

# Report to Cabinet

17 July 2024

<b>Subject:</b>	Hurst Road proposed Community Asset Transfer and alternative disposal options
<b>Cabinet Member:</b>	Cabinet Member for Neighbourhoods and Community, Councillor Suzanne Hartwell  Cabinet Member for Regeneration and Infrastructure, Councillor Peter Hughes
<b>Director:</b>	Executive Director - Place Alan Lunt
<b>Key Decision:</b>	No
<b>Contact Officer:</b>	Luke Dove Assistant Director – Strategic Assets and Land  Manny Sehmbi Head of Community Partnerships and Support Services

## 1 Recommendations

- 1.1 That authority be given to undertake the Community Asset Transfer (CAT) of Hurst Road Community Centre, Oldbury, B67 6ND to 4 Community Trust for a term of 99 years based on a full repairing lease with a rental of £1 per annum subject to receipt and evaluation of a suitable business plan.
- 1.2 That subject to recommendation 1.1 being approved and on receipt of a suitable business plan:



1.2.1 that authority be given to the Monitoring Officer, Assistant Director of Legal and Assurance to dispose of the property, on terms and conditions to be agreed by the Executive Director - Place in consultation with the Cabinet Member for Neighbourhoods and Community and the Cabinet Member for Regeneration and Infrastructure.

1.2.2 that authority be given to the Monitoring Officer, Assistant Director of Legal and Assurance to enter into or execute under seal, if necessary, any other related documentation in connection with the leasehold disposal of the site.

1.3 That subject to no suitable business plan being received from 4 Community Trust by 31 July 2024 Cabinet approve the open market disposal (leasehold or freehold) of Hurst Road Community Centre, Oldbury, B67 6ND via the most appropriate mechanism.

1.4 That subject to recommendation 1.3 being approved:

1.4.1 that approval be given to negotiate and agree a disposal of the leasehold or freehold to the preferred bidder from those bids received.

1.4.2 that authority be given to the Monitoring Officer, Assistant Director of Legal and Assurance to dispose of the property, on terms and conditions to be agreed by the Executive Director - Place in consultation with the Cabinet Member for Neighbourhoods and Community and the Cabinet Member for Regeneration and Infrastructure.

1.4.3 that authority be given to the Monitoring Officer, Assistant Director of Legal and Assurance to enter into or execute under seal, if necessary, any other related documentation in connection with the leasehold or freehold disposal of the site.

## 2 Reasons for Recommendations





2.1 The proposed asset transfer accords with the Council's principle of proactively advertising community properties for potential Community Asset Transfers (CAT) as a priority. Transfers will be undertaken in



accordance with the Council’s policy on CAT’s and will only happen if officers are satisfied that a clear, sustainable plan is in place to maintain the asset and that further calls on the Council for support are unlikely.

2.2 The recommendations support the delivery of the Council’s Medium Term Financial Strategy (MTFS) and assists in ensuring that the Council has a balanced budget moving forward alongside an efficiently operating estate to deliver Council services.

### 3 How does this deliver objectives of the Corporate Plan?

	<p>Options identified will contribute to a stronger and more inclusive economy by maximising local asset use. It also has the potential to contribute to the best start in life for young people and to strong and resilient communities by providing more opportunities for community- based social activities.</p>
	<p>The 4 Community Trust intend to make a significant investment into the building, including new windows, and repairing the roof. They also plan to add a small play area for children. They have already been proactive in assessing the building and have proposed a 5-year plan of building improvements for the centre. Services that they propose to deliver from the building a mental health drop-in, holiday activities for children, and after school provision.</p>
	
	



## 4 Context and Key Issues

- 4.1 The Corporate Asset Management Strategy (CAMS) was approved by Cabinet in 2022. It acknowledged that the Council is committed to maintaining an effective and efficient property portfolio which supports the delivery of services to residents, provides value for money, reduces our environmental impact, and maximises opportunities to generate value. The strategy is underpinned by asset savings targets as detailed in section 2.7.
- 4.2 The Council currently manages 22 community centres in partnership with a range of community organisations. As part of a review of neighbourhood services, three centres, including Hurst Road Community Centre, were previously identified as community buildings which could benefit from new management arrangements.
- 4.3 As a result, the Centre was advertised to accept expressions of interest for taking on the property by way of a CAT, on the understanding that there would be no Council funding available to run the centre. It would also be based on a full repairing and insuring lease (FRI) and granted for a term of 99 years at £1 rent per annum. On 21 June 2023, A Cabinet gave authority to undertake the asset transfer of Hurst Road Community Centre to a specifically selected community group. However, the group were ultimately unable to agree terms and withdrew their interest.
- 4.4 The Council have since revisited the other offers received, as detailed at section 4.3, to ascertain any continued interest. One party withdrew their interest at this point due to being considered too high risk for their organisation, whilst the other party, 4 Community Trust wish to explore this further.
- 4.5 The Council have since requested an updated business plan from 4 Community Trust to evaluate. The proposed asset transfer will then only complete if officers are satisfied that a clear and sustainable plan is in place for the Trust to maintain the asset, and on the clear understanding that any further calls for support from the Council are unlikely to be met.
- 4.6 Should the CAT not be viable, the Council would then look to take the property to the open market, with a view to accepting offers for either commercial leasehold opportunities, or a freehold disposal, whichever is deemed to achieve best value for money. Depending on the disposal



route, potentially, the recommendations would provide the Council with a capital receipt, or commercial rent, the value of which would be confirmed following receipt of offers.

- 4.7 A site plan for the property is provided at appendix 1.
- 4.8 Should the Council proceed with a leasehold, including CAT, or freehold disposal, all maintenance and associated financial liability would be transferred to the successful bidder on completion.
- 2.6 The recommendations align with the responses received from the public budget consultation held in 2022 which supported the disposal or development of Council assets.

## 5 Alternative Options

- 5.1 The Council could choose to retain the operational asset. However, this would not be considered viable, as no operational use has been identified, and because it would not support delivery of the Asset Management Budgets Savings targets 2023-2026, due to ongoing liability of repairs and maintenance, security, and other holding costs.
- 5.2 Additional revenue budgets would also have to be identified for the Council to manage the site operationally, as budgets previously held for this purpose were removed in 2023.

## 6 Implications

<b>Resources:</b>	<p>The Council needs to deliver £2.5m of recurring savings by 2025/2026 from its Asset base and to transform the way it uses its assets. The recommendations in this report will support delivery of asset rationalisation ensuring that the Council can continue to operate effective delivery of its services.</p> <p>Capital investment required to site estimated at £245,000 over 30 years.</p>
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	<p>Average annual council property maintenance/running costs £4,755 (last 3 years). The current market rental is estimated at £5,600pa. The current market capital valuation is estimated at £500,000.</p>
<p><b>Legal and Governance:</b></p>	<p>Section 123 of the Local Government Act 1972 permits a principal Council to dispose of land in any way it wishes, except that it shall not (without the Secretary of State's consent) dispose of land for a consideration less than the best that can reasonably be obtained.</p> <p>The Secretary of State has issued a General Disposal Consent in 2003 (Circular 06/03) which states that specific consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social, or environmental well-being of its area. Where applicable, authorities should also have regard to their community strategy. Any disposal must not have an undervalue of more than £2M</p> <p>Section 5 of the council's policy on Land and Premises for the Voluntary and Community Sector (2012) sets out the council's approach will usually be through a 99-year lease at a reduced rental.</p> <p>The Council will require appropriate authority to be obtained in line with the Sale of Land and Buildings Protocol alongside the Assistant Director – Legal and Assurance being authorised to enter or execute under seal where necessary any legal documentation in connection to the granting of a lease or undertaking of a freehold disposal as required.</p>
<p><b>Risk:</b></p>	<p>The Council recognises that with any asset transfer there is an element of risk both to the Local Authority and to the voluntary sector organisation taking on the asset.</p> <p>As such the Council has followed a stringent selection and assessment process. This will be supplemented</p>



	<p>by a regular monitoring agreement that will ensure that all objectives are still being met.</p> <p>Selection of the organisation was based on agreed criteria that include governance arrangements, the organisation’s previous track record, and the viability of their future plans, including current and projected financial positions.</p> <p>Ongoing monitoring of the lease is managed under the terms of an Agreed Statement which sets out criteria, including up to date accounts, business plan, governance, and usage details, which the management organisation must adhere to, in order to maintain the terms of the lease. The Agreed Statement is reviewed on an annual basis and the Council maintains the right to terminate the lease if agreed outcomes are not met.</p> <p>To mitigate risk to the management organisation the Local Authority will ensure a rolling tenant only break is included in the lease, following the initial 12-month period after commencement. This will ensure that the organisation has an exit opportunity should they encounter financial difficulty at any time in the future, and to allow for the appropriate management of the public asset.</p>
<p><b>Equality:</b></p>	<p>The continued review of the Council’s asset portfolio, and any associated CAT, will ensure all vulnerable groups (such as those with mental health issues &amp; disabilities) are considered, and that appropriate facilities continue to be provided across the borough in a more targeted manner.</p> <p>All open market offers would be assessed and evaluated to ensure any future development for the property meets the needs of the community and all users.</p>



<b>Health and Wellbeing:</b>	The disposal and redevelopment of the property will offer a range of health and wellbeing benefits through improving and developing assets as places for people to go, and to receive services/support.
<b>Social Value:</b>	The repurposing and regeneration of the Borough's assets will ensure that they serve as a key driver of the Borough's economy, and will create more employment, education, and training opportunities for the residents of Sandwell.
<b>Climate Change:</b>	Adapting and reusing the building will contribute to reducing the Borough's carbon emissions and will help to meet the targets set out in the Council Climate Change Strategy.
<b>Corporate Parenting:</b>	N/A

## 7. Appendices

Appendix 1 - Hurst Road CC Site Plan

## 8. Background Papers

8.1 Cabinet report 21 June 2023 - Asset transfer of Hurst Road Community Centre, Oldbury

