

**Name of meeting:** Cabinet

**Date:** 14<sup>th</sup> December 2021

**Title of report:** Community Asset Transfer of Netherton Moor Community Centre.

**Purpose of report:** This report requests that Cabinet considers and approves the Community Asset Transfer of Netherton Moor Community Centre to Netherton Community Centre CIC.

<b>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?</b>	No
<b>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></b>	No
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	Yes
<b>Date signed off by <u>Strategic Director</u> &amp; name</b>	David Shepherd – 26/11/2021
<b>Is it also signed off by the Service Director for Finance?</b>	Eamonn Croston – 02/12/2021
<b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	Julie Muscroft – 30/11/2021
<b>Cabinet member <a href="#">portfolio</a></b>	Cllr Paul Davies (Corporate)

**Electoral wards affected:** Crosland Moor and Netherton

**Ward councillors consulted:** Cllr Erin Hill, Cllr Manisha Kaushik, Cllr Mohammad Sarwar

**Public or private:** Public

**Has GDPR been considered?** Yes, GDPR has been considered. The information in this report does not identify any individuals.

## **1. Summary**

- 1.1 Netherton Moor Community Centre is located at Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH. The freehold of the site is owned by the Council. Plan Reference 19-0047, which is attached in Appendix A, shows the boundary of the site indicated by a red line.
- 1.2 The property is a purpose built single storey community centre that was constructed in the early 1970's. It is of brick construction with a pitched tile roof. Externally the property has exclusive use of a grassed amenity area which is fenced off from the remaining open space. The building is in good condition.
- 1.3 It is a well-used community centre. For the last 16 years it has been successfully run and managed by a community organisation and is currently managed by Netherton Community Centre Community Interest Company (The "CIC").
- 1.4 It is proposed that Netherton Moor Community Centre is transferred to the CIC by way of a 125 year lease.
- 1.5 The CIC is managed by a local Board of Directors. All Board Members are from the local community and, as such, have a strong commitment to the area and a good understanding of local needs.
- 1.6 The board have experience of the community asset transfer process and building management having successfully completed an asset transfer of Honley Community Centre in April 2017.

## **2. Information required to take a decision**

### Council Policy

- 2.1 The Council's Community Asset Transfer Policy was approved by Cabinet in September 2020. The Policy supports groups to transfer assets from the Council at nil consideration in order to further local social, economic and environmental objectives. A copy of the Community Asset Transfer Policy is attached in Appendix B.
- 2.2 The Policy allows for assets to be transferred either through a long-term lease or, in exceptional circumstances, a freehold transfer. Both options are subject to covenants that restrict the use of the asset to community use. The Policy allows an element of commercial use if this is considered necessary for a successful business model.
- 2.3 In 2019 the Board Members of the CIC submitted an expression of interest for the transfer of Netherton Community Centre under the Community Asset Transfer Policy.
- 2.4 In line with the Policy, the Board Members were invited to develop a full application and business plan and submitted these in September 2021. The business plan includes details of financial planning, the CIC's governance, policies and intended use for the community centre.
- 2.5 The application and business plan have been assessed by officers, taking into consideration: the community engagement and intended use of the community centre, governance and capacity of the applicant group, funding, and the financial viability of the project.

## Applicant: Netherton Community Centre CIC

- 2.6 The CIC board members have experience of the community asset transfer process and building management having successfully achieved an asset transfer of Honley Community Centre in April 2017.
- 2.7 The CIC was originally set up as Netherton Tenants and Residents Association in 2005 under a Memorandum and Articles of Association set out by Kirklees Federation of Tenants and Residents Associations. In 2005 it was agreed with Kirklees Neighbourhood Housing that they would take on responsibility for the management and maintenance of Netherton Moor Community Centre.
- 2.8 Since 2005, the CIC have invested over £35,000 into the centre in repairs and improvements to the building including: a new fire alarm, energy efficient lighting, a new kitchen, new toilet facilities and a new boiler.
- 2.9 Alongside running the community centre, the organisation began hiring out equipment for community events in order to raise extra income. This became a significant area of business and in February 2016 it was established as a not-for profit company limited by guarantee. Profits from this business activity have been invested back into the community centres at both Netherton and Honley, allowing improvement works to be undertaken.
- 2.10 In 2018 Netherton Community Centre Ltd changed its status to a Community Interest Company (CIC).
- 2.11 The equipment hire business then grew significantly and a separate company was established in 2020 (Yorkshire Event Power Ltd.) to manage and develop this further.

## The Asset

- 2.12 Netherton Moor Community Centre is located at Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH. The freehold of the site is owned by the Council. Plan Reference 19-0047, which is attached in Appendix A, shows the boundary of the site indicated by a red line.
- 2.13 The property is a purpose built single storey community centre that was constructed in the early 1970's. It is of brick construction with a pitched tile roof. Externally the property has exclusive use of a grassed amenity area which is fenced off from the remaining open space. The building is in good condition.

## Community Use Activities

- 2.14 The CIC caters for a diverse range of groups. The activities that are delivered at the centre include:
- Girl Guides
  - Breakfast and After School Club
  - Ballroom Dancing
  - Scouts
  - Over 65s Lunch Club.
- 2.15 The CIC have plans to develop further provision at the centre, in particular youth provision and activities for young people. In the short term, they intend to replicate the

youth club that they have set up at Honley Community Centre at the Netherton Community Centre.

2.16 The CIC's Strategic Objectives for Netherton Community Centre are as follows:

- To provide a community resource centre for the people of Netherton, providing meeting and conference spaces for education, social, health and leisure opportunities as well as access to advice and information
- To ensure the long-term viability of the facility by ensuring that it is sustainable via income generated from hiring, enterprises and accessing community grants and funding
- To work in partnership with key agencies to develop the Community Centre to meet new and future needs by considering the development of its physical structure and the nature of services which can be offered.

### **Options**

2.17 The Council have the following two options:

a) Refuse the request for an asset transfer

2.18 The Community Asset Transfer Policy supports the Council's ambitions allowing local people and communities greater control over local assets and the services delivered from them.

2.19 Refusal of the Asset Transfer would restrict the CIC's ability to secure grant funding to improve the facility and in turn potentially affect the long-term viability of the site and the services delivered from it. Therefore this is not the recommended option.

b) Transfer the community centre either freehold or leasehold with restrictive covenants for community use with an exception of up to 30% commercial use in line with other Community Asset Transfers and in line with the Community Asset Transfer Policy.

2.20 Whilst freehold transfers can contain covenants to ensure that the site is restricted to community use and remains available to the community, a freehold transfer limits the Council's ability to intervene in circumstances where the CIC failed to fulfil its obligations.

2.21 Officers are of the opinion that the grant of a long leasehold for a period of 125 years, in accordance with the Community Asset Transfer Policy 2020, is appropriate. The grant of a long leasehold gives the CIC the security needed to satisfy grant funder requirements. The lease will include a restrictive covenant that the site is used for community use with provision, if required, for the CIC to sub-let up to 30% of any buildings space for commercial use to support the running and long-term sustainability of the facility.

2.22 It is advised that the lease should be on the basis of a peppercorn rent for the full term, with the CIC being responsible for the full repair and insuring of the site.

2.23 The lease will reserve rights for the Council to use the Community Centre for the purpose of an Electoral Polling Station.

2.24 The grant of a long lease provides the Council with remedies in the event that there is a breach of the terms of the lease.

- 2.25 **Recommended Option** – Option B, transferring Netherton Moor Community Centre to Netherton Community Centre CIC by way of a 125 year lease, is the recommended option. It will enable the CIC to access grant funding to further improve the community offer for residents, whilst protecting the community status of the asset by way of appropriate restrictive covenants and the Council's ability to intervene if necessary.

## **Valuation**

### **Unrestricted Value**

- 2.26 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 Valuation – Global Standards 2017 – VPS 4, 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 Netherton Community Centre is: £120,000

### **Restricted Value**

- 2.27 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 Netherton Community Centre is: £120,000

### **Voluntary Conditions**

- 2.28 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**

- 2.29 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: £120,000

- 2.30 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 the authority considers will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area.

- 2.31 Following assessment, Council officers are confident that the asset transfer of Netherton Moor Community Centre to Netherton Community Centre CIC will continue to promote the social well-being of the Crosland Moor and Netherton Ward.

### **3. Implications for the Council**

- **Working with People**

- 3.1 The proposals for the asset transfer of Netherton Moor Community Centre have been developed in conjunction with the Board Members of Netherton Community Centre CIC.

Community Asset Transfers involve supporting community initiative and helping communities to solve their own problems. Community consultation is a key part of the asset transfer process, ensuring that the asset meets the needs of the community. Ward Members are consulted as part of the Cabinet reporting process and are given opportunity to make representations on behalf of the community.

- **Working with Partners**

- 3.2 Partnership working is crucial to the success and sustainability of community asset transfers within Kirklees. Officers work collaboratively with the applicant group, council services and Locality, a national charity, in the development of asset transfer proposals. Locality is a national charity working with community foundations at a local level to ensure that they are strong and successful. Groups are actively encouraged and provided with necessary support to ensure that partnership opportunities are fully explored.

- **Place Based Working**

- 3.3 Community Asset Transfer supports Place Based Working, providing an opportunity for a more efficient and effective use of buildings and land currently owned by the council. It gives local people and communities greater control over local assets and the services delivered from them and provides new opportunities to develop and improve land and buildings for local social, economic and environmental benefit. The Community Asset Transfer Policy has been updated to ensure it is consistent with the Council's Vision of giving local people and communities' greater control over local assets and the services delivered from them.

The asset transfer process, as set out in the updated policy, requires that full community consultation and engagement is carried out as part of an asset transfer application. This ensures that local residents, stakeholders and businesses have a say and inform how community assets can help shape their places.

- **Climate Change and Air Quality**

- 3.4 There will be no impact on Climate Change and Air Quality.

- **Improving outcomes for children**

- 3.5 Community assets play a crucial role in the delivery of services to all members of the community, including young people. The transfer of community assets can maximise their use and provide a place for children, their families, communities and services to work together to provide positive childhood experiences.

- **Other (eg Legal/Financial or Human Resources)**

- 3.6 Under the proposals the Council will be forgoing a potential capital receipt of £120,000. There are no revenue income or expenditure implications.

## **Do you need an Integrated Impact Assessment (IIA)?**

3.7 Yes. IIA attached at Appendix C

## **4. Consultees and their opinions**

### **Ward Member Comments**

#### **Cllr Manisha Kaushik**

*I fully support the community asset transfer of Netherton Moor Community Centre to Netherton Community Centre CIC.*

#### **Cllr Mohammad Sarwar**

*I am in full support of this community asset transfer.*

#### **Kirklees Homes and Neighbourhoods**

*Homes and Neighbourhoods supports the application. This is in recognition of the valuable work the organisation undertakes in the community including their work with and on behalf of local tenants and residents and looks forward to further joint working following the transfer.*

## **5. Next steps and timelines**

5.1 Subject to Cabinet approval, Officers will complete negotiations and agree terms of the transfer and instruct the Service Director - Legal, Governance and Commissioning to enter into and execute the transfer.

## **6. Officer recommendations and reasons**

### **It is recommended that:**

- 6.1 Authority be delegated to the Director of Development to negotiate and agree terms for the grant of a 125 year lease of Netherton Community Centre, Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH for the reasons set out in the body of the report.
- 6.2 Authority be delegated to the Service Director - Legal, Governance and Commissioning to enter into and execute all necessary documentation in connection with the grant of a 125 year lease of Netherton Community Centre to Netherton Community Centre CIC.

## **7. Cabinet Portfolio Holder's recommendations**

*I welcome this asset transfer to Netherton Community Centre CIC.*

*I am sure this community asset transfer will be a great success and will join the list of the many transfers we have completed over the last few years.*

*Asset transfers give communities the chance to develop community capacity and ensure that the needs of the community are at the heart of the buildings we transfer.*

*This transfer is also an excellent example of place-based working, and how working with partners like the CIC and a local community's residents can take ownership of a valuable and well used community asset.*

*I support option B as set out in this report and therefore recommend that Cabinet support the officer recommendations set out above and that:*

- *Authority be delegated to the Director of Development to negotiate and agree terms for the grant of a 125 year lease of Netherton Community Centre, Rowan Avenue Mews, Netherton, Huddersfield, HD4 7WH for the reasons set out in the body of the report.*
- *Authority be delegated to the Service Director - Legal, Governance and Commissioning to enter into and execute all necessary documentation in connection with the grant of a 125 year lease of Netherton Community Centre to Netherton Community Centre CIC.*

**8. Contact officer**

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**9. Background Papers and History of Decisions**

Appendix A - Red Line Boundary plan (Ref.19-0047)  
Appendix B - Community Asset Transfer Policy 2020  
Appendix C - Integrated Impact Assessment

**10. Service Director responsible**

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