



CABINET – 21ST MAY 25

**SUBJECT: COMMUNITY ASSET TRANSFER PROPOSAL: FORMER
RHYMNEY FUNCTION CENTRE**

REPORT BY: DIRECTOR OF ASSETS AND DECARBONISATION

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek Cabinet's approval for an in-principal Community Asset Transfer (CAT) through the grant of a long-term lease. The proposal involves transferring the site of the former Rhymney Function Centre to a local gym that is constituted as a Community Interest Company (CIC).

2. SUMMARY

- 2.1 Community Asset Transfer (CAT) aims to empower communities by transferring assets to safeguard services and facilities. This proposal is one of several pilot projects that are being progressed under the refreshed CAT approach.
- 2.2 A local gym group, J M Fitness CIC, require new accommodation. Their current premises recently closed due to the site being identified for redevelopment. The group has approached the Council to request a suitable alternative site to continue providing their gym services within the Rhymney area.
- 2.3 The Rhymney Function Centre (MOW kitchen) previously operated as a commercial kitchen facility and distribution centre, supplying meals for the Meals and Wheels service and other contracts. The kitchen was closed, declared surplus to operational requirements and equipment removed circa 2008. Since then, it has been used as an ad-hoc storage facility.
- 2.4 The building has not been part of the operational portfolio as it was declared surplus by the occupying service in 2008. The site has been held vacant with minimal investment. The condition of the site and indicative costs to undertake essential and safety works need to be considered as part of the proposal to transfer the site to the gym group.
- 2.5 The Council is facing significant financial challenges and simply cannot afford to deliver all current services. This scheme requires an investment to undertake works to facilitate the transfer to a community group. However, the transfer of

the former MOW site offers an opportunity to provide a suitable replacement for a facility that has closed. A replacement gym will benefit the local community and surrounding areas. It also offers an opportunity to transfer a site that is currently not in use and bring it back into occupational use. This will relieve the Council of some of its building management responsibilities and costs associated with managing the asset.

- 2.6 The report details the costs of the necessary initial works. The group are currently exploring potential funding routes to fund works to support further development of the building once the lease is secured. The group have identified funding for some minor elements and are continuing to seek additional options to enhance the facilities and establish a gym. Achieving a successful and sustainable outcome will require commitment from all partners.
- 2.7 The investment is not a standard request within the Community Asset Transfer process. Most assets considered as suitable for transfer are recently operational, and it is assumed they will be compliant or will require only minor investment at transfer. The transfer of the former MOW site presents an opportunity to replace a threatened facility, benefiting the local community and surrounding areas. Undertaking safety works will enable the building to be brought back into use. If the proposal does not proceed as detailed in this report, the investment would enable a commercial leasehold disposal.

3. RECOMMENDATIONS

- 3.1
 - a) To approve the proposed transfer of the former Rhymney Function Centre to JM Fitness, through a long lease agreement at less than best consideration in return for the social value outlined below. The lease terms to be agreed upon and approved by the Director of Assets and Decarbonisation via the scheme of delegation.
 - b) To approve the outline investment required to undertake the safety works to make the building safe to transfer.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The reasons for the recommendations are;
 - a) To ensure that the building is returned to occupational use and benefits the local community. This proposal forms part of several pilot schemes testing the refreshed Community Asset Transfer approach.
 - b) Since the site has been unused for a long period, investment is required to address essential and safety works to facilitate the transfer, making this a more complex project.

5. THE REPORT

- 5.1 Community Asset Transfer can take various forms but fundamentally, involves transferring management and/or ownership to community groups. It serves as an alternative to private sales, safeguarding community buildings and spaces for the long-term. This approach enables councils and communities to maximise local value while minimising public sector costs.
- 5.2 The proposal detailed in this report involves the leasehold transfer of the former Meals on Wheels site, the Rhymney Function Centre, located in Rhymney, to a local gym group JM Fitness. The group have recently formed as a Community Interest Company (CIC) which makes them a suitable candidate for the asset transfer process.
- 5.3 Several pilot schemes are currently underway to test the revised Community Asset Transfer approach and timelines. This project presents the opportunity to transfer a site that is currently not in use, returning it to an occupational use. The proposal will fill an identified gap in service provision within the Rhymney area, bringing benefits to the local community. The proposal is not straightforward due to the condition and investment requirements to facilitate the transfer. This is not a standard approach within the CAT process as it is assumed that most assets considered suitable for transfer to suitable community groups will be recently operational and be compliant. The details below set out the considerations and requirements to support the group and achieve a successful transfer.

The Proposal

- 5.4 J M Fitness is a gym and fitness centre located in Rhymney. Recently established as a Community Interest Company, the gym has been serving the Rhymney area for 20 years, providing a safe environment to improve physical and mental health, and overall well-being through exercise. The gym supports the surrounding areas of Rhymney, Pontlottyn, Abertysswg, Fochriw and New Tredegar.
- 5.5 The group approached the Council for support in finding an alternative site, and the former Rhymney Function Centre was identified as a potential option. Following the asset transfer process, J M Fitness submitted an expression of interest and full business case to progress a leasehold transfer of the site. With the help of the Council and the support of the local Councillors, the gym aims to relocate to the new site and continue supporting the community and surrounding areas.
- 5.6 To demonstrate the need for the facility in the community, the group have put forward a business case highlighting how they have been part of the local community for many years and how they are seeking to continue to support their members and provide additional service provision at the new location.
- 5.7 The proposal includes market analysis, demographic information and target market data. The group aims to advance swiftly as their facility has already closed. The Council's contribution would cover essential safety works. The

group are considering works to convert the building to occupancy standards, suitable for a gym, including internal re-modelling and fixtures and fittings.

Funding and timelines

- 5.8 The group are actively engaged in discussions with funders and are in the process of submitting applications to cover some lower value items. They have engaged with Gwent Association of Voluntary Organisations (GAVO) and Coalfields Trust. They are advised that funding applications should be made as close to signing a lease agreement due to funders time limits.

The building

- 5.9 The site of the Rhymney Function Centre borders the North Rhymney Housing Depot on one side and a residential sheltered housing complex to the other. It is located on the approach to the Capital Valley Industrial Park. The site, held by the Council as freehold, has an area of approximately 1903 sq. m. and the main building has a floor area of approximately 259 sq. m. (GIA). The site comprises a single-storey garage block and a single-storey main building with one large room (former kitchen area) and several ancillary rooms (formerly an office, storerooms and staff rest room), toilets and outside space suitable for parking for multiple vehicles. Both structures are reported to be constructed circa 1980. A site plan and floor plan attached at Appendix 1.
- 5.10 The building previously operated as a commercial kitchen facility and distribution centre, supplying meals for the Meals and Wheels service and other contracts. The kitchen was closed and equipment removed circa 2008. Since then, it has been used as an ad-hoc storage facility. The site has been retained due to its location next to the Housing Depot, providing the opportunity to expand or consider a wider disposal. As there are no longer any internal requirements, consideration has recently been given to the suitability for alternative use.
- 5.11 The proposal involves transferring a site that has been out of use for many years. As such, there are essential safety and weatherproofing works that need to be considered to facilitate a successful transfer. The group also need to undertake work to bring the building to an occupational standard to use as a gym. The Council will need to fund works in the region of £42k to make the building safe and to facilitate the transfer.
- 5.12 The site comprises of one title and is registered with freehold absolute ownership. A conveyance of the land in this title dated 13 November 1970, between the National Coal Board and the Council includes several restrictive covenants. These covenants impose certain conditions or restrictions on the use of the land. We should contain a provision in the lease that the tenant will comply with the covenants. Legal Services will engage with the Coal Board as part of the lease process.
- 5.13 The proposed use as a gym will trigger a Planning change of use application. Planning Services have commented that the site is within a C2 flood risk area,

where only less vulnerable development should be considered, thus limiting the potential for development. As part of the Planning change of use, a flood consequence assessment (FCA) will be required, and mitigations may be required. The FCA has commenced, as has the overarching planning Change of Use application. The FCA is expected to take approximately 6 weeks from commencement date.

- 5.14 Caerphilly CBC's Sports and Active Recreation Strategy 2019 – 29 (SARS) emphasises the importance of empowering local groups. The strategy highlights a shift from the Council directly, delivering services to enabling other organisations to provide opportunities within the community. This approach aims to support local groups in taking greater responsibility for their own health and physical activity levels. The strategy also aligns with the Well-being of Future Generations (Wales) Act, focusing on sustainable service provision and ensuring that decisions and opportunities are fit for future generations.
- 5.15 Facility rationalisation is also a key tenet to the SARS, acknowledging that in certain cases some facilities will either close or “be managed” by others. The proposed transfer of the former MOW site establishes a position where a facility has the potential to deliver strong community benefit through the provision of opportunity to engage in a healthy active lifestyle. The proposal supports the SARS in delivering its key outcomes and ambition.
- 5.16 To support community initiatives, certain asset transfers may be approved at below market rent. These transfers recognise the significant social and community benefits provided by the recipient organisations. Each case will be evaluated on its merits, ensuring the community value justifies the reduced rent. This approach aligns with our commitment to fostering resilience and empowering communities. The current rateable value (1 April 2023 to present) is £5,500. This figure is used for the market value of the property.
- 5.17 If granting a community asset transfer at a peppercorn rent, the council will forgo a potential revenue income of £5,500 per annum. This is in exchange for the community value and benefit that the project brings to the community. The benefits set out in the group's business plan include the following;

1	The community faces challenges in accessing suitable fitness and well-being services. There are no similar facilities within a 4-mile radius and most users are from the local area, primarily attending on foot.
2	Their focus will be inclusivity and community engagement, making fitness accessible to all ages and fitness levels.
3	They will offer fitness activities, sessions and training tailored to their area demographic.
4	They aim to establish partnerships and collaborate with local schools, businesses, and healthcare providers.

5	Discussions with local school regarding potential of involving local pupils in the group's community projects have already commenced.
6	The new location will provide full ground floor accessibility.
7	The group have reported a successful application to the Empowerment Fund and Community Council grant application. This has secured funding for rubber mats, wall mirrors and business signage, £12,025.
8	Their plan is to reuse resources from their previous location as much as possible. They will transfer equipment from existing site, use old infrastructure (emergency lighting, storage heaters).
9	Some fundraiser events have taken place with more planned post lease transfer.
10	The group anticipate that some funding will take approximately 3 months to secure and are in the process of preparing documentation in readiness to submit once their approval is in place. They have quotations for a fire alarm, intruder alarm and CCTV system and are seeking funding for these items. The group require a longer lease agreement to secure funds for these items.

6. ASSUMPTIONS

- 6.1 The costs provided to address the identified safety works are from the Council's approved contractors. Several costs are still required, Any further costs provided by the group are based on budget estimates, and it is unclear if these works have been fully assessed at this stage.
- 6.2 There is a need to submit a planning application for change of use, this is underway via the group The FCA is also underway as part of the Planning application.
- 6.3 The investment outlined to address the safety and essential works is outside of the usual CAT process. It is assumed that most assets considered suitable for transfer to community groups will be compliant or require only minor investment at transfer. By undertaking the works, if the transfer does not progress as set out in this report, there will be an opportunity to consider a commercial leasehold transfer as an alternative disposal method.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 A full Equalities Impact Assessment was undertaken on the proposed CAT transfer of the former Rhymney MOW site. The report is attached.

Link to IIA

8. FINANCIAL IMPLICATIONS

- 8.1 As detailed, to support the transfer of the former MOW building, Rhymney an investment is required to cover the essential and safety works. A budget of circa £42k will be needed. This will be funded from the Asset Management Capital budget.
- 8.2 Application costs will Legal time and resource, the costs for this are unknown at present.
- 8.3 If supported, the proposal, will reduce the Council's management responsibilities and holding costs. Current holding costs are in the region of £3,000 per annum including NNDR and utility standing charges.
- 8.4 The Council will forgo £5,500 of potential revenue income per annum for the return in social value outlined in this report. This will be monitored through regular rent review clauses in the lease.

9. PERSONNEL IMPLICATIONS

- 9.1 N/A

10. CONSULTATIONS

- 10.1 The report and associated documents have been circulated for comment within the CAT Delivery Group, and to Leadership. The group are working with GAVO and Coalfields Regeneration Trust and were included as consultee during the application process. Further consultation is being undertaken as part of this reporting process and comments will be included in the report. Local Councillors have been involved with the project and offered their support during the process.

11. STATUTORY POWER

- 11.1 Local Government Act 1998. Local Government Act 1972 Section 123 – 127 and 128: General Disposal Consent (Wales) Circular 2003.

Author: Ben Winstanley, Director of Assets and Decarbonisation

Consultees:

Councillor Nigel George
Leadership

Mark S Williams, Executive Director of Corporate and Regeneration

Jeff Reynolds, Sport and Leisure Facilities Manager
CAT Delivery Group:
Leanne Sykes, Deputy Director of Financial Services and Section 151 Officer
Vickie Julian, Senior Lawyer – Planning, Land and Highways
Lisa Downey, HR Service Manager
Tina McMahon Caerphilly Cares Manager,
Brodie Thomson Payne, Strategic Asset Manager
Lesley Edwards, Community Asset Transfer Officer
Harry Skiff, Communications Officer
Kath Peters, Service Manager: Service Improvement and Partnerships,
John Ollman, Service Support and Development Officer
Nicola Evans, Estates Officer

Appendices

Appendix 1 Site Plan and Floor Plan