

WIRRAL COUNCIL

CABINET – 24 JUNE 2010

REPORT OF THE DIRECTOR OF LAW, HR & ASSET MANAGEMENT

COMMUNITY ASSET TRANSFER

1. EXECUTIVE SUMMARY

- 1.1 The Community Asset Transfer ('CAT') programme agreed through the Strategic Asset Review sets a deadline for transfers. Enquiries have been received as to whether that deadline is to remain. This report identifies issues that would be raised by a change to the existing deadline and seeks guidance on the way forward.

2. BACKGROUND

- 2.1 The Strategic Asset Review was considered by Cabinet on 27 November 2008
- 2.2 The context for the review was that of an historic estate with a substantial and growing repair backlog, rising costs of owning and managing buildings, limited resources and a pressing need to reduce the number of assets held by the Council.
- 2.3 Prior to the Strategic Asset Review the Council had been developing an approach to community asset transfer and had been successful in obtaining support through the national 'Advancing Assets' programme. The Council's approach was consistent with the national 'Quirk' review of community management and ownership of public assets, which encouraged local authorities to optimise community benefit through transfer of asset ownership and management to community groups. The Advancing Assets programme was, however, comparatively limited in scope.
- 2.4 The Strategic Asset Review recommended a programme to transfer assets to community groups where such groups expressed interest in taking responsibility for those assets. The programme was to be implemented over a period of two years, as an alternative to the immediate closure of neighbourhood facilities. This scale of change was judged necessary to create a sustainable high quality asset base.
- 2.5 Following a period of consultation, Cabinet (at its meeting on 15 January 2010) endorsed the proposed approach to Community Asset Transfer; agreed a list of assets to be transferred; and resolved that the two year time frame for community asset transfer will expire on 16 January 2011.
- 2.6 On 19 March 2009, Cabinet agreed a Community Asset Transfer Policy (subject to transfers of community centres being offered first to

established and viable Joint Management Committees). Cabinet also agreed a mechanism for financial support for transfers to community groups through an application for use of the Community Fund. (The Community Fund was established on the transfer of the Council's former housing stock to Wirral Partnership Homes (WPH) to enable VAT monies expended by WPH to be retained for use by WPH and the Council (on a 50:50 basis) in projects in line with WPH's charitable objectives).

- 2.7. Earlier this year, the Council's bid for £4.5million funding from the Community Fund to support the CAT programme was approved by WPH and the Community Fund Joint Working Group. This bid covered the financial years 2009/10 to 2011/12, inclusive; so runs until 31 March 2012.

3. PRESENT POSITION

- 3.1 Officers have been working to achieve transfers of those properties identified through the Strategic Asset Review. In accordance with the Community Asset Transfer policy applications have also been received from community groups for the transfer of additional properties that have been identified as being surplus to Council requirements. The present position is summarised in the attached schedule. This process has revealed that there are very significant issues of backlog repairs at many of the assets scheduled for transfer. The only identified funding source to pay for these repairs is the Community Fund.
- 3.2 A review is currently under way of the operation of the Community Asset Transfer policy and it is intended that this will inform the revised Asset Management Plan which will be brought to Cabinet for approval in the autumn.
- 3.3 Enquiries have however now been made as to whether the Council intends to maintain the deadline for transfers of 16 January 2011 that was imposed by the Strategic Asset Review, together with its intention to close and sell those facilities where the community does not have the capacity or resources to take them over on a sustainable basis.
- 3.4 If members wish to revise the current approach, the options available are to:
- retain the current deadline and pursue the closure of those facilities where a transfer has not been agreed
 - Remove the deadline and the threat of closure if a transfer is not agreed
 - Set a revised deadline by which transfers must have been agreed, failing which Council funding of the facilities will cease and they will be closed and disposed of.
- 3.5 These options assume that the Council would wish to continue to support transfers that are sought by local community groups. Issues raised by these options are as follows:

Retain current deadline

- 3.6 As can be seen from the summary of current discussions, transfer negotiations are at different stages and it is unlikely that all assets will be ready for transfer by 16 January 2011. In that case, those facilities would be closed. Whilst it is judged that the majority of transfers are achievable by the deadline some will take longer than this.
- 3.7 Transfer or closure would be consistent with current budgetary provision.
- 3.8 In the few cases where assets are currently held on lease, those leases (and the responsibilities they create for the premises) would remain in place.
- 3.9 Rigid adherence to the current deadline does not provide for any transitional 'handover' arrangements, the need for which is emerging from the continuing negotiations on the more complex proposed transfers.
- 3.10 It is clear that the current deadline has injected great impetus to the transfer process and has facilitated much more rapid progress than would have been made under a more open-ended arrangement.

Remove the deadline

- 3.11 This would allow more time to develop arrangements for transfer in the more challenging cases.
- 3.12 It would retain facilities that would otherwise be closed and sold.
- 3.13 There would probably be a loss of impetus and focus to the transfer process. It is likely that a significant number of groups would wish to see existing arrangements continue.
- 3.14 There is no budgetary provision to support continued operation of the facilities beyond the existing deadline.
- 3.15 The buildings and financial context that formed a background to the Strategic Asset Review remains, and the financial position facing the Council is likely to become more challenging. Retention of a substantial number of community assets would remove an avenue for addressing these continuing issues.
- 3.16 There is a substantial maintenance backlog on the assets identified for transfer. A mechanism was found using the Community Fund to undertake repairs to the assets that would transfer, and to provide some transitional revenue support to the groups taking them over. If transfers do not proceed that money would not be available, and the liability for and cost of repairs would remain with the Council.

- 3.17 Most significantly, the approved bid to the Community Fund for £4.5 million to support the CAT programme has a deadline for expenditure of 31 March 2012. There is no guarantee that if this funding is unused by 31 March 2012 that it will remain available. This very substantial sum of money probably represents a unique opportunity to invest in community buildings to address historic repair issues and future needs. However, it will only be available where those buildings are transferred to community control.
- 3.18 Therefore, removal of the deadline might risk less of the available £4.5 million of Community Fund monies being invested in community assets. In the current national economic climate, this opportunity, if missed, might not return.

Set a revised deadline

- 3.19 This would allow further time for negotiations and to consider revised options.
- 3.20 There may be loss of impetus and focus in those negotiations.
- 3.21 Further budgetary provision would be required.
- 3.22 Setting an amended deadline or removing the deadline altogether will require a review of current staffing assumptions and the approach to dealing with future support to centres.
- 3.23 At this stage, if the existing arrangements are changed and the deadline for transfers is removed it is unclear how many community groups would wish to proceed with transfers. It is also unclear whether some groups may be more willing to do so if they had more time. Consultation with the community groups affected will be necessary to answer these points.
- 3.24 When these points are clarified it will be possible to model with more accuracy the likely financial and staffing consequences of change.
- 3.25 If Members are minded to set a revised deadline, they may wish to consider the date of 31 March 2012, when the Council's approved bid to the Community Fund for £4.5 million to support the CAT programme expires. This would give community groups more time, but maximise the likelihood that the available funding will be invested in enhancing community buildings.

4. CONCLUSIONS

- 4.1 Good progress has been made with the community asset transfer programme initiated by the Strategic Asset Review. Negotiations with community groups are, however, at different stages, and it is unlikely that all groups will be in a position to proceed by the 31 March 2011 deadline previously set.

- 4.2 Removal or amendment of the current deadline may provide some benefits to the current transfer process, but would also risk losing impetus and potentially ultimately result in fewer assets transferring. There would be significant financial and staffing implications for the Council. Removal of the deadline might also risk less of the available £4.5 million of Community Fund monies being invested in community assets.
- 4.3 No discussions have taken place with affected community groups on the implications of removing or amending the deadline for transfer, but such discussions would be necessary to enable informed financial and staffing projections to be made.
- 4.4 Guidance is requested on the approach to be taken.

5. FINANCIAL IMPLICATIONS

- 5.1 Revenue savings to be achieved by vacating assets primarily relate to the actual running costs of buildings (e.g. rates, energy, water, insurance) and from the savings in staff costs that arise when direct service delivery ceases.
- 5.2 Estimated savings for the buildings identified for community asset transfer are approximately £460,000 per annum.
- 5.3 The Strategic Asset Review recognised that in some cases further costs may be incurred in decommissioning and or demolishing buildings after closure. Provision for such costs was to be made through the Efficiency Fund.
- 5.4 Disposal of the assets identified for transfer was also estimated to save the Council expenditure of £2.3m on backlog repair and maintenance, together with future 'life cycle' maintenance costs estimated at £2.4m.
- 5.5 The approved bid to the Community Fund for £4.5 million to support the CAT programme has a deadline for expenditure of 31 March 2012. There is no guarantee that if this funding is unused by 31 March 2012 that it will remain available.

6. STAFFING IMPLICATIONS

- 6.1 A mixture of community development staff and caretakers work as part of the Community Services Team. They will be directly affected by the Community Asset Transfer process as they will not have functions once the proposed number of community buildings is transferred.
- 6.2 These staffing issues will be managed through the Council's existing Human Resources policies and processes with reports being brought to the relevant Committee in due course.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1 None arising directly from this report

8. COMMUNITY SAFETY IMPLICATIONS

8.1 None arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1 None arising directly from this report

10. PLANNING IMPLICATIONS

10.1 None arising directly from this report

11. ANTI POVERTY IMPLICATIONS

11.1 None arising directly from this report.

12. HUMAN RIGHTS IMPLICATIONS

12.1 None arising directly from this report.

13. SOCIAL INCLUSION IMPLICATIONS

13.1 None arising directly from this report.

14. LOCAL MEMBER SUPPORT IMPLICATIONS

14.1 This report will be of interest to all members.

15. BACKGROUND PAPERS

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| Cabinet 9 July 2008 | Strategic Asset Review |
| Cabinet 16 October 2008 | Transforming Wirral-Strategic Asset Review |
| Cabinet 27 November 2008 | Transforming Wirral-Strategic Asset Review |
| Cabinet 15 January 2009 | Transforming Wirral-Strategic Asset Review |
| Cabinet 19 March 2009 | Asset Management Update |

16. RECOMMENDATIONS

16.1 That Cabinet determines whether it wishes to remove or revise the previously set deadline of 31 March 2011 for completion of transfers of assets to community groups.

Bill Norman

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