

TITLE	Proposed Community Asset Transfer - Lease of East Park Farm Drive Leisure Facility to Charvil Parish Council
FOR CONSIDERATION BY	The Executive on 18 February 2016
WARD	Charvil
DIRECTOR	Graham Ebers, Director of Finance and Resources
LEAD MEMBER	Philip Mirfin, Executive Member for Regeneration and Communities

OUTCOME / BENEFITS TO THE COMMUNITY

A Community Asset Transfer Lease of East Park Farm Drive leisure facility to Charvil Parish Council (CPC) will enable the Borough Council (WBC) to maintain ownership of the land and protect and preserve the public open space whilst at the same time empowering local people through Charvil Parish Council to deliver the management of local facilities. This in turn will bring social value and ownership by delivering locally inspired facilities for local residents and at the same time present an opportunity for the facility to become self-sustainable and income generating.

RECOMMENDATION

That the Executive approves the transfer of East Park Farm Drive sports and leisure facilities under a Lease for 30 years to Charvil Parish Council (CPC) as highlighted within the red boundary in Appendix 1 and on the terms set out in Appendix 2.

SUMMARY OF REPORT

Charvil Parish Council has expressed an interest in taking responsibility for the future management of East Park Farm Drive leisure facility and park, by way of a long lease on a shared income basis in lieu of a standard rent.

No other alternative uses have been proposed by the Borough Council and as such the option is the only considered, against current use.

The proposed agreement sees the phased transfer of the current WBC budget for the park to CPC over the next 4 years, with a reduction of 20% each year. This would reduce the ongoing costs for WBC by over £4,000 per annum until the park was self-sufficient.

The supporting business case provided by CPC requires a 30 year term in order to support the ability to obtain a children's nursery provider or such other community service provider, which would then contribute towards the generation of investment and income. All existing and future profit obtained by CPC would also be shared with WBC and it is anticipated that this would lead to an income of £3-4,000 per annum.

The agreement would retain a break clause to be operable by WBC with not less than 2 years written notice in the event that the land, or any part thereof, is identified for redevelopment purposes in accordance with the Local Plan and any subsequent revisions to this plan. Thereby retaining such control with the Borough Council.

Background

East Park Farm Drive leisure facility comprises a park with sports pavilion, tennis court, play area, sports fields and car park as shown in Appendix 1. The car park is shared with Charvil Piggott School who also have exclusive use of one tennis court. In addition, the park adjoins a residential area with some residents creating unauthorised access directly onto the Council's land which puts pressure on limited resources to resolve.

The current cost to the Council of funding this park is approximately £23,000 per annum excluding fees for resources to manage unauthorised access issues.

Charvil Parish Council has expressed an interest in taking responsibility for the future management of this park by way of a long lease on a shared income basis in lieu of a standard rent.

In support of this proposal CPC provided a detailed business case setting out proposals to maximise the use of the facilities and generate an increasing income to a level that will make the park financially self-sufficient and sustainable with a potential for profit in the future. A longer lease is required to support the required investment to attract a children's nursery provider to share the facilities and thus support the sustainability of the business case.

Subject to contract and formal approval, negotiations between the Borough Council and CPC have resulted in a proposal for a 30 year lease with a break clause operable by WBC on a minimum of 2 years notice in the event that the land or any part thereof is identified for an alternative use within adopted planning policy documents. Thereby retaining such control with the Borough Council. Please see appendix 2 .

The proposal also provides for a transfer of existing WBC budget on a phased basis and a 50% profit share of the income, details of which are set out with other proposed terms in Appendix 2.

The current budget and proposed income details are set out more specifically in Appendix 3. In summary it is proposed that the current WBC budget for this park be transferred to CPC, less 20%, and reducing by 20% each year. In addition, the budget for maintenance as detailed in the condition survey will also transfer along with the responsibility for the work identified in the report. A condition survey will be completed prior to the grant of the lease. Whilst the lease is being granted on a full repairing and insuring basis it has been proposed that the budget allocation for dealing with maintenance issues identified to be addressed in the first five years and which the Borough would otherwise have to meet, will also be transferred.

CPC will also deal with the current and any future unauthorised encroachments and / or accesses once taking a lease, in consultation with WBC Officers and in accordance with policies and procedures.

Central Government requires 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 and Parish Council control, but in accordance with Borough requirements through the terms of the lease. This has the advantage of local level powers to attract funding and support and savings for WBC with a potential for increased revenue for both parties.

Other uses were requested from across the Council using the standard consultation process, but no other options were forthcoming. As a result this would appear to be the best possible option for the Council.

Analysis of Issues

The Borough Council will lose direct control; however, there does not appear to be any short to medium-term requirements for this asset.

The costs associated with ongoing management of the asset will reduce due to the agreement in place with this liability transferring to CPC.

There could be income generated by CPC due to the key goals of the associated Business Plan, and with a profit share agreement, this would enable WBC to further benefit financially from the agreement.

Transferring the asset in this way reduces the need for WBC staff resources to provide day to day management and officer support as well as reducing officer resources to deal with rent reviews and because lease renewals will only be negotiated every 30 years.

At a local level, CPC is able to provide a service to meet the current needs of its community and to attract other users to maximise the use of the asset, whilst at the same time attracting support from volunteers to contribute towards the management and maintenance of the asset in a more cost effective way. The community and users of the facilities will be able to have any issues addressed at a local level.

Business Case

The cost associated with the maintenance of the asset will reduce due to the transfer of this community facility under the proposed agreement. This will immediately reduce the liability associated with the asset as a going concern by 20% and then by a further 20% for the subsequent 3 years until the cost to the Borough Council ceases.

In addition, the business case provided by CPC is ambitious and aims to increase income streams. Due to the proposed profit share within the agreement, any further income received would provide an additional income stream for the Borough Council.

Therefore, no matter if the income is realised in future years, or not, the Borough Council will be better off through the reduction in the ongoing costs.

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)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year Saving (Year 1 – 2016/17)	(£1.406)	No shortfall - income generation will outweigh expenditure	Revenue

Next Financial Year saving (Year 2 – 2017/18)	(£6,124)	No shortfall - income generation will outweigh expenditure	Revenue
Following Financial Year Saving (Year 3 2018/19)	(£11,006)	No shortfall - income generation will outweigh expenditure	Revenue

Other financial information relevant to the Recommendation/Decision

CPC are in agreement with the proposed heads of terms and would like the lease to commence 1 April 2016

The results of the condition survey have identified works required to this asset and these will be considered in terms of the Council's overall repairing obligations for its entire portfolio.

The centralised maintenance budget for 2016/17 will identify the Council's intended expenditure on this asset and the maintenance budget allocation for East Park Farm assets will be transferred to CPC. Any works in future years will be funded by CPC as outlined within the agreement.

In accordance with works identified within the condition survey a further £2,072.98 will be transferred meet the obligations. This transfer of assets will reduce the long term financial burden on the Council in respect of management and maintenance and encourage external income and improve the quality of facilities to local residents and users.

Cross-Council Implications

The transfer of this asset to CPC by way of a long lease will enhance cross Council working and deliver bespoke local sporting and recreational facilities managed and developed at a local level. It is supported by Community Services.

Impact on Workforce

Staff time will be reduced on dealing with day to day management of this asset, although some time will still be dedicated to monitor the income generated and lease compliance.

Impact on ICT

None

Impact on Customer

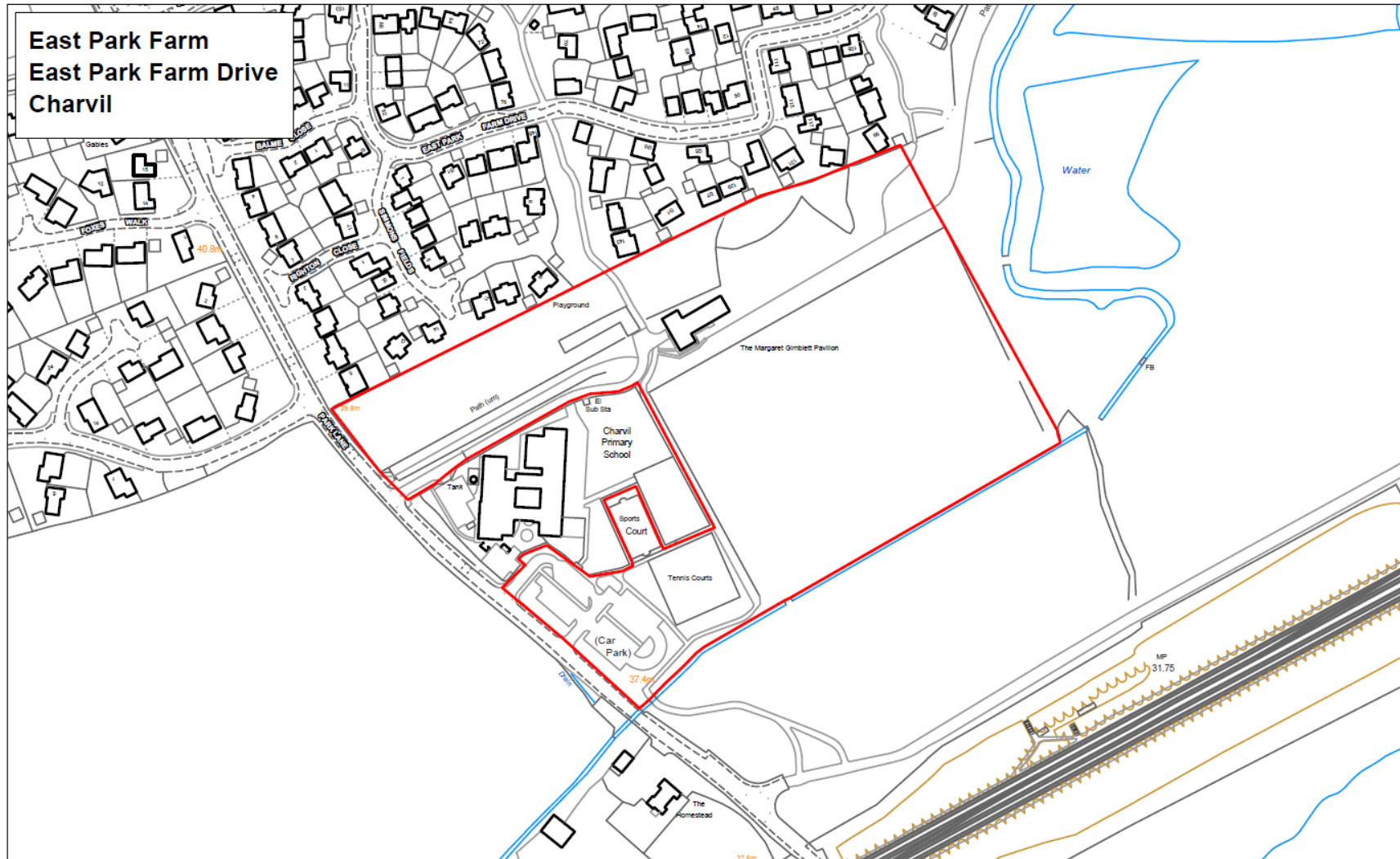
The customer and users of community assets will be able to deal with use related matters at a local level through the Town or Parish Councils.

List of Background Papers

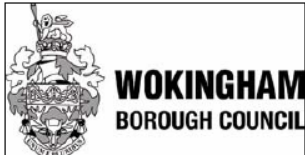
None

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Appendix 1 - Site Plan East Park Farm



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7 January 2016

Not to scale

Appendix 2 - Heads of Terms for East Park Farm Lease to Charvil Parish Council

1.	Property	Land, buildings and structures forming East Park Farm, Charvil.
2.	Term	Up to 30 years with effect from 1/4/2016
3.	Break Clause	Operable by Charvil Parish Council (CPC) after the 2nd and 5th years of the term. Thereafter, tenant only break by giving one year's notice with one exception as detailed below. Break clause to be operable by WBC with 6 months' notice following an independent audit and it is found to be that the standard of service has reduced and/or if the business plan objective has failed to be delivered. Break clause operable by WBC on a minimum of 2 years notice in the event that the land or any part thereof is identified for an alternative use within adopted planning policy documents.
4.	Use	All existing contracts to continue unless detrimental to the business plan objectives, specifically in relation to the School's use of assets under this agreement, and any additional social or commercial use to be subject to WBC consent as landlord which will not unreasonably be withheld.
5.	Rent and Income	Rent to be 50% of the net profit made by the CPC. Net profit to be income less all expenditure including an allowance of 1% of gross income for management fees.
6.	Hire Charges & Concessions	Room hire fees to be set by CPC. Existing concessions and contracts to be honoured, WBC to continue use on the current terms (subject to inflation) for the first two years of the lease and WBC to be granted 10% discounted booking rates for use of facilities for the duration of the lease.
7.	Phased Budget & Financial Support	WBC to offer a contribution as shown in the financial table below/attached. 80% of the average WBC budget based on expenditure incurred over the previous 3 year period. (Budget income and expenditure to be disclosed to CPC prior to transfer). This will reduce by 20% each year to enable the project to become established. All operational running costs including responsibilities for maintenance will be met by the lessee as will any short fall from the transferred budget. An agreed schedule of items will form part of this agreement, e.g., car park maintenance.
8.	Insurance, Repair & Maintenance and Condition Surveys	Premises will be let to CPC on full repairing and insuring leases. Responsibility for insurance will remain with WBC and the cost of the premium recharged to the CPC, subject to CPC agreement that best value has been achieved. Prior to letting, a Condition Survey will be carried out by WBC and a phased budget transferred to CPC specifically for undertaking the works identified in the Survey (this in addition to the phased budget in paragraph 7). CPC will be bound to complete the identified works within specified times. A copy of the Condition Survey is to be attached to the lease.
9.	Rates and Taxes	Responsibility of CPC and subject to any concessions that WBC is able to provide.

10.	Cleaning	All aspects of cleaning to be CPC responsibility, including litter / waste bins/waste management.
11.	Improvement and Investment	CPC to provide detail of initial improvements and investment committed to generating increased use of the facilities and increased income. Improvements and investment to be delivered within 2 years of the date of the lease following agreement by WBC and CPC. WBC not to unreasonably withhold tenants request to improve or alter premises.
12.	New signage	Signage to direct all enquiries to new providers to be put in place within 3 months of the lease completion.
13.	Public Notice and Communication	CPC to take responsibility to inform the local community of the changes to management arrangements and proposed changes to the use of the assets (which will be compliant with planning consents and lease user clauses). CPC is also required to carry out periodic reviews (a minimum of every five years) to ensure activities remain in line with the community's needs and aspirations. WBC to provide community engagement and consultation support as required.
14.	Business Plan	CPC will be required to demonstrate affordability within 5 years, unsupported by WBC. To be reviewed by WBC Officers annually to ensure continued service delivery and performance. Annual accounts will be monitored by WBC Finance Officer.
15.	WBC Service Contracts	CPC will be given the opportunity to benefit from WBC contracts through a framework agreement for maintenance of parks and open spaces, waste etc. and the Condition Survey contracts. There is a possibility that CPC may need to buy into existing contracts until those contracts are reviewed.
16.	Community Service	CPC to support the Community Service Arrangements by participation in providing work for the Community Pay Back Scheme and/or Blue Sky (or future similar service provider) or similar schemes by employing these services where possible, provided that value for money is achieved in accordance with WBC guidance and approvals.

Appendix 3 -

Current Budget and Proposed Income

Year	Anticipated budget and expenditure (based on current budget)	Budget to transfer from WBC to CPC (20% reduction per annum)	Income projections (based on current income)	Anticipated Income (50% share)	WBC Benefit from Budget Reduction	WBC Profit Difference	Total Benefit to WBC
16/17	£23,105	£18,484	£6,430	£3,215	£4,621	-£3,215	£1,406
17/18	£23,507	£14,104	£6,559	£3,280	£9,403	-£3,280	£6,123
18/19	£23,917	£9,567	£6,690	£3,345	£14,350	-£3,345	£11,005
19/20	£24,336	£4,867	£6,824	£3,412	£19,469	-£3,412	£16,057
20/21	£24,762	£0	£6,960	£3,480	£24,762	-£3,480	£21,282
TOTAL	£119,627	£47,022	£33,463	£16,732	£72,605	-£16,732	£55,873

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