

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1. Meeting:	Cabinet
2. Date:	9 March 2011
3. Title:	Rationalisation of Property Assets - Development Of An Asset Transfer Policy And Framework All Wards
4. Directorate:	Environment & Development Services

5. Summary

The report proposes the creation of a working group to develop an asset transfer policy framework. The aim of the policy framework would be to set out how the Council deals with both current and future asset transfer requests from the Third Sector, ensuring that all application received are dealt with on a fair basis and reduce the risk of failure for the applicants.

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 that a Working Group is initiated to develop an Asset Transfer Policy Framework 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 considered by the Strategic Leadership Team before being submitted to Cabinet for approval and adoption**

7. Proposals and Details

The Land and Property Team have recently received two official requests for Asset Transfers for two very different assets which are as follows;

a) Age UK (formally known as Age Concern) have requested that the property that they occupy which is leased to them by the Council, 49-53 St Ann's Road Rotherham (see plan at Appendix 1), is sold to them at a nil (£0) consideration. This property is used for offices and is its Borough headquarters.

This asset has an annual Rental Value of £6,250 and if disposed on the open market could achieve a capital receipt of around £90,000.

b) Maltby Model Village Community Association (MMVCA) have requested that the land that they hold under a lease from the Council at a nominal rent (£50 per annum), known as the former Maltby Craggs Infant & Junior School Site (see plan at Appendix 2) off Blyth Road, Maltby, is sold to them at a nil (£0) consideration or a leased to them in excess of 25 years at a nominal rent (£50 per annum). This land is used as an area of open space for the community.

This Asset has a nominal value due to its existing planning status.

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.

In order that all applications are dealt with on a fair basis, and that full consideration is taken of the potential impact on the loss of potential capital receipts for each asset is considered, a robust Asset Transfer Policy would be required. This in turn will also assist the individual applicant and assist in reducing the chances of failure in the project. Therefore the current options available are as follows;

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.

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 the Case Officer's 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 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

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 3 for further consideration.

In order to develop these principles further it is recommended that a 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, would 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.

When the Working Group on Asset Transfer is running, progress on the development of the Asset Transfer Policy Framework would be reported back to members of CSART at regular intervals. Once finalised it would be considered by the Strategic Leadership Team before being submitted to Cabinet for approval and adoption.

Provision would need to be made to deal with exceptional cases through referral to CSART.

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

- As there will be the requirement to consult with a number of internal and external agencies and other interested parties, there is the risk that it may take some time to develop and adopt the necessary policy. This risk will however be mitigated through the input from Officers from the three Directorates contributing towards the Working Group. This risk will be further mitigated by setting of tight deadlines of key tasks allocated to members of the Working Group.
- 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.

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

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

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

EDS Finance Manager 18 November 2010

Appendix 1 & 2 - Location Plans

Appendix 3 - Initial Draft Asset Transfer Policy Principles

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