

REPORT TITLE: Community Asset Transfer of Honley Village Hall, Roundway, Honley, HD9 6DE and adjoining open space land ("the Property")

Meeting:	Cabinet
Date:	8th October 2024
Cabinet Member (if applicable)	Cllr Turner (Portfolio Holder Finance and Regeneration)
Key Decision Eligible for Call In	No Yes
<p>Purpose of Report This report requests that Cabinet considers and approves the Community Asset Transfer of Honley Village Hall ("the Property") to Honley Village Community Trust Charitable Incorporated Organisation ("the CIO").</p>	
<p>Recommendations</p> <ol style="list-style-type: none"> 1. That the Council proceed with the grant of a 125 year lease to Honley Village Community Trust CIO and related surrender of the existing leases. 2. Subject to Cabinet approval, the Service Director – Development in consultation with Portfolio Holder - Finance and Regeneration negotiate and agree terms for the grant of a 125 year lease of Honley Village Hall, being the land and buildings shown edged red on Plan reference 18-0213, and instruct the Service Director - Legal, Governance and Commissioning to execute and enter into all necessary documentation in connection with the grant of a 125 year lease of Honley Village Hall, Roundway, Honley, HD9 6DE to Honley Village Community Trust CIO. 	
<p>Reasons for Recommendations</p> <ul style="list-style-type: none"> • The asset transfer of the Property supports the Council’s ambitions of allowing local people and communities greater control over local assets and the services delivered from them. • The grant of a long leasehold is in accordance with the Council’s Community Asset Transfer Policy 2020. • A long leasehold will give the CIO the security needed to satisfy grant funder requirements whilst ensuring that the building remains available to the local community for the long-term future. 	
<p>Resource Implications: This is not anticipated to have any particular resource implications.</p>	
Date signed off by Executive Director & name	David Shepherd – 04/09/2024

Is it also signed off by the Service Director for Finance?	Kevin Mulvaney – 30/09/2024
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Samantha Lawton – 20/09/2024

Electoral wards affected: Holme Valley North

Ward councillors consulted: Cllr Donna Bellamy, Cllr Charles Greaves, Cllr Tony McGrath

Public or private: Public

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

1. Executive Summary

This report requests that Cabinet considers and approves the Community Asset Transfer of the Property to Honley Village Community Trust Charitable Incorporated Organisation (CIO).

The Property is located at Roundway, Honley, HD9 6DE and consists of a building and external open space. The freehold of the Property is owned by the Council, subject to but with the benefit of two leases held by the CIO. Plan Reference 18-0213, attached in Appendix A, shows the boundary of the Property indicated by a red line.

It is proposed that the Property is transferred by way of a 125 year lease under the Council’s Community Asset Transfer Policy 2020. It would be necessary for the CIO to surrender its existing leases of parts of the Property prior to the new lease being granted.

2. Information required to take a decision

2.1 Background

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.

The previous tenant, Honley Village Community Trust (“the Trust”), was established and registered with the Charity Commission in January 1994. The Trust have been fully responsible for the management of the Village Hall forming part of the Property since 2001 under the terms of a 25 year Full Repairing & Insuring lease. A further lease of an adjoining piece of land was granted to the Trust in 2012 for a term of approximately 14 years so as to be coterminous with the earlier lease, which expires on 14 November 2026.

Honley Village Community Trust CIO (Charity No. 1195759) (“the CIO”) is a new company set up to replace the Trust. The CIO was established in 2021 to lead the asset transfer application and the CIO has taken an assignment of the existing two leases. The proposed asset transfer includes the whole of the existing demise with some additional external open space along Moor Bottom.

The strategic aims of the CIO are to maximise the use of the Property for Honley residents; maintain the Property for the use by the local community; and to support other organisations in providing activities that benefit all members of the community.

The Property is a single-story prefabricated building of steel framed construction. Externally, there is a pétanque court and grassed areas to the front and rear of the building.

The Trust have invested in refurbishment of the building and facilities. In the longer term the intention is to replace with a larger building that will accommodate a wider offer to the community.

The Property is a well-used community facility that hosts a range of activities and services including:

- Welcome Club for local Honley residents, also linked to Ukrainian refugees in the Holme Valley
- Honley Youth Meetings and events
- Monthly Markets
- Chair Zumba classes & Pilates
- Seasonal craft workshops such as Halloween and Wreath Making Workshops
- Seasonal activities such as Easter Bunny Afternoon Tea and Christmas Parties.
- Brownies
- Weight watchers
- Kirklees Elections Polling Station
- Medicare Room storage
- Vaccination centre for flu and covid booster vaccinations.
- Pétanque

New activities are scheduled to be introduced following community consultation.

3. Implications for the Council

3.1 Working with People

The proposals for the asset transfer have been developed in conjunction with the trustees of the CIO and the local community. Consultation is a key part of the process, ensuring that the asset meets the community's needs. Ward Members are consulted as part of the Cabinet reporting process and are given opportunity to make representations on behalf of the community.

3.2 Working with Partners

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.

3.3 Place Based Working

Community Asset Transfer supports Place Based Working, providing local people and communities greater control over local assets and the services delivered from them. It

provides new opportunities to improve and develop public assets for local social, economic and environmental benefit. Engagement with communities ensures that local residents, stakeholders and businesses have a say in how community assets can help shape their places.

3.4 **Climate Change and Air Quality**

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

3.5 **Improving outcomes for children**

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.

3.6 **Financial Implications**

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 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 Honley Village Hall is: £132,500.

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 Honley Village Hall 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: £132,500

Pursuant to Section 123 of the Local Government Act 1972, the Council has a duty to obtain the best consideration that can reasonably be obtained for the disposal of land. However, 'The Local Government Act 1972: General Disposal Consent (2003) (Circular 06/03)' provides that a local authority can dispose of land that is not held for planning or housing purposes at an undervalue of less than £2 million without seeking a specific consent, provided the Council is satisfied that to do so will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area.

Following assessment, Council officers are confident that the asset transfer of the Property to the CIO will promote the social well-being of the Holme Valley North Ward.

By granting the 125 year lease at a peppercorn rent the Council is foregoing a potential capital receipt of £132,500 for an open market disposal. This is somewhat mitigated by the broader community capacity benefits to that area of Honley and the wider Holme Valley.

The Council is also foregoing the market rent of £1,120 per annum that it currently receives for part of the Property. However, this loss of rental income is mitigated by the effective transfer of any future revenue or capital liability for the repair, maintenance and insuring of the Property to the CIO for a period of 125 years.

Should the potential delivery of revenue and capital savings over the 125 year term be realised, this could then be made available for other Council priorities and services to residents of Kirklees.

The inclusion of additional open space in the asset transfer will reduce the Council's grounds maintenance costs for grass cutting.

3.7 **Legal Implications**

The Property is a split site for vesting purposes, with the building and a small part of the external space being vested in the Housing Service and the bulk of the external space being vested in the Highways Service. The whole of the Property is accounted for in the General Fund as an investment property, and not within the Housing Revenue Account. As such, the legal provisions outlined in paragraph 3.6 above apply to the disposal and not those contained in the Housing Act 1985.

Compliance with Subsidy Control Act 2022

The granting of a lease at an undervalue to the proposed tenant on the proposed terms could constitute a subsidy under the Subsidy Control Act 2022 as it may permit a certain degree of commercial usage. In order to comply with the legislative requirements relating to a subsidy, the Council will either apply the 7 subsidy control principles to justify the giving of the subsidy or will grant the subsidy under the Minimum Financial Assistance exemption and report on this to the BEIS Transparency Database.

Local Government Act 1972; Section 123: Disposal of Public Open Space and Common Land

A parcel of Public Open Space is included within the proposed asset transfer. In order to comply with the Act, the Council is obliged to publish the intention to dispose of this land. Any objections will need to be considered by Cabinet.

3.8 **Other (eg Risk, Integrated Impact Assessment or Human Resources)**

An Integrated Impact Assessment is attached at Appendix C.

If the asset transfer is not approved it is possible that the CIO will not wish to renew their existing leases of the building and external space at the Property when they expire, meaning that in 2026 the maintenance and insuring liabilities could revert back to the Council.

4. **Consultation**

Kirklees Homes and Neighbourhoods

Originally constructed for the provision of a Youth Centre, the Property is not currently, nor has it previously been used as a dwelling and Community Asset Transfer can be considered.

Highways and Streetscene

Officers have requested that the visibility splay from Roundway into Moorbottom is maintained, as highlighted on the plan in Appendix A. This will be reflected in the proposed asset transfer by way of a tenant covenant in the lease.

Third Sector Team and Risk and Audit Team

Each individual asset transfer is developed and assessed in consultation with colleagues in the Community and Third Sector Teams, Legal Services, Finance, Risk and Audit. Corporate Landlord.

Ward Member Comments

Cllr Charles Greaves

More than happy to support the transfer, long overdue!

5. **Engagement**

Applicant groups are required to undertake community engagement as part of the community asset transfer process with the findings incorporated in the business plan. The CIO engage with other local community groups and recently played a key role in the 'Ask Honley' community engagement exercise.

6. **Options**

6.1 **Options considered**

- a) Refuse the request for an asset transfer - refusal of the Asset Transfer could see the Property, and the services it would potentially deliver, lost to the local community when the two existing leases expire in 2026.

For this reason officers are of the opinion that this is not the recommended option.

- b) Transfer the site either freehold or leasehold – the Community Asset Transfer Policy 2020 allows for freehold transfers in exceptional circumstances. However, officers are of the opinion that this is not appropriate. Freehold transfer limits the Council's ability to remedy should there be a change in the organisation's circumstances or failure to fulfil its obligations.

Officers are of the opinion that the grant of a long leasehold for a period of 125 years is appropriate.

The lease will include a covenant that restricts the use of the Property to community use with provision for an element of commercial use if this is considered necessary for a successful business model. Commercial use of the asset will normally be restricted to a maximum of 30%.

It is proposed that the lease agreement be on the basis of a peppercorn rent for the full term, with the CIO being responsible for the full repair and insuring of the Property.

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

The grant of a long leasehold gives the CIO the security needed to satisfy grant funder requirements.

Officers further recommend that the grant of a lease to the CIO should be conditional upon the surrender of the two existing leases held by the CIO.

Officers recommend:

1. That the Council proceed with the grant of a 125 year lease to Honley Village Community Trust CIO and related surrender of the existing leases.
2. Subject to Cabinet approval, the Service Director – Development in consultation with Portfolio Holder - Finance and Regeneration negotiate and agree terms for the grant of a 125 year lease of Honley Village Hall, being the land and buildings shown edged red on Plan reference 18-0213, and instruct the Service Director - Legal, Governance and Commissioning to execute and enter into all necessary documentation in connection with the grant of a 125 year lease of Honley Village Hall, Roundway, Honley, HD9 6DE to Honley Village Community Trust CIO.

6.2 Reasons for recommended option

- The asset transfer of the Property supports the Council's ambitions of allowing local people and communities greater control over local assets and the services delivered from them.
- The grant of a long leasehold for a period of 125 years is in accordance with the Council's Community Asset Transfer Policy 2020.
- It will give the CIO the security needed to satisfy grant funder requirements whilst ensuring that the Property remains available to the local community for the long term future.
- The grant of a long lease provides the Council with remedies including forfeiture in the event that there is a breach of the terms of the lease.

7. Next steps and timelines

Subject to Cabinet approval, the Service Director – Development in consultation with Portfolio Holder - Finance and Regeneration will negotiate and agree terms for the grant of a 125 year lease of Honley Village Hall, being the land and buildings shown edged red on Plan reference 18-0213, and instruct the Service Director - Legal, Governance and Commissioning to execute and enter into all necessary documentation in connection with

the grant of a 125 year lease of Honley Village Hall, Roundway, Honley, HD9 6DE to Honley Village Community Trust CIO.

8. **Contact officer**

Mark Varley (Asset Strategy Officer)

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

[Community Asset Transfer Policy 2020](#)

10. **Appendices**

Appendix A - Red Line Boundary plan (Ref.18-0213)

Appendix B - Community Asset Transfer Policy 2020

Appendix C - Integrated Impact Assessment

11. **Service Director responsible**

Joanne Bartholomew

Service Director - Development