

## REPORT TO EXECUTIVE

### COMMUNITY BUILDINGS – ESTABLISHING LEASES / COMMUNITY ASSET TRANSFER



<b>DATE</b>	<b>6 December 2016</b>
<b>PORTFOLIO</b>	<b>Community Services / Resources</b>
<b>REPORT AUTHOR</b>	<b>Mike Waite</b>
<b>TEL NO</b>	<b>01282 425011 ext 7198</b>
<b>EMAIL</b>	<b>mwaite@burnley.gov.uk</b>

#### PURPOSE

1. To approve a draft Community Asset Transfer Policy for consultation.
2. To approve further negotiations with existing community building users with a view to agreeing community asset transfers by way of long lease for continued community use.

#### RECOMMENDATION

3. To authorise the finalisation of a Community Asset Transfer Policy by the Head of Governance, Property, Law and Regulation in consultation with the Executive Member for Resources, following a two month period of consultation.
4. To authorise agreement of heads of terms for, and the subsequent completion of, the long lease of six community buildings, to the Head of Governance, Property, Law and Regulation in consultation with the Executive Member for Resources.

#### REASONS FOR RECOMMENDATION

5. The recommendation is in line with the Council's Medium Term Financial Strategy, and the 2016 Asset Management Strategy agreed by Executive. This set out that the plan in respect of the community buildings 'for 2016/17 is to a) establish robust cost, condition, suitability and management criteria and b) consider community asset transfer where appropriate'.
6. Adoption of a Community Asset Transfer Policy following appropriate consultation would set a framework for requests to transfer land and buildings to be considered under.

#### SUMMARY OF KEY POINTS

7. Over the last year, community engagement officers have liaised with volunteers at six community buildings, Property Services colleagues, the Council for Voluntary Services and other organisations.
8. In relation to three of the buildings, sufficient progress has been made for a target for a community asset transfer to take place with effect from a date during or after April 2017, and before the end of September 2017, such that the buildings will become the property

of established charitable companies:

- Burnley Wood Community Centre (Terracefields), 96 Springfield Road, Burnley, BB11 3LR (*Rosehill with Burnley Wood ward*)
  - Swinless Street, former Housing Area Office (Linkbridge Community Support Centre), 1 Swinless Street, Burnley, BB10 3BN (*border of Bank Hall and Queensgate wards*)
  - Vanguard Community Centre, 65 Bevington Close, Burnley, BB11 5SH (*Trinity ward*)
9. In the case of the following two buildings, officers' view is that initial leases could be established from April 2017 as a preparatory step towards the grant of a full 99 year lease within two years, i.e. by April 2019.
- Ennismore Street Community Centre, Ennismore Street, Burnley, BB10 3EU (*Lanehead ward*)
  - Middlesex Avenue Community Centre, Middlesex Avenue, Burnley, BB12 6AA (*'border' of Gannow and Rosegrove with Lowerhouse wards*)
10. The sixth building is Kibble Bank Community Centre, Underley Street, Burnley, BB10 2BX (*Lanehead ward*). In spite of a series of efforts by officers and local ward members, no stable group of volunteers has been established to run activities at this centre, and no timetable can currently be set for getting to the point where this building could be transferred to a local community based organisation. Other options now need to be considered for this building, and a further report on this will come forward in due course.

## **FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

11. Community Asset Transfer involves the transfer of ownership and management of land or buildings from a statutory body (such as a local council) to a community based organisation or group (such as a charity or community interest company) at less than market value for local social, economic or environmental benefit. The legal process of transferring the assets would involve putting a long term lease in place such that the buildings can only be used for community benefit.
12. Where such leases are granted, the proposal is that a 'peppercorn rent' (nil rent) is put in place.
13. Any such lease over 7 years in length would constitute a disposal at an undervalue. Once detailed terms have been agreed Executive approval to the disposal and approval of the amount of undervalue as an opportunity cost would be sought.
14. There are two impacts on the Council's revenue budget from the recommendation:
- Rental income from Linkbridge would be lost following a transfer. This rent is set at £5,100 for this year and is assumed in the continuation budget for 2017/18. (There is no rental income to the council from any of the other buildings).

- There will be a potential budget saving to the council as a result of transferring responsibility for bills, water charges, insurances etc. to the management committees of the buildings. These budgets amount to £8,634 for this year, and are assumed in the continuation budget for 2017/18

15. If all of the buildings transferred the net revenue saving would be up to £3,534. If as seems likely however the first lease to be granted is that of Swinless Street, which is let on a full repairing lease, there would initially be a revenue loss equivalent to the rent they pay without the council necessarily achieving any cost saving at the same time.

16. Costs of maintenance and repair of the buildings are covered by the Council through Liberata, under budgets transferred to them. These liabilities would no longer arise once full repairing leases are in place and any ongoing savings could be spent elsewhere on the Council's estate.

#### **POLICY IMPLICATIONS**

17. The recommended actions are in line with existing policy, and amount to confirmation that the provision of community buildings is no longer considered 'core business' of Burnley Council. At the same time, the Council wishes to dispose of its buildings in a way likely to continue their availability to residents as community assets.

#### **DETAILS OF CONSULTATION**

18. Mohammed Essak, Building Maintenance Manager, Liberata  
Volunteers at all community centres named in appendices  
Council for Voluntary Service

#### **BACKGROUND PAPERS**

19. None

#### **FURTHER INFORMATION**

**PLEASE CONTACT: Mike Waite, [mwaite@burnley.gov.uk](mailto:mwaite@burnley.gov.uk) 01282 425011 ext 7198**

**ALSO:**

## **Appendix: Community buildings – establishing leases: moving towards asset transfer**

This appendix details the stages that the buildings will have gone through before a full repairing lease and / or asset transfer is agreed.

1. Volunteers in place running activities. *Track record of this happening over a significant period of time, with activities generating funds which contribute towards running of centre*
2. Fund raising through sponsorship and / or grant application. *Track record of this happening over a significant period of time, with funds contributed towards running of centre.*
3. Management committee established to oversee activities.
4. Management committee constituted as a legal entity.
5. Burnley Council / Liberata identifies and carries out a programme of works so that the building is in a proper state to transfer on a full repairing lease.
6. Management committee members take part in training to be delivered by / arranged by the Council for Voluntary Service covering the legal duties and good practices involved in running a community centre; appropriate business planning; financial management; health and safety; insurances etc.
7. Management committee members are briefed about the benefits of opting to tag onto the contract run by Liberata in respect of Burnley Council buildings so as to meet statutory requirements (*this would deliver economies of scale, confidence etc.*)
8. Management committee members are briefed about the benefits of joining a forum or consortium of community building management committees, to be convened by the Council for Voluntary Service. (*This would be the focus for sharing and promoting good practice, providing mutual support, and generating economies of scale through purchasing some services, licenses, insurances etc. etc. collectively for all members of the forum / consortium*).
9. Management committee agrees to take on a full repairing lease. The length of the lease would be agreed in discussion, and could vary from building to building. *Responsibilities covered by the lease would be: paying all bills on behalf of the centre; carrying out and paying for routine repairs; gaining approval from the council before carrying out / paying for any structural work; meeting all statutory requirements in respect of a community building, e.g. fire safety inspections, legionella's disease inspections, public liability insurance etc.*

### **Or – alternative step to step 9**

10. Management committee agrees to take ownership of the building through asset transfer, and draws up an appropriate business plan. All rights and responsibilities of ownership would rest with the management committee. *The terms of asset transfer would ensure that the buildings will continue to be used primarily for community benefit, and that in the event of the management committee wanting to sell or transfer the building, or in the event of the management committee failing to sustain, the council will have the option of taking back ownership of the building / land at no cost.*