

Report of:	Councillor Barrie Cooper - Executive Member for Environment and Finance & Governance. Ian Wright - Director of Finance
Submitted to:	Executive Committee - 7 December 2021
Subject:	International Centre - Transfer of Freehold

Summary

Proposed decision(s)
That Executive approves the proposal to transfer the Council’s freehold interest of the International Centre to a community organisation to enable submission of significant bidding opportunity to bid for investment to develop the centre into a valuable community asset.

Report for:	Key decision:	Confidential:	Is the report urgent?¹
Decision to dispose of asset	Yes - exceeds the £150,000 threshold.	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
The delivery of a community focussed development scheme will facilitate the provision of beneficial services within the locality and aid the creation of employment opportunities within the Borough	The development of the subject asset will generate significant inward investment and has the potential to bring an underused asset into far more positive future use.	Disposal as proposed removes the Council’s repairing and maintenance liability and ensures that the asset will continue to be used for the benefit of the local community

Ward(s) affected
Central Ward

What is the purpose of this report?

1. The purpose of the report is to consider the proposal to transfer the Council's freehold interest of the International centre to a community organisation.

Why does this report require a Member decision?

2. The proposal relates to the disposal of an asset at a value in excess of the £150,000 threshold.

Report Background

3. Shown edged on the plan attached as Appendix A of this report, the International centre is located on Abingdon Road, which is within walking distance to the town. It is a large brick built property with front access, split over 2 floors. There is no external gardens and adjoins the public highway.
4. The International Centre was previously managed as a community facility by Middlesbrough Council.
5. Following approval of an offer by the International Centre Board to take over full strategic as well as operational responsibility a community asset transfer was facilitated in 2015.
6. After three years of management the Board approached the Council with a view to hand back responsibility. The Board had by their own admittance struggled to create a sustainable business model and were struggling to recruit a team of trustees to help with this.
7. The building has remained empty and mothballed since November 2018 with the Council maintaining responsibility of property maintenance, security and rates.
8. In 2020 the Council granted a license for a community interest company, The Other Perspective, to take occupation in the International Centre, its location was central to assisting the organisation to serve the local community. The community interest company had also previously requested consideration for a community asset transfer of the building.
9. The International Centre itself is in a very poor state of repair. Currently the community interest company can only occupy a small number of rooms due to the poor condition within the centre. The rooms in occupation are primarily the main downstairs hall and a small number of offices on the ground floor. The remaining majority of the property has significant issues with water ingress, damp, lack of reliable heating, broken windows, roof leaks, plaster damage among other concerns.
10. A business plan has been submitted by The Other Perspective outlining the initiatives to be delivered from the International Centre, these are supported by the Council and will strengthen the community development offer within the town. The initiatives include local participation, and incorporate a series of projects through social enterprise to support the development of employment opportunities, training and enterprise. In order to successfully deliver the vision the International Centre is integral and such it is proposed that rather than simply regenerate, the Council seeks to transfer its freehold interest to allow the community interest company to bid for funding to both regenerate and redevelop the asset to meet the needs of the proposals put forward.

11. An Asset Disposal Business Case confirming the status of the subject property as surplus to operational Council requirements is attached as Appendix B.

What decision(s) are being asked for?

12. That Executive approves the proposal to transfer the Council's freehold interest to a community group – The Other Perspective who are currently occupying under license

Why is this being recommended?

13. The Centre's size and facilities plus location provide an excellent opportunity for a range of cultural and community activities for a diverse range of stakeholders to improve health, wellbeing, learning and education.
14. Community Organisations can bid for external funds for asset regeneration to support community activities, these have a higher rate of success if the organisation has the freehold interest in the property. The council and MVDA will support the community organisation to bid for funding to regenerate the asset within a prominent part of the town to deliver against their business plan.
15. This proposal will ensure a community asset which is currently underused is brought back into use to support the local community. This will support key objectives of external grant funding:
 - To save underused community assets
 - Assist in developing community organisations and community businesses
 - Empower local communities, particularly in areas of lower deprivation
 - Strengthen links at place based level – supporting locality working objectives

Other potential decisions and why these have not been recommended

Re-use for operational purposes

16. No Council operational service requirement has been identified. The council would require this asset for polling station purposes, however it has been agreed that this falls within the remit of community benefit and the building will be made available to the authority for this purpose.

Community Asset Transfer on 25year lease

17. This remains a viable option, but not the desirable one. The Community Asset transfer on a long term lease will not offer the same attraction to external funders as the transfer of the freehold Interest. Upon transfer of the freehold interest the Council will place a covenant on the property which will require that that the asset may only be used for community use, this will prevent any further re-sale or redevelopment for profit. In addition there will be a requirement that if funds are not secured within a three year period for the regeneration of the asset the organisation will be required to transfer it back to the council.

Council Complete Repairs and look to offer Commercial let or sale

18. The Council would need to invest significant resources to bring the property to a lettable standard. The Cost schedule for the required repairs is a minimum of £200k, which far exceeds the valuation of the asset. The council could market the property for sale, however it is within a prominent part of town which offers significant value to the diverse local community. The council is committed to locality and place based working, and offering the property on the open market in its current condition would not fulfil this commitment to the local communities or make best use of this asset.

Do nothing

19. The property would remain in its present state, and continue to deteriorate. The Other Perspective could not continue to occupy under licence in the building due to its deteriorating condition.

Impact(s) of recommended decision(s)

Legal

20. The Council's freehold interest in the asset would be transferred at nil value. Fees would be payable by the community interest company for the transaction. A covenant would be placed on the property requiring that its use would be purely for community benefit only including for polling station purposes, and that investment must be sought within three years otherwise the asset must be transferred back to the authority.

Financial

21. The disposal of the site would remove the Council's liability for any future maintenance ongoing maintenance costs which are approximately £8,000 per year. The current backlog of repairs to the property are outlined to be a minimum cost of £200k which include the following:

- Installation of damp proof course
- Replace rainwater goods / repair roof tiles
- Replace defective windows
- External re-decoration
- Kitchen refurbishment
- Replacement of boiler to meet current regulations
- Install supplementary earth bonding where required
- Replace out dated fire alarm system

The property internally has significant deterioration throughout.

22. The site area itself is 0.152 acres, however there is no external space. The gross internal area of all the buildings comprised in this asset is 821.64 square metres, much of which is currently unusable space due to its condition. In a reasonable condition the market value of the asset would be approximately £156,440. However investment to

bring it up to such a standard is significant as highlighted above. An alternative use, for example as office accommodation may attract a rent of approximately £8,500 per year, based on comparable buildings and its configuration, however as it is slightly out of town and maintenance on a building of this age would be high it is not perceived that this would attract much, if any interest.

23. From a valuation perspective, the Asset Value for capital accounting purposes listed on the Council's Asset Register is significantly low at £11,750. This reflects both its valuation from a previous community asset transfer and its deteriorating condition.

The Mayor's Vision For Middlesbrough

24. The decision aligns to the Mayor's priorities around people, place & business by working in conjunction with third party organisations and individuals, such as the community interest company, to deliver both physical and social regeneration.

Policy Framework

25. The proposals do not require any change to the Council's existing policy framework.

Ward

26. The property is situated in the Central Ward and the respective Ward Members have been consulted.

Equality and Diversity

27. A Level 1 (Initial Screening) Impact Assessment (IA) accompanies this report attached at Appendix B.
28. The impact assessment identified that the proposal would have a positive impact on the local community and would not represent a concern to equal rights, disability discrimination or the impingement of human rights.

Risk

29. The Council has assessed the business plan and considers the proposals to be a much needed resource for the town. Senior officers have met with the community organisation to discuss the implications of taking on the asset and support in regard to bidding for funding. Should the community interest company be unable to progress over future years to realise the vision the asset will be transferred back to the local authority under the same terms mitigating the impact of risk. With this proposal it facilitates an opportunity for the community organisation to seek inward investment with Council support. .

Actions to be taken to implement the decision(s)

30. Subject to Executive Committee approval, the Council moves to proceed with the transfer of the freehold interest.

Appendices

Appendix A - Site Plan - International Centre

Appendix B - Asset Disposal Business Case

Appendix C - Impact Assessment Level 1 - Initial Screening Assessment

Background papers

No further reports were used in the preparation of this report

Louise Grabham

Head of Commissioning