

<b>Report of:</b>	Ian Wright - Director of Finance Councillor Chris Hobson - Executive Member for Finance & Governance
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<b>Submitted to:</b>	Executive - 13 April 2021
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<b>Subject:</b>	Community Asset Transfers
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**Summary**

<b>Proposed decision(s)</b>
<p>That the Executive approves:</p> <ul style="list-style-type: none"> <li>• Progression of the community asset transfer policy for potential execution of community asset transfer leases for Brambles Farm Community Centre CC, Langridge Initiative Centre, The International Centre and 22 Holylake subject to appropriate expressions of interest and submission of appropriate business cases.</li> <li>• A future report will be presented to Executive outlining the outcome of the financial appraisal and recommendations for approval for each community asset transfer based on its own merits following appropriate due diligence where appropriate.</li> <li>• The Community Asset Transfer Policy will be refreshed alongside the Community Governance Review process, which is currently being progressed.</li> </ul>

<b>Report for:</b>	<b>Key decision:</b>	<b>Confidential:</b>	<b>Is the report urgent?<sup>1</sup></b>
Decision	Yes	No	No

<b>Contribution to delivery of the 2020-23 Strategic Plan</b>		
<b>People</b>	<b>Place</b>	<b>Business</b>
<ul style="list-style-type: none"> <li>• Facilities will serve as hubs in tackling issues around crime and anti-social behaviour, working in partnership to ensure local people feel safer, plus providing opportunities for young people socially and educationally.</li> <li>• Provide deprived wards in Middlesbrough with access to facilities to improve local health and Wellbeing.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide a facilities that allow for working with the local community and revitalising unused building and the surrounding area.</li> <li>• Contributing towards improving the residents in the Ward’s satisfaction in making it an attractive place to live as a community.</li> <li>• Sets a good example for the community to take ownership for the</li> </ul>	<ul style="list-style-type: none"> <li>• Helps to create positive perceptions, improving its reputation, and attracting new investment to the Centres</li> <li>• Shows good business management by the Council bringing back into use under-utilised assets</li> <li>• Contributing towards potentially improving employment levels, helping to create new</li> </ul>

<sup>1</sup> Remove for non-Executive reports

<ul style="list-style-type: none"> <li>• Introduce locality working with partners, placing services in the heart of the community.</li> <li>• Access to support for children and vulnerable adults helping to look after their needs and welfare.</li> <li>• Contributing to reducing crime rates, improving healthy life expectancy and average life satisfaction.</li> <li>• Reducing social isolation and helping adults live independently.</li> <li>• Contributing to adults living independently and significantly increasing their life satisfaction.</li> </ul>	<p>area improving both street and general environment cleanliness.</p> <ul style="list-style-type: none"> <li>• Investing in a place that can become a hub for different minorities to express their own culture and diversity adding to the richness of the Town's Cultural offer and allowing for inclusivity that could help drive more events and festivals.</li> <li>• Provide a place that can work to encourage small business and community interest company growth from a diverse range of cultures.</li> <li>• Contribute to creating a positive reputation for Middlesbrough reaching out to diverse population and leading to further inward investment and local jobs.</li> </ul>	<p>jobs and inward invest.</p> <ul style="list-style-type: none"> <li>• Good business management practices will allow organisations the freedom to build on their success by drawing investment into the facility and give them the opportunity to expand and thus achieving good outcomes for the community.</li> </ul>
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<b>Ward(s) affected</b>
Brambles Farm and Thorntree. Park End and Beckfield, Pallister and Berwick Hills. Central Middlesbrough, Longlands and Beechwood. However please note services from these buildings impacts across all wards across Middlesbrough and the wider Tees Valley.

**What is the purpose of this report?**

1. The purpose of this report is to seek approval to explore community asset transfer for four Council buildings by recommending that the Council invites expressions of interest for the four buildings, and progresses the process outlined in the community asset transfer policy.

**Why does this report require a Member decision?**

2. The decision affects more than two wards.

**Report Background**

3. The term 'community asset transfer' relates to long leasehold or freehold arrangements at less than market value. Community asset transfers are viewed

positively as it offers many benefits to local communities, local Voluntary and Community Organisations and to the Council.

4. The Quirk Review of community management and ownership of public assets, concluded strongly in favour of local ownership and management of public assets. Adding to this the current operating context has changed dramatically with Middlesbrough Council is facing significant challenges as a result of major reductions in public spending and will increasingly need to consider asset transfer as an enabler to achieving its forthcoming corporate aims in a mixed service economy, with significantly reduced resource.
5. A number of Community asset transfers have already been carried out successfully offering opportunities for localised social regeneration, improved access to educational activities and growing small businesses.
6. Brambles Farm Community Centre, The International Centre, Langridge Initiative Centre and 22 Holylake Rd all have tenants currently occupying the buildings with non-commercial arrangements in place, however the Council still has a financial pressure to invest in maintenance and remedial work.
7. There has been little interest in securing a commercial tenant for these buildings. In part this is due to the complexities of the building and in part also due to their respective locations meaning them ill-suited to attracting business investment.
8. Those currently occupying the buildings are also limited in seeking access to funding opportunities to enhance the buildings due to the nature of their current agreements and as a result the buildings though occupied continue to deteriorate attracting anti-social behaviour and community concerns. The Buildings also require increased reactive maintenance and the Council has responsibility for the Rates.
9. All four current occupiers have now approached the Council to seek to remedy this by enquiring as to opportunities to community asset transfer the buildings.
10. Whilst all four are clearly demonstrating that they are contributing to the Council's Strategic Plan. Officers have been clear that in the interests of transparency and fairness any expression of interest regarding a community asset transfer would need to be assessed against any comparative expressions received as part an exercise gauge interest in the wider community.
11. Subject to this Report's approval Officers have said that they would work with those existing occupiers to ascertain more information of their respective financial proposals and business cases.
12. The current Community Asset Transfer Policy was developed in 2012, therefore this policy will be followed as part of this exercise, and learning will assist in the policy being refreshed and presented to Executive alongside the Community Governance Review process, which is also currently being progressed.

### **What decision(s) are being asked for?**

13. That the Executive approves:

14. Progression of the community asset transfer policy for potential execution of community asset transfer leases for Brambles Farm Community Centre CC, Langridge Initiative Centre, The International Centre and 22 Holylake subject to appropriate expressions of interest and submission of appropriate business cases.
15. A future report will be presented to Executive outlining the outcome of the financial appraisal and recommendations for approval for each community asset transfer based on its own merits following appropriate due diligence where appropriate
16. The Community Asset Transfer Policy will be refreshed alongside the Community Governance Review process, which is currently being progressed.

### **Why is this being recommended?**

17. Community asset transfers present opportunities to facilitate social regeneration as well as local community access to education, health and recreational activities across Middlesbrough
18. There has been little interest in securing commercial tenants for these buildings. In part this is due to the complexities of the building and in part also due to their respective locations meaning them ill-suited to attracting business investment.
19. A building left unused attracts a significant amount of criminal damage and impacts upon Council budgets due to the requirements to maintain general up keep and rates. A community asset transfer demonstrates a key business imperative to reduce Council expenditure.
20. Discussions with local stakeholders such as the local business owners and residents living in close vicinity have shown that they want to see the buildings used more for the community.
21. Transfer to community interest companies and charities would allow for potential investment and physical enhancements to the building supporting the 2020-23 Strategic Plan in terms of physical regeneration in all four deprived wards in Middlesbrough.

### **Other potential decisions and why these have not been recommended**

22. Continue with current arrangements. This may result in continued costs to the Council. It would also reduce the capacity of any potential occupiers to draw down funding opportunities and inevitably lead to further structural deterioration
23. Demolish buildings. This would incur capital costs, and the buildings currently have occupation from community and voluntary sector organisations.
24. Sell the buildings. An Asset Disposal business case may prove challenging. The market value given the buildings location may be challenging with bids coming in under their current worth. It would also reduce the Council's influence to determine the future direction of the building and therefore disposing of a building that could potentially have both a greater physical and social regeneration impact.

## **Impact(s) of recommended decision(s)**

### **Legal**

25. The recommendations do not create any specific legal issues, although the actions recommended and any subsequent steps would all need to be undertaken within the Council's Community Asset Transfer Framework.

### **Financial**

26. Each community asset transfer will be based on long leasehold arrangements of up to 25 years. Each property will be transferred to a single organisation, or co-operative, who may sub-let part of the property to other providers providing it accords with the principles of the transfer. Details of property condition surveys will be available to organisations submitting business cases, however no financial assistance will be available for building repairs or enhancements and therefore business cases will need to demonstrate financial robustness.

### ***Policy Framework***

27. The properties will be divested of in line with the Council's Community Asset Transfer policy.

### ***Equality and Diversity***

28. A Level 1 impact assessment has previously been undertaken and identifies the proposed recommendations for the buildings to have a positive impact in terms of diversity and community cohesion. No groups with protected characteristics are adversely impacted by the decision.

### ***Risk***

29. In undertaking the Community Asset Transfers this will have a positive impact on the Council's risks. In completing the transfer from the Council it will ensure that there are good governance arrangements in place to ensure that the assets are well managed

## **Actions to be taken to implement the decision(s)**

30. The following would be undertaken to implement this recommendation:

- Invite community groups and other voluntary community organisations to submit expressions of Interest.
- Work with the interested parties we have received to date to understand their financial proposals and ask them to work up detailed business plans.
- Consider the above, alongside any other expressions of interest received within a four week time frame. Any asset transfer will be subject to detailed financial analysis.

## **Appendices**

### **Background papers**

## Community Asset Transfer Policy - 2012

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