on a freehold transfer, which currently makes up Hunsworth Community Centre, Green Lane, Hunsworth, BD19 4DZ to Hunsworth Community Association. The conditions of the freehold transfer will include covenants to ensure that the Centre is a building that is not used for any other purpose than principally for community use.

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| 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 | Joanne Bartholomew, Assistant Director for Physical Resources & Procurement, 16 March 2017 |
| Is it also signed off by the Assistant Director for Financial Management, IT, Risk and Performance? | Debbie Hogg, 17 March 2017 |
| Is it also signed off by the Assistant Director (Legal Governance and Monitoring)? | Julie Muscroft , 16 March 2017 |
| Cabinet member portfolio | Asset Strategy, Resources and Creative Kirklees – Cllr Graham Turner |

Electoral wards affected: Cleckheaton

Ward councillors consulted: Cllr John Lawson, Cllr Andrew Pinnock, Cllr Kath Pinnock

Public or private: Public

1. Summary

1.1. Hunsworth Community Centre has been leased to The Trustees of the Hunsworth Community Association for over 35 years and the current association have requested a freehold transfer of the building.

- 1.2. The Association has brought forward plans to seek an asset transfer of the building and surrounding land. This paper sets out the background to their request and the Councils proposed response to transferring

2. Information required to take a decision

Background

- 2.1. Hunsworth Community Centre is situated on Green Lane in Hunsworth, the Community Centre ('the Centre') is a venue that has been used by the local community for over 35 years. The Centre is currently leased to The Trustees of Hunsworth Community Association and they are holding over on their current lease which expired in March 2016. The local community are in support of the Centre and the Association have met recently with members of Kirklees Council and Locality with a view to strengthen their committee to enable them to undertake an asset transfer of the Centre.
- 2.2. The Association have been running and managing the centre since 1981, there is a lease in place with shared maintenance responsibilities and the Association have maintained the Centre to an acceptable standard over the course of this term.
- 2.3. Hunsworth Community Association has submitted a robust application and business case in line with the requirements of the current Asset Advancement Policy, this includes the development of policies and capacity building which has been assessed by the Community and Engagement Team. It also includes financial planning and risk management which has been assessed by Locality, our third party who assists in supporting groups through Asset Transfer. Corporate Landlord have assessed the building related information and have in turn provided information to the Association that relates to the running of the Centre.

The application and business case is assessed using the Asset Transfer Assessment Tool which assesses 5 main areas: financial, community impact, risk, organisational 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 were satisfactory.

Asset Transfer

- 2.4. The Councils Asset Advancement Policy was developed in response to the Quirk Review and subsequent localism agenda and was approved by Cabinet in October 2013; however a revised Policy was agreed at Cabinet on the 7th March 2017 with an implementation date of 1st April 2017. The new Policy provides for additional financial support for groups requesting Community Asset Transfers and Members were asked to consider applying the new Policy to 3 Community Asset Transfers that were scheduled for 28th March 2017. Hunsworth Community Centres Asset Transfer will be one of the 3.
- 2.5. 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:

- 2.5.1. Refuse the request for transfer. The Association are currently holding over on a 35 year lease have a leasehold interest, which mean 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 Market Rent on 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

2.5.2. 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 the Associations intention to continue and increase community use within the Centre

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.

2.5.3. 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 Advancement 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

2.6. The Centre is in an acceptable state of repair, however a 2007 Conditions Survey did identify works totalling £49,000. The main areas of investment are the roof which was estimated at £34,000 and Mechanical Services which was estimated at £5,000. The Association have identified the repair of the roof within their financial projections. Under the current lease the Council would be responsible for a number of these costs. In transferring the Centre the Capital Repayment costs circa £3,430 will be avoided.

2.7. The current building running costs are £2,100 due to the lease currently holding over and having a shared responsibility for repairs and maintenance. The freehold transfer will result in a £2,100 per annum revenue saving to the Council.

2.8. 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: £150,000

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: £150,000

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.

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 the transfer of the Hunsworth Community Centre to the Hunsworth Community Association will be likely to promote social well-being in the Cleckheaton area.

3. Implications for the Council

3.1 Early Intervention and Prevention (EIP)

The building is used as a venue to facilitate a range of different groups and services to support local residents with training, sporting activities and a range of social activities including, lunch club for children, social afternoons, parties and community celebrations. The Centre is open and welcoming to all residents in the local area 7 days a week with events also running on Saturdays and Sundays on an ad hoc basis as and when required.

3.2 Economic Resilience (ER)

The transfer of the Centre will support the community and recognises the benefit of community associations in sustaining the economic, health and wellbeing of the local community.

3.3 Improving outcomes for Children

There will be no impact

3.4 **Reducing demand of services**

There will be no impact

3.5 **Legal/Financial or Human Resources**

If Cabinet approve the retrospective application of the 2017 Policy, in the case of Hunsworth Community Centre. the potential revenue financial implications could be a one off cost of £5315

4. **Consultees and their opinions**

The Trustees of Hunsworth Community Association were consulted and the following comments were received:

On behalf of the management committee of Hunsworth Community Centre I would like to ask the members to approve the Asset transfer, we have run the community centre for over 35years and have in place a dedicated team of elected members who wish to continue with offering the centre as part of our community. We have looked at and implemented plans to enable us to continue with the Centre and provide it as a multi-functional building for the whole community

The Local Ward Councillors were consulted and no comments were received.

5. **Next steps**

- 5.1 Subject to the decision made by Assets Committee, Officers from Physical Resources and Procurement will complete negotiations and agree terms of the transfer.

6. **Officer recommendations and reasons**

- 6.1 Members are requested to authorise the transfer of the freehold of Hunsworth Community Centre to the Trustees of the Hunsworth Community Association for nil consideration and to include covenants to ensure that the centre can only be used for Community Use with an exception of up to 30% of commercial use in line with previous asset transfers.
- 6.2 Members are requested to authorise the transfer of Hunsworth Community Centre under the 2017 Community Asset Transfer Policy and note the additional financial implications to the Council as at 3.5.
- 6.3 Members are requested to note the Assistant Director of Physical Resources and Procurement and Assistant Director Legal Governance & 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 Hunsworth Community Centre to the Trustees of the Hunsworth Community Association.

7. **Cabinet portfolio holder's recommendations**

The Portfolio Holder, Cllr Graham Turner recommends the freehold transfer of Hunsworth Community Centre to the Trustees of Hunsworth Community Association under the 2017 Policy for no premium/nil consideration subject to the restrictive covenants discussed in paragraph 2.4.2 – which states 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 the Associations intention to continue and increase community use within the Centre.*

Cllr Turner also acknowledges the additional financial implications to the Council as in 3.5:
If Cabinet approve the retrospective application of the 2017 Policy, in the case of Hunsworth Community Centre, the potential revenue financial implications would be a one off cost of £5315

8. Contact officer

Joe Tingle

Joe.tingle@kirklees.gov.uk

(01484) 221000

Jonathan Quarmby,

Corporate Facilities Manager

jonathan.quarmby@kirklees.gov.uk

(01484) 221000

Emma Griff

Facilities Management Officer

Emma.griff@kirklees.gov.uk

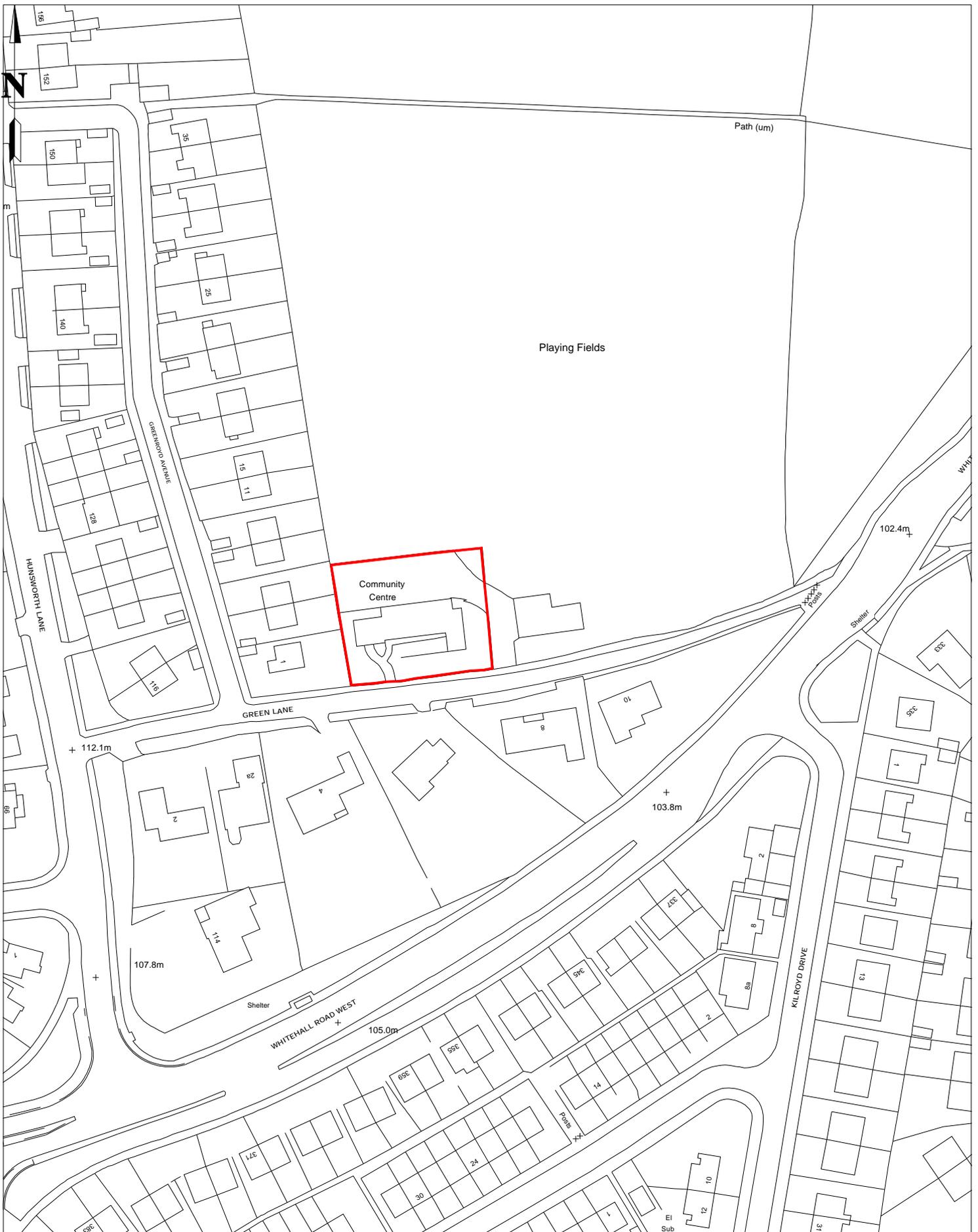
(01484) 221000

9. Background Papers and History of Decisions

Hunsworth Community Centre Red Line Boundary

10. Assistant Director responsible

Paul Kemp, Assistant Director - Place



**PHYSICAL RESOURCES
& PROCUREMENT**

Plan No: 16-0552

Scale: 1250

Required by:

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