

# Report to Cabinet

**17 July 2024**

<b>Subject:</b>	Sons of Rest Building, Victoria Park – Proposed Community Asset Transfer
<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 approval be given to the marketing the Sons of Rest Building, Victoria Park, Smethwick to accept expressions of interest in relation to the potential for Community Asset Transfer (CAT);
- 1.2 That subject to suitable expressions of interest being received and 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 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 expression of interest or subsequent business plan being received following a defined advertising period, authority be granted for the open market disposal (leasehold) of the Sons of Rest Building, Victoria Park, Smethwick 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 to the preferred bidder from those bids received;
  - 1.4.2 that authority be given to the 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 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.

## 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. The report supports the following objectives of the Corporate Plan</p>
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### 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 for 2023- 2026 as detailed below:

2023/24 - £1.6million

2024/25 - £1.6million

2025/26 - £2.5million

- 4.2 The Sons of Rest Building, Victoria Park, Smethwick sits within the wider Council owned asset, Victoria Park. A location and floor plan for the property is provided at appendix 1. The property is currently vacant with no operational use identified.



4.3 Should a CAT not be viable; the Council would then look to take the property to the open market to accept offers for commercial leasehold opportunities to ensure the Council are achieving best value for its assets.

## 5 Alternative Options

- 5.1 Option 1 - The Council could choose to retain the operational the asset. This however would not be considered viable due to no identified operational use and the inability to support delivery of the Asset Management Budgets Savings targets 2023-2026 due to ongoing repairs and maintenance, security and other holding costs. This option is dismissed.
- 5.2 Option 2 – freehold disposal. The freehold disposal of the asset is not a viable option due to its central location with the wider Council owned asset, Victoria Park. This option is dismissed.

## 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>Current holding costs being incurred by the Council are circa £5,135 per annum.</p> <p>Current market rental is estimated at £2,750 per annum.</p> <p>Current asset value is £46,500</p>
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<p><b>Legal and Governance:</b></p>	<p>S.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>S.5 of the council's policy on Land and Premises for the Voluntary and Community Sector (2012) sets out the council's approach which will usually be through a 99-year lease at a reduced rental.</p> <p>The calculated potential undervalue for the CAT will be £272,250 based on current market rent of £2,750pa and a lease term of 99 years.</p>
	<p>Due to the potential undervalue being over £50,000, the Council will require appropriate authority (Cabinet) to be obtained in line with the Sale of Land and Buildings Protocol alongside the Monitoring Officer, 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 the voluntary sector organisation taking on the asset. As such the council will follow a stringent selection and assessment process. This will be supplemented by a regular monitoring agreement that will ensure that all objectives are still being met.</p> <p>Selection of the organisation is based on agreed criteria that included governance arrangements, organisations previous track record and viability of future plans including current and projected financial positions.</p> <p>On-going 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, that the management organisation must adhere to, 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 council will ensure a rolling tenant-only break is included in the lease following the initial 12-month period following commencement. This will ensure they have an exit opportunity should they encounter financial difficulty in future and to allow the appropriate management of the public asset.</p>
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<b>Equality:</b>	<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 appropriate facilities are continued 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>	<p>The disposal and redevelopment of the property will offer a range of health and wellbeing benefits through improving and developing assets and places for people to go.</p>
<b>Social Value:</b>	<p>The repurposing and regeneration of the boroughs assets will ensure that they serve as a key driver of the borough economy and will create more employment, education and training opportunities for the residents of Sandwell.</p>
<b>Climate Change:</b>	<p>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.</p>
<b>Corporate Parenting:</b>	N/A

## 7. Appendices

7.1 Appendix 1 – Sons of Rest Victoria Park - Location and floor plans

## 8. Background Papers

8.1 N/A

