

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1. Meeting:	Cabinet
2. Date:	19th January, 2011
3. Title:	Rationalisation of Property Assets - Development Of An Asset Transfer Policy And Framework All Wards
4. Directorate:	Environment & Development Services

5. Summary

To consider the development of an asset transfer policy framework and the creation of an asset transfer policy working group.

6. Recommendations

That:

- 1. Cabinet note the contents of the report and consider the options presented**
- 2. Cabinet approve Option 3 at 7.3 below and an Asset Transfer Policy Framework Working Group is initiated and that all current and future applications are deferred until completion and adoption of the policy**
- 3. That progress reports are submitted to Capital Strategy and Asset Review Team at regular intervals**
- 4. Once the Asset Transfer Policy And Framework is finalised it is submitted to Cabinet for approval**

7. Proposals and Details

The Strategic Property Team has recently received two official requests for Asset Transfers for two very different assets which are as follows;

a) Request by Age UK (formally known as Age Concern) for a freehold transfer at a nil (£0) consideration for the property known as 49-53 St Anne's Road Rotherham. (see plan at Appendix 1)

This an office/day care centre currently occupied by Age UK under an expired lease granted on the 21st April 1982 at an annual rent of £1. Under the terms of this lease the tenant is responsible for the full repair and insuring of this property, which is utilised by Age UK as its base within the Borough.

This asset is currently held by EDS – Asset Management, and has a full Market Rental Value of £6,250 per annum, and if sold, a capital value of around £90,000.

b) Request by the Maltby Model Village Community Association (MMVCA) for a lease at a nominal rent (£50 per annum) of an area of land known as the former Maltby Craggs Infant & Junior School Site (see attached plan at Appendix 2) located off Blyth Road, Maltby.

Following demolition, the site was subsequently appropriated to Culture & Leisure Services as Urban Greenspace. The MMVCA wish to retain the area of land as Urban Greenspace for the local community and, in the longer term construct a community centre on a small part of the site.

The aim of this report is to consider a way forward in dealing with both these two applications and future applications that the Council may receive. At the time of writing an additional two initial requests have been received, though further details of these are being awaited from the applicants. It is anticipated that due to the publication of the Decentralisation and Localism Bill on the 13th December 2010, further applications will be received over the coming months.

7.1 Option 1 – utilise existing disposal policy for dealing with asset transfer requests

In June 2003 Cabinet agreed to a Disposal Policy which included the disposal of assets to the third sector; a copy of the report is attached at Appendix 3.

This suggested that a business case approach be adopted when considering the disposal of land or premises to a community or similar group. It also ensured that the proposals minimised the financial burden and/or risk to the Council and that the 'Sponsoring' service, in consultation with the applicant, produced a robust business case to justify the disposal.

The presumption was to lease rather than dispose of the freehold interest of the asset. Using this approach this gave 3 options available as follows;-

- 1) Lease the asset at its full Market Rent with the occupier being responsible for all repairs and running costs. A duty on the sponsoring service was imposed to ensure that the occupant made full use of any grants available and ensure that the occupier is capable of fulfilling its obligations under the terms of the lease.

If the conditions of this option could not be satisfied then;-

- 2) As above, but the sponsoring service grants a subsidy to the occupier to cover the Market Rent which would be due under the terms of the lease.

If no internal or external funding or subsidy were available, then;-

- 3) In exceptional circumstances a lease is granted at a nominal rent of £50.00 per annum to cover administration costs.

Pros

- The policy is already in place and no further work and/or consultation is required.
- Decisions can be made for existing and forthcoming applications straight away - this involves reporting to the Capital Strategy and Asset Review Team under the existing policy

Cons/Risks

- The existing policy does not fully support the objectives of the 2006 Local Government White Paper and the principles of the Quirk Review promoting opportunities for community asset ownership/management, and promoting asset transfer as part of a local authority's 'place-shaping' role.
- The policy does not take into account the current economic situation with reduced budgets which will result in fewer 'sponsoring services' being able to support asset transfers by way of offering subsidies.
- This may lead to inconsistencies and unfairness – some services may be able to subsidise rents and others may not.

7.2 Option 2 – deal with asset transfer requests on a case by case basis

This option would result in each application being presented to the Capital Strategy and Asset Review Team and Cabinet by a Council officer as individual cases arose.

Pros

- No requirement to produce or adhere to a policy
- Quick decision making process as and when applications are made

Cons/Risks

- Decisions will be made on an ad hoc basis. This will inevitably lead to inconsistencies and unfairness which could lead to criticism of the Council and challenge
- Recommendations would be subject to case officers judgement rather than a robust policy framework. This could lead to ill informed decisions

7.3 Option 3 – Develop a Comprehensive Asset Transfer Policy

In June 2008, offices within Neighbourhoods and Adult Services with some input from Environment and Development Services produced an assessment framework for the potential and actual impact of Community Asset Management (CAM) Proposals. This was presented to Area Chairs on the 16 June 2008 – attached at Appendix 5.

This goes some way to address the principles behind the development of a Comprehensive Asset Transfer Policy, but does not fully address the need to develop a robust business case amongst other issues.

Suggested context and principles behind the development of a Comprehensive Asset Transfer Policy are set out in Appendix 4 for further consideration.

In order to develop these principles further it is recommended that an Asset Transfer Policy Framework Working Group is established in order to develop both a comprehensive asset transfer policy and to further expand and develop a Community Asset Management Process Review template.

This working group, led by EDS Asset Management, should be made up of officers from both Neighbourhoods & Adult Services and Children & Young People Services.

It is recognised that transfer of assets into the third sector will be challenging, not least in capacity building within the community.

Once this Working Group on Asset Transfer is running, progress on the development of the Asset Transfer Policy Framework should be reported back to members of CSART at regular intervals.

Pros

- A comprehensive policy will be developed and implemented across the Council as a whole.
- A working group made up of different members from each Directorate will ensure that a wide range of knowledge and skills and that is required for an effective asset transfer are brought together.
- All applications made will be subject to both a rigorous business case test and investigation in to any potential loss of capital receipts to the Council.
- A fully informed decision making process can be demonstrated which will provide a clear audit trail

- A robust community asset management transfer process will reduce the risks of failure, for both the organisation taking on the asset and for the Council who will need to monitor the organisation, to ensure the original aims and objectives are satisfied

Cons/Risks

- It may take up to 12 months to develop the necessary policy due to a requirement to consult with a number of agencies and interested parties.
- Existing applications that have been received may need to be deferred until the full policy is formally adopted which could lead to criticism of the Council
- Due to the ongoing restructures and cuts in posts there may not be the capacity for officers to dedicate the necessary time for contributing to the Working Group and capacity building in the community.

8. Finance

The rationalisation of property assets is essential to reduce budget pressures and to deliver front line services in the most cost effective way possible.

Financial impacts upon individual assets will be reported as part of the policy framework

It is anticipated that the funding for the development of an asset transfer policy framework will be found from existing budgets in the Departments of Asset Management, Children and Young People Services and Neighbourhood and Adult Services

9. Risks and Uncertainties

The risks and uncertainties have been explored in 7.1 -7.3 above.

10. Policy and Performance Agenda Implications

None reported at this stage

11. Background Papers and Consultation

Report on Rationalisation of Property Assets - Development of an Asset Transfer Policy and Framework – Strategic Leadership Team 29 November 2010

Report on Rationalisation of Property Assets - Development of an Asset Transfer Policy and Framework - Capital Strategy and Asset Review Team 22 October 2010
EDS Finance Manager 18 November 2010

Appendix 1 & 2 - Location Plans

Appendix 3 - Report on the Council Policy for the disposal of land or buildings by sale or Lease – Cabinet 11 June 2003

Appendix 4 - Initial Draft Asset Transfer Policy Principles

Appendix 5 - Report on the assessment framework for the potential and actual impact of Community Asset Management (CAM) Proposals – Area Chairs 16 June 2008

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