

TITLE	Model for Community Asset Transfers
FOR CONSIDERATION BY	The Executive on 28 January 2016
WARD	None Specific
DIRECTOR	Graham Ebers, Director Finance and Resources
LEAD MEMBER	Philip Mirfin Executive Member for Regeneration and Communities

OUTCOME / BENEFITS TO THE COMMUNITY

The customers and users of community assets will be able to deal with use related matters at a local level through Town or Parish Councils or Community Groups.

RECOMMENDATION

That the Executive:

- 1) approves of the aim to transfer assets identified through Area Reviews to Towns, Parishes or Community organisations through a Model for Community Asset Transfer to be approved by the Task and Finish Group and presented to Executive in March 2016;
- 2) then recommends to Full Council, via the Constitution Review Working Group, that a change be made to the Constitution whereby following consultation with Services and Ward Members, approval for Community Asset Transfers under leases of 14 -30 years be delegated to the Director of Finances and Resources in consultation with the Executive Member for Regeneration and Communities, the Executive Member of the current service and Local Ward Members;
- 3) notes that the use of these delegated powers is to be based on the overall financial benefit to the Council and to enable the best community use of property assets. In cases where it appears that a proposal is not in the Council's best financial interest and/or the capital value of an individual asset exceeds £250,000, then they will be referred to Executive for approval.

SUMMARY OF REPORT

There have previously been examples of Towns, Parishes and community groups making requests to the Council to lease assets where agreements have failed to maximise the use of the asset and maximum benefits have therefore not been delivered This has involved the Council in more financial support/exposure than had originally been anticipated.

The Model for Community Asset Transfers will be designed by the Task and Finish Group to deliver a more effective use of community assets in the future and in particular to avoid arrangements that do not generate an optimal position for the Council.

The adoption of the Model and extension of delegated powers will save Member and officer time in respect of processing applications and will establish a consistent

approach to the transfer of properties.

This proposal supports the Efficient Government agenda in streamlining the processing of applications, approvals and service delivery for community asset transfers. As a proposed new policy and procedure, this requires Executive approval.

The Council's Constitution currently states that leases over 14 years require approval from the Executive. The proposal in recommendation 2 is a change to the Constitution and therefore requires approval by full Council via the Constitution Review Working Group.

The Strategic Assets Team is currently reviewing all of the Councils' assets on an area by area basis. These reviews will identify assets suitable for transfer to the Towns and Parishes or Community Groups.

Whilst potential savings in revenue costs and increased income may be small on an individual basis, the cumulative financial effect of the programme could be significant in terms of reduced overheads and increased income.

Background

What is Community Asset Transfer?

Community Asset Transfer is an established mechanism used to enable community ownership and management of publicly owned land and buildings. The General Disposal Consent allows a range of public bodies to transfer the ownership and management of land and buildings they own to local communities at, where appropriate, 'less than best consideration' – i.e. at less than full market value. This may be through the sale or long-term leasing of land or premises.

Although its evolution pre-dates current Government policy, the potential opportunities and benefits of Community Asset Transfer have been brought back into focus by more recent national policy developments encouraging community self-help and ownership through initiatives such as the Big Society and a number of powers introduced via the Localism Act 2011.

What is WBC's current position?

Central government is encouraging local authorities to reduce the number of assets in its control and to empower communities to deliver services at a local level. These goals can be addressed by transferring assets from Borough Council control to local Town Council and Parish Council (TC/PC) or Community Groups control in accordance with Borough requirements through the terms of the lease. This has the advantage of devolving powers to attract funding, utilising Section 106 funds and support at a local level and delivering revenue savings for WBC, with a potential for shared profit for both parties.

In this connection, it is proposed that consideration be given on a case by case basis to commuted sums under S106 agreements being transferred with the asset to the relevant Town or Parish Council or Community Groups.

WBC currently does not have a policy regarding this method of transfer, but a number of recent initiatives and some emerging requests suggest that we should explore whether we develop a policy around Asset Transfer. This policy would need to satisfy our ambition to both generate income and reduce revenue costs to achieve value for money, but also to enable us to serve broader community outcomes.

Whilst it is incumbent on the Council to secure best value for the community there have previously been examples of Towns, Parishes and community groups making requests to the Council to lease assets where agreements have failed to maximise the use of the asset and maximum benefits have therefore not been delivered. This has involved the Council in more financial support/exposure than had originally been anticipated. The proposed Model for Community Asset Transfers through lease agreements for up to 30 years, is designed to deliver a more effective use of community assets in the future and in particular to avoid the mistakes of the past.

As a proposed new policy and procedure, this requires Executive approval.

Currently:

- Leases up to 14 years can be approved by the Service Manager, Strategic Property in consultation with Director of Finance & Resources.
- All leases over 14 years require approval from the Executive.

This report proposes that powers be delegated to the Director of Finance & Resources in consultation with the Executive Member for Regeneration and Communities, and the Executive Member of the current service to approve Community Asset Transfers under leases of 14-30 years that comply with this recommended policy framework.

Proposals for community lease disposals/projects will need a robust business case based on a pro forma produced by Borough Council officers and backed by feasibility studies and option appraisals. All bids will be evaluated to establish that overall the best community and commercial value is being achieved. This information will also be required to support any capital or revenue bid if the Council is making a financial contribution. Tenancies at Will pending a formal lease will no longer be granted in order to protect the Council's interest and occupation will not be permitted prior to a formal lease being completed.

Lease disposals at nil or less than market value under the social wellbeing powers of Circular 06/03 should be the exception. In these circumstances the loss of value must be fully justified by identified and tangible benefits to the Council in bringing forward a specific priority.

If there are competing groups seeking to occupy the Council's assets, a tender process may be required and preference will be given to the proposal that offers the best value for Wokingham Borough Council.

Where do we want to go?

Where mutually beneficial, the business case for making this recommendation is that incremental savings will be achieved by the Council from the reduced cost of providing community beneficial facilities with the potential opportunity of receiving income on a profit sharing basis in the future. Moreover, further savings in the Council's staff resources could be made from reduced day to day management requirements.

Much of this runs in parallel with discussions concerning the relationship between the Borough and the Town and Parish Councils and how we can improve joint working in the future to provide community facilities and services. Equally, we will want to debate the advantages and disadvantages of transferring assets to community groups. The Community Asset Transfer Model facilitates such transfers without detriment to either party.

Policy Framework

	The Policy Framework under which the model will operate is proposed as;
1	Safeguarding of the Council’s financial interest by securing the best financial return.
2	Seek best use of Council owned assets and to ensure services and community value is delivered by the local community for the benefit of the community
3	To support third party public sector bodies in taking over the responsibility of assets where this is in the best interests of the Borough Council.

The recommended process for delivering this objective includes:-

- 1) Completion of Area Reviews, consultation with Service Heads and consideration of findings by the Asset Review Programme Board.
- 2) Consult with Ward Councillors and Lead Members and publicise to all other Members via the Political Assistant Officers.
- 3) Communication with Towns and Parishes and then other public sector bodies to seek expressions of interest. If property is already occupied by a viable Community Group, then they will be approached first.
- 4) Review expressed interest.
- 5) Public bodies or Community organisations to create a business case (based on a pro forma produced by Borough officers) and draft terms to be agreed through negotiation with the third party using the Asset Transfer Model as a starting place.
- 6) If draft terms are acceptable and agreed, proceed and finalise by way of a legal agreement.

Analysis of Issues

The options are:-

- 1 - To do nothing and continue to process each application on an individual basis without consistency or policy or procedures in place.
- 2 – To refuse all applications and retain the assets within WBC control at the risk of failing to comply with government guidance and appeals by community bidders.
- 3 – To adopt a model for community asset transfer that provides a framework for Officers and community bidders.

Task and Finish Group

The Group met on 9 December and has agreed to work up a Model for Community Asset Transfer for Executive in March 2016.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save) Income Generated	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	N/A
Next Financial Year (Year 2)	See Other Financial Information	Depends on the assets that come forward for transfer	Depends on the assets that come forward for transfer
Following Financial Year (Year 3)	See Other Financial Information	Depends on the assets that come forward for transfer	Depends on the assets that come forward for transfer

Other financial information relevant to the Recommendation/Decision

Currently budgets are provided for the management of community assets with little or no income being received to offset the costs. It is anticipated that use of a Model for Community Asset Transfer will reduce revenue costs.

The overall financial impact will depend upon the number and nature of Asset Transfers agreed.

Cross-Council Implications

Staff resources will no longer be required to deal with day to day management of the community assets that are transferred and this resource can be directed towards support in line with WBC policies and aspirations.

List of Background Papers

None

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