

Name of meeting: Cabinet
Date: 31st July 2017
Title of report: 125 Year Leasehold Asset Transfer of Honley Community Centre, Stoney Lane, Honley, HD9 6DY

Purpose of report: This report sets out the proposal to transfer the land and buildings on a 125 year leasehold transfer, which currently makes up Honley Community Centre, Stoney Lane, Honley, HD9 6DY to Netherton Community Centre CIC. The conditions of the leasehold transfer will include covenants to ensure that the Centre is principally not used for any other purpose than community use.

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 Strategic <u>Director</u> & name	Naz Parkar - 20.07.17
Is it also signed off by the Service Director for Finance, IT and Transactional Services?	Debbie Hogg - 20.07.17
Is it also signed off by the Service Director, Legal, Governance and Commissioning?	Julie Muscroft - 20.07.17
Cabinet member portfolio	Corporate - Cllr Graham Turner

Electoral wards affected: Holme Valley North

Ward councillors consulted: Cllr Charles Greaves, Cllr Edgar Holroyd-Doveton, Cllr Terry Lyons

Public or private: Public

1. Summary

- 1.1 Cabinet made the decision February 2015 to close the Public Halls due to budget reductions. Honley Community Centre was one of the Halls listed. Local Councillors were invited to discuss the possibility of an Asset Transfer with their communities.

- 1.2 Netherton Community Centre Ltd (soon to be Netherton Community Centre CIC) 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 the transfer.

2. Information required to take a decision

Background

- 2.1 Honley Community Centre ('the Centre') is situated on Stoney Lane in Honley. The Centre, is a venue that has been managed by Kirklees for a number of years. The Centre is well used and the local community support the proposed asset transfer to Netherton Community Centre CIC. The Centre is attached to a KNH Retirement Living Scheme.
- 2.2 Netherton Community Centre Ltd (NCC) have been successfully managing Netherton Community Centre for 12 years on behalf of Kirklees Neighbourhood Housing (KNH). NCC was originally the local Tenants and Residents Association which then progressed into a Company Ltd by Guarantee. NCC will become a Community Interest Company (CIC) to allow them to move forward with the asset transfer. The transition to a CIC has not completed, however this will be finalised before completion of the leasehold transfer.
- 2.3 NCC currently hold a 6 month lease on Honley Community Centre, which has been in place since April 2017. NCC have full responsibility for the running of the centre. The group have successfully retained the majority of their current customers and are working with the local community to increase their customer base. There are a number of community venues in Honley and the group have clearly outlined in their proposals where the gaps in the market are and plan to work with the community in providing these services.
- 2.4 NCC have proposed to create Honley Management Committee, a board formed from local community members and businesses, which will be responsible for the day to day running of the Centre. The committee members have not been finalised but will be confirmed before the completion of the leasehold asset transfer
- 2.5 NCC have submitted a good application and business case in line with the requirements of the 2017 Community Asset Transfer 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 partner who assists in supporting groups through Asset Transfer. Corporate Landlord have assessed the building related information and have in turn provided information to NCC 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 was written and supported by the Charity Commission. All assessments were satisfactory

- 2.6 The Centre has historically been an Electoral Polling Station and the asset transfer will put in place arrangements so that the Centre can continue to be used as an Electoral Polling Station.

Asset Transfer

- 2.7 The Councils Community Asset Transfer Policy was revised in April 2017. The new Policy provides for additional financial support for groups requesting an Asset Transfer. The Policy continues to support groups to transfer assets from the Council at nil consideration in order to further local social, economic and environmental objectives.
- 2.8 The policy allows for assets to be transferred either through a long term lease (typically 125 years) or a freehold transfer. Both options will normally have covenants that restricts use to community use with a possible exception of up to 30% commercial use.

The decision options for this transfer are:

- 2.8.1 Refuse the request for Transfer. NCC will cease to manage the site from October 2017 and the site will be closed to the community.

Officers are of the opinion this should not be the recommended option on the grounds that the local community and the users of Honley Community would lose a valuable community asset.

- 2.8.2 Transfer the centre either freehold or 125 year leasehold with restrictive covenants for community use with an exception of up to 30% commercial use in line with previous asset transfers and as outlined in the 2017 Community Asset Transfer Policy.

Officers are of the opinion that a 125 year leasehold asset transfer with restrictive covenants for community use, with up to 30% commercial use should be the recommended option on the grounds that the site is adjoined to another Council Asset with a shared heating system and the future use of the Centre would be retained for the local community and the Council would retain the freehold ownership of a shared site.

- 2.8.3 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 does fit within the current Community Asset Transfer Policy, however, there is a risk that the Centres future use as a community centre would 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

- 2.9 The Centre is in an acceptable state of repair, however, a 2006 Condition Survey identifies works required totalling £67,855. The main areas of required investment are to the roof which was estimated at £37,244, Floors and Stair work which was estimated at £17,699 and External Walls, Windows and Doors which was estimated at £11,868. NCC have identified some minor works within their business case but have been advised to see their own surveyor for advice. In transferring the Centre possible Capital Repayment Costs circa. £4548 will be avoided.

Heating for the Centre is fed from the boiler located within the Retirement Living Scheme and the transfer will provide for a service charge cost, to be agreed, which will be payable by NCC. NCC are aware of this and plan to consider a separate heating management system in the future.

- 2.10 The building running costs for 2016-2017 were £6723. The transfer will therefore result in this being a revenue saving to the Council.
- 2.11 NCC have requested 15% of the average of the previous 2 years building running costs as per the 2017 Community Asset Transfer Policy. This will have a one off revenue implication of £874.52

2.12 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

The Local Government Act 1972 General Disposal Consent ("2003) means that specific consent of the Secretary of State is not required for the disposal of any interest in land/buildings at less than best consideration which an 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 Honley Community Centre to the Netherton Community Centre CIC will be likely to promote social well-being in the Holme Valley North Area.

3. Implications for the Council

3.1 Early Intervention and Prevention (EIP)

The Centre is being used as a venue to facilitate a range of different groups and services that support the local community with training, physical activities and a range of social activities which include stay and play and social activities. NCC intends to expand this usage to cover community celebrations and family parties making the Centre a community hub of activity.

3.2 Economic Resilience (ER)

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

3.3 Improving Outcomes for Children

NCC have outlined that Honley is utilised as a satellite centre for some Children's Centre activities but mainly stay and play sessions.

3.4 Reducing Demand of Services

There will be no impact

3.5 Legal/Financial or Human Resources

The building running costs for 2016-2017 were £6723. The transfer will therefore result in this being a revenue saving to the Council. There will be a financial impact to the Council of £874.52 in relation to the 15% running costs available to the group.

The Council will avoid future capital investment of £67,855 however if the asset was to be disposed of on the open market the Council could obtain a Capital Receipt of approx. £100,000

There will be no impact on Legal or Human Resources.

4. Consultees and their opinions

The board of Netherton Community Centre were consulted and no comments were received.

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

Cllr Edgar Holroyd-Doveton

This is a valuable scheme and I am in full support.

Cllr Charles Greaves

I fully support it

Cllr Terry Lyons

I would endorse the Asset Transfer of Honley Community Centre. In wishing them well I hope it becomes a successful venture for the benefit of Honley residents.

Kirklees Neighbourhood Housing were consulted and no comments were received

5. Next steps

- 5.1 Subject to the decision made by Cabinet Committee Assets, 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 in principle the 125 year leasehold transfer of Honley Community Centre to Netherton Community Centre CIC for nil consideration and to include covenants for community use with the exception of up to 30% commercial use subject to Netherton Community Centre CIC providing information relating to their CIC governance, an increase in Directors on its board, full details of the Management Committee and their accounts for 2016/2017 is received and assessed before legal completion of the transfer.
- 6.2 Members are requested to require the lease to contain arrangements that enable the Council to use the Property as an Electoral Poling Station as this is not outlined in the 2017 Community Asset Transfer Policy.
- 6.3 Members are requested to delegate authority to the Service Director of Economy, Regeneration and Culture and Service Director of Legal, Governance & Commissioning to negotiate and agree the terms of the lease (including the red line boundary of the 125 year leasehold transfer) that relates to the transfer of the Honley Community Centre to Netherton Community Centre CIC.

7. Cabinet portfolio holder's recommendations

The Portfolio Holder, Cllr Graham Turner recommends the leasehold transfer of Honley Community Centre to Netherton Community Centre CIC for no premium/nil considered subject to restrictive covenants discussed in paragraph 2.8.2 which states - *Transfer the centre on a 125 year leasehold with restrictive covenants for community use with an exception of up to 30% commercial use in line with previous asset transfers and as outlined in the 2017 Community Asset Transfer Policy.*

Cllr Turner also recommends that the lease contains arrangements to protect the site as a future Electoral Poling Station.

8. Contact officer

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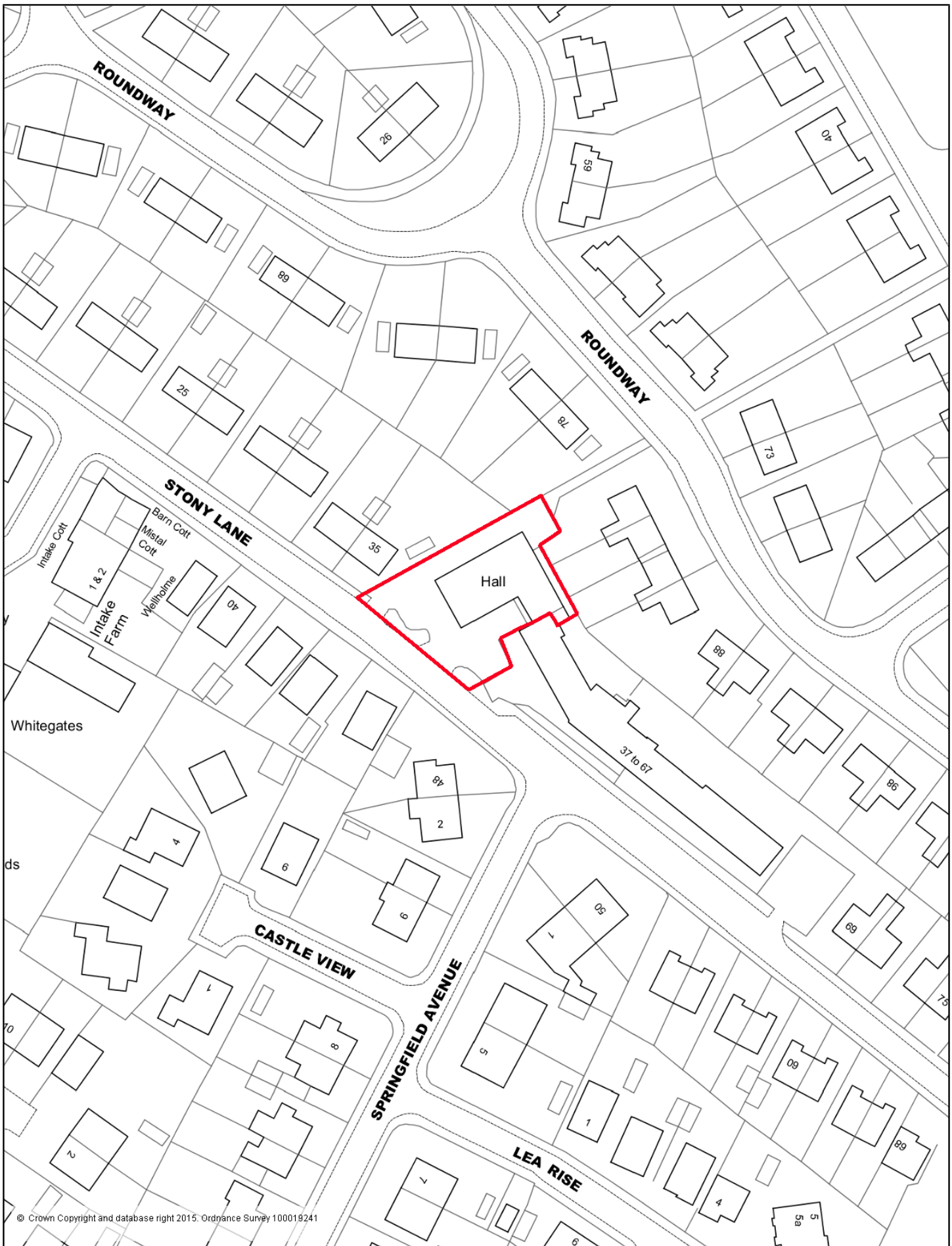
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9. Background Papers and History of Decisions

Honley Community Centre Red Line Boundary

10. Service Director Responsible

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