

**Name of meeting:** Cabinet

**Date:** 14<sup>th</sup> November 2023

**Title of report:** Asset Review November 2023

**Purpose of report:**

This report is the second in a series of reports, it sets out some early recommendations considering the further optimisation, rationalisation, mothball, closure, and disposal of property assets and interests across the Council's estate. Further reports with options and recommendations will be offered over the coming months for consideration and presented in alignment with ongoing budget planning and organisational change activity.

<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>	Yes – has implications exceeding £500k and covers all wards.
<b>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u></b>	Key Decision – Yes Public Report
<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 – Strategic Director for Growth and Regeneration – 27/09/23
<b>Is it also signed off by the Service Director for Finance?</b>	Isabel Brittain – Service Director for Finance – 27/10/23
<b>Is it also signed off by the Service Director for Legal Governance and Commissioning?</b>	Julie Muscroft – Service Director for Legal, Governance and commissioning – 02/11/23
<b>Cabinet member <a href="#">portfolio</a></b>	Cllr Graham Turner – Finance & Regeneration

**Electoral wards affected:** All Wards

**Ward councillors consulted:** No

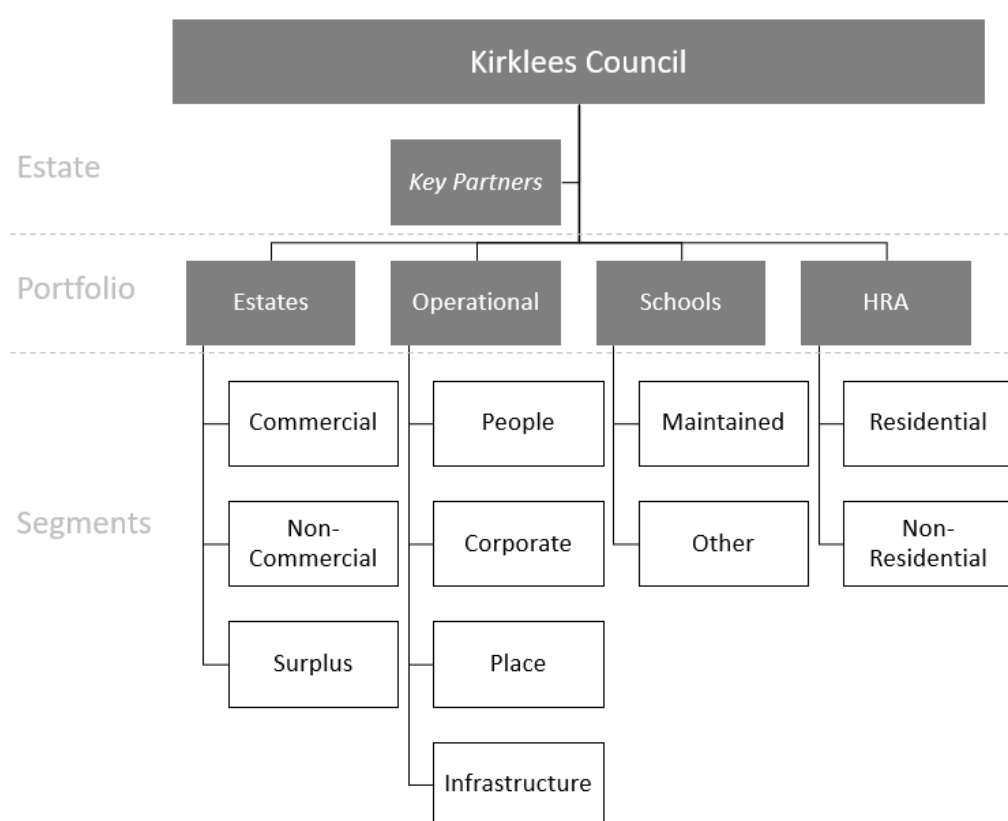
**Public or private:** Public

**Has GDPR been considered?** There is no personal data within the report.

## 1. Summary

- 1.1 In alignment with the emerging Corporate Property Strategy, the Asset Review is a systematic and holistic approach to the optimisation, rationalisation, mothball, closure, and disposal of property assets and interests across the Council's estate.
- 1.2 This report is the second in a series of reports, presenting further opportunities and recommendations to rationalise the estate, reduce costs and forward liability, and to generate capital income through the disposal of property which has been declared surplus to the organisation's needs. It sets out some further property implications and early recommendations in response to ongoing organisational change activity.
- 1.3 The Council's estate is split into portfolios and segments as illustrated below, the initial focus of the Asset Review is on the operational portfolio.

Figure 1 - Kirklees Council's Estate



- 1.4 The approach taken to prioritise assets across the estate is termed the Core Estate. The Core Estate identifies those assets which are required to facilitate the Council's statutory functions, corporate and political priorities, and to safeguard legal, cultural, and heritage obligations.
- 1.5 The categorisation and analysis of the operational portfolio remains under review to understand the forward investment priorities of the retained Core Estate and to further identify opportunities for rationalisation and optimisation of the estate.
- 1.6 As opportunities emerge, either due to the review or as a result of ongoing business planning and service change activity, further reports will be brought forward for consideration.

- 1.7 The statutory requirements of Assets of Community Value, and the position of the Council’s current Community Asset Transfer Policy have been summarised as follows to help provide clarity on the process being used as part of supporting the Council’s present approach to property disposals.

### Assets of Community Value

- 1.8 The Localism Act 2011 introduced the Community Right to Bid, which provides the legal powers to enable local community groups to nominate buildings or land for listing as Assets of Community Value (ACV). It is the local authority’s responsibility to hold a register of confirmed nominated ACV’s, and nominated assets can be owned publicly or privately.
- 1.9 For a nomination to be successful the nominee must demonstrate that the asset currently or in the recent past furthered the social interests or social wellbeing of the local community, and it is realistic to think that this use can continue.
- 1.10 Disposal of assets registered as an ACV is governed by legislation. An owner must inform the Council of an intention to dispose of the asset, which triggers an interim moratorium period of six weeks during which eligible groups can notify the Council if they wish to be considered as a potential bidder for the asset. If an eligible group indicates they would like to be considered as a potential bidder a full moratorium period of six months is then triggered. This is designed to give eligible groups opportunity to negotiate with the asset owner.
- 1.11 It is important to highlight that there is no right for the community to buy, or a right to first refusal. Instead, the community is entitled to bid for the asset and is given time to prepare a proposal.
- 1.12 During the moratorium period the owner can only dispose of the asset to an eligible group, however there is no obligation on the owner to consider any bid or offer for the asset. The owner of the asset can choose freely who to sell the asset to and for how much, but open market disposal can only take place following the expiry of the moratorium period. Any disposal must take place within the ‘Protected Period’, which is 18 months from the date of receipt of the owner’s intention to dispose of the asset.
- 1.13 If the asset is not sold within the Protected Period the owner must submit a fresh notice of intention to dispose of the asset and a new moratorium period will be triggered.
- 1.14 The disposal of any Council assets registered as an ACV must therefore consider and be aligned with the requirements of the Act and the timescales for disposal set down within. At the present time there are 4 Council owned assets which are registered as an ACV:

Property Name	Address	Nomination Date	Date Listing Expires
Red House	281 Oxford Road, Gomersal, Cleckheaton, BD19 4JP	24-Oct-19	23-Oct-24
Cleckheaton Library	Whitcliffe Road, Cleckheaton, BD19 3DX	25-Apr-21	24-Apr-26
Former Almondbury Library	Stocks Walk, Almondbury, Huddersfield, HD5 8XB	11-Feb-22	10-Feb-27
Savoy Square	Bradford Road, Cleckheaton, BD19 3JH	05-Apr-23	04-Apr-28

## Community Asset transfer

- 1.15 The Council's current Community Asset Transfer Policy was approved by Cabinet in September 2020 and can be found on the Council's website. Community Asset Transfer (CAT) is a form of disposal involving the transfer of land or buildings from the Council to a community or eligible organisation at 'less than best consideration' – that is at less than its full market value – to further local social, economic, and/or environmental objectives.
- 1.16 A CAT can be brought forward either due to:
- (i) an asset initially being identified and advertised as an eligible asset,
  - (ii) or, a strong initial expression of interest is received from an eligible organisation prompting an asset to be considered as an eligible asset.
- 1.17 It is an internal Council service decision whether an asset is identified as an eligible asset. CAT will not be considered where:
- (i) The asset is required for service delivery or Council strategic objectives,
  - (ii) disposal would generate a capital receipt required to support the Councils Capital Programme,
  - (iii) or, there is no clearly defined community need or an asset transfer would compromise existing community assets.
- 1.18 Successful CATs are dependent on the complexity and scale of the asset alongside the capacity and capability of applicants. Should an asset be acknowledged as eligible for CAT, following receipt and acceptance of an expression of interest from an eligible organisation, a 3-month period will commence to allow an initial business case to be presented for CAT.
- 1.19 Subject to the acceptance of the initial business case, a further 6-month period will be given for an applicant's full business plan to be developed and considered. Should a business plan for a CAT be confirmed as viable, the CAT is then reported to and determined by Cabinet. If after the 6-months the business plan is still not agreed, the asset will be released, and the Council's surplus assets process will be followed. All CATs will be determined within a 12-month period.
- 1.20 The Council commissions external independent support for groups (currently through Locality), to help develop business cases and business plans.



## 2. Information required to take a decision.

- 2.1 The asset review has identified additional surplus property interests to be brought forward for disposal, and four further properties, as detailed below, for specific consideration which are proposed to be declared as surplus to organisational requirements and brought forward for disposal.

### Surplus Property Disposals

- 2.2 The Council's Capital Receipts Schedule (CRS) and approach to the disposal of surplus property interests was approved at Cabinet in June 2023.
- 2.3 The Asset Review has identified further surplus property interests to be added to the CRS as listed within **Appendix A**. These will be brought forward in alignment with the Council's Capital Strategy and planned delivery pipeline for generating capital receipts.
- 2.4 All assets declared surplus to organisational requirements will follow the Council's surplus property process. This will involve further work and due diligence including the review of property title to understand whether any conditions exist which could affect bringing an asset forward for disposal.

### 1 Beech Street, Huddersfield

- 2.5 The site, which extends to 0.5 acres, includes a two-storey former Methodist Church Sunday School building dating from 1873 and a large single storey sports hall extension added in the 1960's. The original building is of traditional stone construction. The single storey sports hall is of a steel frame/brick panel construction.
- 2.6 The former Sunday School Building, previously the home to Paddock Youth Club, was closed in 2018 due to significant condition and structural issues. The building remains mothballed. A recent condition survey identified backlog maintenance across the site totalling £1m.
- 2.7 The sports hall remains open and is currently used by a local gymnastics club. The club has been allowed to occupy the premises on an interim basis on an informal agreement. Running costs and associated repair and maintenance requirements continue to sit with the Council with minimal contribution from the club.
- 2.8 The Council has previously provided the club with support in identifying alternative premises to relocate. Notice has now been served giving the club until 31 March 2024 to vacate the premises.
- 2.9 Following vacant possession, the property is proposed to be declared surplus to organisational requirements and brought forward for disposal to generate a capital receipt in support of the Council's capital plan.

### DRAM Sport & Community Centre

- 2.10 The Dalton, Rawthorpe, and Moldgreen (DRAM) Sport & Community Centre was built in 2004. It is a two-storey, steel framed building with a pitched profiled metal roof. The Centre is comprised of a large function room that includes bar facilities, meeting / conference room, reception room, storerooms, a large kitchen which includes professional kitchen facilities, 6 changing rooms and WC facilities. Car parking is present to the front of the building.

- 2.11 The centre has been primarily used as a venue to support Council service needs, with additional uses/bookings made by the wider community and sports teams.
- 2.12 As part of the ongoing review of assets and operational services there is no longer an identified internal Council need for use of the facility. Alternative venues are now being used and the building is proposed to be declared as surplus to the organisation's requirements. In addition, there are alternative community venues within close proximity which could adequately meet the wider needs of the community.
- 2.13 However, the centre also supports local Rugby and Football clubs, providing changing and welfare facilities to support their operational requirements. Initial discussions are taking place to understand the opportunity for CAT which will be considered alongside wider opportunities for disposal.
- 2.14 As stated at 1.20, a period of 3 months will be given to determine whether capability and capacity can be identified within the community. Given the timing of this report, it is proposed that an extended period of 4 months is given with a deadline of 31<sup>st</sup> March 2024, allowing any interested eligible groups or organisations sufficient time to express an interest and present their initial business case. During this time, if no clear progress can be demonstrated, or an appropriate business case presented, the property would then be released for disposal.

#### Hudawi Centre, Great Northern St, Huddersfield

- 2.15 The Hudawi Centre was opened in 1997 on a site formerly occupied by Beaumont Street School. It is a two storey, steel framed building with masonry and rendered walls covered by pitched tiled roofs. Internally, the property is comprised of a large hall, a kitchen/café/bar area and a variety of training and meeting rooms to both the ground and first floor. Externally there are 2 car parks to either side of the building, a small grassed area and an enclosed former nursery play area.
- 2.16 The adjacent former Beaumont Street Studios building that shares the site was disposed of by the Council in 2020.
- 2.17 The centre has been primarily used as a venue to support Council service needs, with additional uses/bookings made by the wider community.
- 2.18 As part of the ongoing review of assets and operational services there is no longer an identified internal Council need for use of the facility. Alternative venues are now being used and the building is proposed to be declared as surplus to the organisation's requirements.
- 2.19 However, the centre is also used as a key venue to support the local community, and with limited wider community venues within the locality, the possibility of CAT needs to be considered alongside wider opportunities for disposal.
- 2.20 As stated at 1.20, a period of 3 months will be given to determine whether capability and capacity can be identified within the community. Given the timing of this report, it is proposed that an extended period of 4 months is given with a deadline of 31<sup>st</sup> March 2024, allowing any interested eligible groups or organisations sufficient time to express an interest and present their initial business case. During this time, if no clear progress can be demonstrated, or an appropriate business case presented, the property would then be released for disposal.

### Red House, 281 Oxford Road, Gomersal

- 2.21 Red House is a Grade II\* Listed Georgian Mansion with barn and coach house dating from c.1660. The property was declared surplus to organisational requirements in 2016 following withdrawal of the museums service, Cabinet gave approval to a 'twin track' disposal process for the property. Red House was advertised for CAT with preparations being made in parallel for open market disposal should the CAT not proceed.
- 2.22 Expressions of interest were received for CAT. However following evaluation none were considered viable taking into account the complexities of the asset and significant investment needed to bring it back into use. A decision was therefore made to proceed with open market disposal.
- 2.23 A petition was presented to the Full Council in September 2019 asking the Council to consider alternative options for Red House including the setting up and lease to a new charitable body, Community Right to Bid or disposal to a Social Enterprise. After consideration, a decision was taken to allow further time for CAT to be explored.
- 2.24 In 2020 the Council put forward proposals for a commercialisation opportunity which would see the property retained and developed as a venue and holiday accommodation. The proposals were approved by Cabinet on 13 April 2021.
- 2.25 Following the recent review of the Council's capital programme, the allocation for the proposed commercialisation of the property has been withdrawn. Without the capital funding allocation the commercialisation proposal is no longer viable. It is therefore proposed that the asset be declared surplus and brought forward for disposal to generate a capital receipt in support of the Council's capital plan.
- 2.26 Red House is registered as an ACV. The declaration of the Council's intention to dispose will trigger the statutory requirements associated with the ACV listing.

#### Summary

- 2.27 The following table presents the annual revenue change as a result of delivering the proposed activity:

<b>Annual Revenue Change (saving)</b>	
1 Beech St	£30k
DRAM	£55k
HUDAWI	£115k
Red House	£40k
<b>Total:</b>	<b>£240k</b>

- 2.28 The 2022/23 premises running costs have been used to forecast the annual revenue change and full year savings. To achieve a full year saving for 2024/25 the identified assets would need to be disposed of by 31<sup>st</sup> March 2024.
- 2.29 Any delay to the disposals will reduce the in-year savings for 2024/25, surplus assets would need be held as mothballed until disposal can be achieved, with the full year's savings then anticipated from 2025/26 onwards.

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

#### **3.1 Working with People**

The Asset Review and Core Estate approach will require key Council services to work closely together proactively.

#### **3.2 Working with Partners**

As part of the process for bringing forward the reshaping of the Council's estate, key partners will be made aware to help identify any collaborative opportunities.

#### **3.3 Place Based Working**

Changes to property can often highlight wider opportunities and be a catalyst for development, which in turn can make our places more attractive and vibrant.

#### **3.4 Climate Change and Air Quality**

Rationalising and optimising property reduces the Council's estate and carbon footprint, contributing to our commitment towards net zero.

#### **3.5 Improving outcomes for children**

Aligning the rationalisation and optimisation of property with service change will overall support the improvement of outcomes.

#### **3.6 Finance**

A balanced approach is required to support the rationalisation and optimisation of the estate. Vacating and mothballing assets can provide more immediate and direct building related revenue savings, alongside the optimisation of assets to improve the efficiency and effectiveness of use to promote more indirect service-based efficiencies and savings.

#### **3.7 Financial Implications for the people living or working in Kirklees**

None

#### **3.8 Legal**

Normal processes and procedures, including the officer scheme of delegation, will be used and advice sought as appropriate to bring forward the proposals for delivery.

Unless approved otherwise, the disposal of property assets will need to be in accordance with the scheme of officer delegation and the relevant statutory framework which applies to the particular asset. The Council has the legal power to dispose of assets generally under section 123 of the Local Government Act 1972 usually for the best consideration that can reasonably be obtained. Where it is proposed that an asset is disposed of at an undervalue, the General Disposal Consent 2003 (contained within circular 06/93) and the Subsidy Control Act 2022 (and associated regulations) must be assessed, and, where applicable, complied with. Housing assets may only be disposed of in accordance with The General Housing Consents 2013 issued pursuant to section 32 of the Housing Act 1985.

Alongside the Localism Act 2011, which may highlight certain sites for listing as an ACV, the Council's approach to CAT will also need to be considered. Both disposal routes require additional lead-in and determination time, and need to be highlighted as a significant risk should applicable sites be targeted for disposal within year, or within a specific timeframe.



### 3.9 **Integrated Impact Assessment**

An Integrated Impact Assessment has been carried out as part of the Council Budget setting process and is published on the Council's website. Individual assessments may need to be considered for individual property solutions and should be undertaken as part of bringing each forward for delivery alongside appropriate consultation and communication.

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

4.1 This report has been subject to consultation with the Council's Executive Team (ET), Leadership Management Team (LMT), and the Portfolio Holder for Finance and Regeneration, and their comments have informed the contents of this report.

4.2 Ward members will be engaged and informed of progress on a property-by-property basis.

4.3 When considering CAT, eligible groups will be supported by appropriate council services and external impartial support.

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

5.1 Following this report, and subject to approval, instruction will be given to proceed at pace with the proposals, forming an accelerated programme for delivery.

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

6.1 Cabinet is asked to note and approve ongoing and planned activity which is being managed under business as usual, including the surplus declaration of the four identified assets to be brought forward for disposal:

(i) 1 Beech Street, Huddersfield, HD1 4JN

(ii) DRAM Sports & Community Centre, Ridgeway, Dalton, Huddersfield, HD5 9QJ

(iii) HUDAWI Centre, Great Northern Street, Huddersfield, HD1 6BG

(iv) Red House, 281 Oxford Road, Gomersal, Cleckheaton, BD19 4JP

6.2 In alignment with the emerging Corporate Property Strategy, and to support the immediate need to limit ongoing liabilities and the demand on capital receipts it is recommended that Cabinet delegate to the:

(i) Strategic Director for Growth and Regeneration in consultation with the relevant portfolio holder, Service Director – Legal, Governance and Commissioning, power to dispose of the identified property assets to support the Council's income targets, irrespective of the value of the site and on such terms as officers deem most appropriate,

(ii) Service Director – Legal, Governance and Commissioning power to enter into all agreements necessary to effect any of those disposals referred to at (i) above.

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

- 7.1 The Council faces a significant financial challenge in the coming years, and the need to produce a balanced budget in February has meant we have to look at how we operate and deliver services, and where we deliver those services from.
- 7.2 The huge financial challenges forced up on us by the chronic lack of funding for essential services by central government means we must take some very difficult decisions.
- 7.3 As part of the process of delivering a balanced budget we need to save significant amounts of money from our assets budget.
- 7.4 Therefore, we need to reduce the number of buildings we operate and deliver services from and create a core of building assets that will provide only the space we need to deliver services and provide office functions from.
- 7.5 This report is one of a series that we will be bringing as we reduce our assets in line with our core need.
- 7.6 These are difficult decisions, that are not taken lightly, but they are necessary if we are to balance our books.
- 7.7 As part of the next stage in reviewing the identified surplus assets, in alignment with the Council's property disposals process, ward members and key local interest groups will be engaged with to confirm the position for each asset and to identify possible local solutions for further consideration.

## **8. Contact officer**

Daniel McDermott: Strategic Manager – Assets & Estates – 01484 221000 – [Daniel.McDermott@Kirklees.gov.uk](mailto:Daniel.McDermott@Kirklees.gov.uk)

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

- Red House Investment Proposal (Cabinet April 2021)
- Asset Rationalisation (Cabinet March 2023)
- Surplus Property Disposals (Cabinet June 2023)
- Asset Review September 2023 (Cabinet September 2023)
- <https://www.kirklees.gov.uk/beta/community-assets/pdf/asset-transfer-policy.pdf>
- <https://www.kirklees.gov.uk/beta/community-assets/assets-of-community-value.aspx>

## **10. Service Director responsible**

Joanne Bartholomew: Service Director – Development – Growth & Regeneration – 01484 210000 – [Joanne.Bartholomew@Kirklees.gov.uk](mailto:Joanne.Bartholomew@Kirklees.gov.uk)

## **Appendix A – Proposed additions to the Capital Receipts Schedule (CRS)**

Asset Name	Alias	Address (Nearest)	Ward
33 Lee Road	<i>former Castle Hall Residential Home</i>	33 Lee Road, Ravensthorpe, Dewsbury, WF13 3BE	Dewsbury West
DRAM Sports & Community Centre		Ridgeway, Dalton, Huddersfield, HD5 9QJ	Dalton
Federation House		St John's Avenue, Newsome, Huddersfield, HD4 6JP	Newsome
Former Westtown Family Centre		Boothroyd Green, Westtown, Dewsbury, WF13 2RQ	Dewsbury West
HUDAWI Centre		Great Northern Street, Huddersfield, HD1 6BG	Dalton
Land adjacent to Sycamore Industrial Estate		Walkley Lane, Heckmondwike	Heckmondwike
Land adj 13 Springdale Avenue		13 Springdale Avenue, Thornton Lodge, Huddersfield, HD1 3NJ	Crosland Moor & Netherton
Land at Castle Houses		Castle Houses, Ashes Lane, Almondbury Huddersfield	Newsome
Land at Grasscroft		Grasscroft, Almondbury, Huddersfield	Almondbury
Land at Leak Hall Crescent	<i>rear of Denby Dale Library</i>	Leak Hall Crescent, Denby Dale	Denby Dale
1 Beech Street	<i>former Paddock Youth Centre</i>	1 Beech Street, Paddock, Huddersfield, HD1 4JN	Greenhead
Former Ravensthorpe Housing Office		Queen Street, Ravensthorpe, Dewsbury, WF13 3BT	Dewsbury West
Red House	<i>former Red House Museum</i>	281 Oxford Road, Gomersal, Cleckheaton, BD19 4JP	Liversedge & Gomersal
Site of former Dewsbury Arena		Boothroyd Lane, Westtown, Dewsbury	Dewsbury West