

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

<b>1. Meeting:</b>	<b>Cabinet</b>
<b>2. Date:</b>	<b>20 July 2011</b>
<b>3. Title:</b>	<b>Rationalisation of Property Assets - Adoption Of An Asset Transfer Policy</b>  <b>All Wards</b>
<b>4. Directorate:</b>	<b>Environment &amp; Development Services</b>

### **5. Summary**

The aim of this report is to agree to the adoption and implementation of the Asset Transfer Policy as detailed in 7.1 to 7.6 below in conjunction with the principles contained Appendix 1.

### **6. Recommendations**

**That:**

- 1. Cabinet agree to the adoption of the Asset Transfer Policy detailed in 7.1 to 7.6 below and within Appendix 1**
- 2. Legal and Democratic Services develops a generic agreement template to document the basis of Asset Transfers as at 7.4 below**
- 3. the Director of Asset Management to exercise current delegated powers in relation to any asset that qualifies for disposal under the policy**

## **7.0 Proposals and Details**

This report is further to the Cabinet Report of the 9th March 2011 and subsequent Capital Strategy and Asset Review Team report of the 29th June 2011, and further to meetings held within Asset Management between the Director of Asset Management, the Estates Manager and the Land & Property Team.

The result of these meetings is a revision to the previously submitted draft principles of an Asset Transfer Policy, and a streamlined policy document which is set out below for implementation and adoption;

### **7.1 Policy**

The purpose of this policy is to set a clear framework to enable the transfer of Council held land and property assets to the community in an efficient and sustainable way, for the benefit of the community as a whole. This policy should be read in conjunction with the Asset Transfer Policy Principles attached at Appendix 1.

### **7.2 Qualifying Criteria For The Applicant**

Applications will only be considered from community groups within the Third Sector, which includes voluntary organisations, charities, co-operatives and other not for profit organisations with a full business case or plan.

The Council will however reserve the right to refuse applications from Third Sector Groups whose core aims and objectives are non-inclusive and do not support community cohesion.

### **7.3 The Asset Subject To Transfer**

An asset is either land or buildings or both in the ownership of the Council. The policy does not specifically include or exclude any type of asset from potential transfer to a community group, allowing each case to be considered on its own merits.

### **7.3 Assets That Are To Be Excluded From Transfer**

Any asset that has been identified within the Capital Receipts Programme or specifically held for revenue income or long term future capital appreciation will not be considered for asset transfer.

Assets that are subject to an application to transfer and not identified within the Capital Receipts Programme, but having a potential Market or Development Value greater than its Existing Use Value at the time of application, will be transferred to the Capital Receipts Programme and excluded from the transfer.

### **7.4 Basis of Asset Transfer**

The default position will be that assets are transferred by way of a lease or a licence rather than a freehold disposal. The length of agreement granted will be dependant upon the strength of the business case and the requirements of both the Council and the Applicant.

For all the agreements were the Applicants fulfil the criteria detailed at 7.2 above and within the appendices, the rent shall be a nominal £1 per annum.

In all circumstances the agreement will require the Applicants to be responsible for the full cost of insuring, repairing, ongoing maintenance and complying with all statutory requirements in relation to the asset transferred for the duration of the agreement.

All agreements shall contain the necessary mechanisms to terminate should the lease covenants not be adhered to, or that the benefits of transfer are not realised, or the applicant ceases operations. In the event that the Applicant wishes to terminate the agreement for whatever reason, the asset will return to the Council at a nil consideration with the cost of liabilities at the time of termination being recovered from the Applicant.

All agreements shall contain a break option in favour of the Council, in the unlikely but possible event that the asset transferred is required for wider community development directly (the asset or surrounding site itself) or indirectly (for the benefit of a capital receipt). In operating this Break Option the Council will have to consider compensating the applicant in order to repay grants to third parties and any capital expenditure incurred. The Council shall make every effort to identify and or provide an alternative asset if appropriate.

## **7.5 Implementation Of The Policy**

Applications received for the transfer of a Directorate specific asset or which will deliver a service that is Directorate specific shall be administrated by an Officer nominated by the Directorate concerned under the terms of this policy. For all other applications Officers within Asset Management will administer the applications. This will apply to the ongoing monitoring of compliance of the policy.

Where the application complies with the policy, this will be reported to the Capital Strategy and Asset Review Team for approval by the Director of Asset Management under delegated powers. Applications falling outside of the policy will be presented to Cabinet for approval.

## **7.6 Costs**

The Applicant is to bear the Councils Professional and Legal costs in the preparation of all agreements and any other costs incurred in monitoring ongoing compliance with the policy, where appropriate.

## **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.

## **9. Risks and Uncertainties**

Risks and uncertainties for individual assets will be reported on as part of the policy

## **10. Policy and Performance Agenda Implications**

Policy and Performance Agenda implications for individual assets will be reported on as part of the policy

## **11. Background Papers and Consultation**

Appendix 1 - Asset Transfer Policy Principles

Rationalisation of Property Assets – Report on the Development Of An Asset Transfer Policy And Framework - Capital Strategy and Asset Review Team 29th June 2011

Rationalisation of Property Assets – Report on the Development Of An Asset Transfer Policy And Framework - Cabinet 9th March 2011

Rationalisation of Property Assets – Report on the Development Of An Asset Transfer Policy And Framework – Strategic Leadership Team 29 November 2010

Rationalisation of Property Assets – Report on the Development Of An Asset Transfer Policy And Framework - Capital Strategy and Asset Review Team 22 October 2010

EDS Finance Manager 1<sup>st</sup> July 2011

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