

# WIRRAL COUNCIL

## CABINET

1 SEPTEMBER 2011

<b>SUBJECT:</b>	<b>COMMUNITY ASSET TRANSFER – UPDATE</b>
<b>WARD/S AFFECTED:</b>	<b>ALL WARDS</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF LAW, HR AND ASSET MANAGEMENT</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR JONES</b>
<b>KEY DECISION?</b>	<b>NO</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report updates Members on progress with community asset transfers; explains the present position in respect of available funding and seeks instructions as to the way forward.
- 1.2 Community asset transfer supports the Council's goal to reduce the running costs of the Council by improving the efficiency and value for money of Council services whilst reducing bureaucracy.
- 1.3 There will be a saving in the Council's budget as a consequence of the transfers.
- 1.4 Transfers are not a Statutory duty.

### 2.0 RECOMMENDATIONS

That

- 2.1 Progress to date with the community asset transfer programme and commitments against the Community Fund allocation be noted.
- 2.2 Officers seek approval to extend the use of the existing Community Fund allocation beyond March 2012.
- 2.3 The proposed way forward set out in the report be approved.

### 3.0 REASON FOR RECOMMENDATIONS

- 3.1 To support the completion of the current Community Asset Transfer programme.

### 4.0 BACKGROUND AND KEY ISSUES

- 4.1 Cabinet, at its meeting on 15th January 2009, resolved that a number of facilities be transferred to community management, where the community expresses an

interest, within a two year period and in line with the Strategic Asset Review recommendations and that finances be identified in the budgetary process to assist communities in making this a viable proposition. The properties covered by that resolution are identified in appendix A.

- 4.2 Subsequently a further two properties were identified as suitable for transfer to the community and are also shown in appendix A.
- 4.3 The Community Asset Transfer policy was developed and approved by Cabinet, at its meeting on 19th March 2009. The policy sets out the mechanism to pass over the ownership and control of assets to community based groups and explains in detail the key principles and basis for transfer. The policy requires groups to demonstrate viability and sustainability and the Council has provided support in developing business plans and capacity building. The policy also advises that – subject to availability of resources - the Council may address essential repairs to buildings prior to transfer and provide support for up to two years to groups taking on buildings.
- 4.4 In May 2009, £3m was allocated from the Community Fund to provide resources to assist the transfer of assets by January 2011. After further consideration of the scope of the works and the timescales involved, in September 2010, this allocation was increased to £4.5m until March 2012. The agreed bid provided funding for essential works to the buildings and for revenue support costs in the early stages of transfer. The community fund also enabled the Council to go further than just addressing essential repairs and allowed for works that would improve the viability of centres.
- 4.5 Whilst the transfer of the facilities is still aimed at meeting the March 2012 timescale, funding for revenue support will be based upon a two year period of support, which will go beyond that date. Similarly, some of the capital works may require funding beyond that date. It is therefore intended to seek approval to using the allocated funds beyond March 2012.
- 4.6 Cabinet on 24 June 2010 reviewed the timescales for transfer of the facilities and resolved that completion for transfers be extended to 31 March 2012. It also resolved that Community Assets, where communities are unwilling or unable to proceed with Asset Transfer, are identified as a matter of urgency and removed from the programme in order to enable a greater level of support to those groups willing and able to move forward with transfer and to enable the Council to budget more accurately for future levels of support. As a consequence of this, a number of groups operating the centres, identified in appendix B, decided not to pursue Community Asset Transfer. In addition three facilities without identified groups for transfer; also identified in appendix B, were removed from the process in order that further consideration could be given to those properties in respect of a wider review.
- 4.7 From the original list of properties identified for transfer:
  - The Turntable Building is now let to the Birkenhead Model Railway Society;
  - Pensby Community Centre transferred to Pioneer People at the very start of the process and is referred to elsewhere on the agenda;

- Windsor Close Community Centre was handed over to Wirral Partnership Homes, as ownership of the building had already transferred to them as part of the Housing Stock Transfer and;
- Moreton Community Centre transferred as part of the Community Asset Transfer process.

4.8 The position of the remaining properties within the Community Asset Transfer process is outlined in appendix B.

4.9 Access to the Community Fund allocation for Community Asset Transfers has been operated on a first come, first served basis. Whilst support has been provided to all groups, transfers have progressed at varying speeds depending on the particular circumstances in each case. These include the capacity of the various groups, the nature of the individual facilities and the approach required to develop a sustainable business plan.

4.10 To date, Members have approved transfers requiring revenue support in the sum of £1,033,055 and capital works in the sum of £2,131,750 with the latter, in most instances, being subject to VAT, plus fees and contingencies. The summary in appendix B shows provision for fees at 12% and contingencies at 20%. No VAT is payable where the work is undertaken by the Council, which is the case in the vast majority of transfers. This takes the total current commitment to £3,846,965 inclusive of fees and contingencies.

## **5.0 FURTHER REQUESTS FOR SUPPORT**

5.1 Transfer proposals, including business plans have been developed in respect of a further four properties which are included in a separate report on the same agenda as this report. These transfers request a further £303,967 revenue support and capital support in the sum of £475,970 ex VAT, plus fees and contingencies. Should these transfers be approved on the terms requested the total financial commitment inclusive of fees and contingencies would be in the region of £4,779,212.

5.2 In addition there are three other groups interested in pursuing Community Asset Transfer as identified in appendix B, but they have yet to submit business plans or transfer proposals. There is however, a broad estimate for budgeting purposes of the likely costs of capital works to the buildings.

5.3 There is also a request in respect of Pensby Community Centre for access to the Community fund allocation for assistance towards capital works. Further details are included in a separate report elsewhere on the agenda.

## **6.0 THE WAY FORWARD**

6.1 To successfully transfer all facilities would, based on current estimates, require funding well in excess of the Community Fund allocation. The estimated cost for the full programme would be in the order of £5.25 million, excluding revenue support if required for Beechwood Recreation and Community Centres, New Brighton Community Centre and Leasowe Lighthouse. To achieve all transfers

additional funding would need to be identified. There currently is no funding identified in Council budgets for this purpose.

- 6.2 A report elsewhere on this agenda identifies an unallocated element within the planned preventative maintenance (PPM) budget for the current year. It is good practice to retain some unallocated funds to allow for contingencies arising from planned work and for unforeseen events and emergencies, but there would be scope to allocate an amount from this years budget and that for the coming year – if required – to support completion of the transfer programme.
- 6.3 A way forward would be to allow the transfers that have already been approved to proceed to completion. When the actual cost of works and the need for contingency funds are established this would clarify the amount remaining unallocated from the Community Fund. In the meantime work would continue to prepare for the transfer of those facilities that are now seeking approval to proceed.
- 6.4 A decision could then be made on funding the remaining transfers, with some support if it is judged appropriate from the PPM budget. If this approach is taken, it is recommended that those transfers identified in section 5 of Appendix B which are ready to proceed should, if approved, have first call on any remaining and additional funds.
- 6.5 There is a risk in this approach that there will be insufficient funds to enable all of those centres that have submitted proposals for transfer to proceed. Given the competitive level of tenders currently being received for building work and careful management of approved schemes, together with the ability to provide additional support if necessary from the PPM budget, it is considered that this risk can be satisfactorily managed.
- 6.6 There is a further risk that there may be insufficient funds to support any transfer proposals brought forward for those properties in section 6 of Appendix B, where business plans are still being developed. This risk could be addressed by the identification of further support from existing Council budgets.
- 6.7 For those facilities identified in sections 5 and 6 of Appendix B where groups are asked to delay transfer or wait until additional funds are identified, those groups could lose interest in or withdraw their commitment to transfer. Should the transfer of any facilities be delayed or abandoned, funding would need to be built back into the base budget if the facilities are to remain open.

## **7.0 CONCLUSION**

- 7.1 It is recommended that the Council continues to pursue transfers already approved in order to determine which facilities will proceed to completion and the amount remaining in the Community Fund allocation. Once that figure is clear, then remaining transfers should proceed, subject to their approval by Cabinet, with priority given to the four proposals reported elsewhere on the agenda for Kylemore Community Centre, New Ferry Village Hall, Westbourne Hall and Woodchurch Community Centre. The remaining Community Fund allocation could be supported for these four transfers if necessary from the Council's PPM budget.

7.2 In the meantime officers would seek an extension of time for the use of the existing Community Fund allocation.

7.3 Officers will continue to update Cabinet on the progress of the transfer programme including the use of the available funding and, if appropriate, consideration of alternative funding options.

## **8.0 RELEVANT RISKS**

8.1 The relevant risks are identified within the report.

## **9.0 OTHER OPTIONS CONSIDERED**

9.1 The Council could ask those groups for which transfer has been approved but not yet legally committed and those that are now ready to proceed, to re-assess their need for support to reduce the funding required. However, those groups have gone through a lengthy process requiring significant time and effort to develop business plans with support and assistance from financial advisors. The proposals were then assessed for viability and sustainability and it is therefore unlikely that this would identify any surpluses. Reducing the level of support would also have an impact on the sustainability of the groups. Such a request would also put a strain on the relationship which the groups have developed with the council. Consequently this course of action is not recommended.

## **10.0 CONSULTATION**

10.1 The Council has been working closely with community groups as part of the Community Asset Transfer process.

## **11.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

11.1 The Community Asset Transfer process is aimed at voluntary and community groups.

## **12.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

### Financial Implications

12.1 £4.5 million is available from a bid to the Community Fund to support asset transfer. Appendix B sets out the currently committed and estimated expenditure against this allocation.

12.2 In summary, the Council has to date made commitments totalling £3.8 million (including £350,000 provisionally allocated to support Byrne Avenue Baths). A report elsewhere on this agenda proposes further transfers which would take the commitment to £4.8 million, with decisions to be taken in respect of Pensby and other centres which could potentially increase this sum further.

12.3 This potential commitment is in excess of the funding available from the Community Fund. However, it is based on initial estimates of costs. Based on tenders received for works and finalisation of transfer arrangements the programme can potentially be delivered for less than the estimates. There is the

potential to use property maintenance funding to help meet any shortfall, and regular updates will be provided to Cabinet on the progress of the transfer programme including the availability and use of funding.

- 12.4 The transfer of the assets within the programme will produce annual revenue savings that are relied upon within the Strategic Change Programme.
- 12.5 The assets will be transferred under the CAT policy at a low or nil consideration and the Council will therefore forego receipts from the disposals.
- 12.6 Transfers will remove any obligation on the Council to address backlog and life cycle maintenance for each of the properties.

#### Staffing Implications

- 12.7 There are no staffing implications arising directly from this report.

#### Asset Implications

- 12.8 Asset implications are dealt with elsewhere in the report.

### **13.0 LEGAL IMPLICATIONS**

- 13.1 There are no legal implications arising directly from this report.

### **14.0 EQUALITIES IMPLICATIONS**

- 14.2 Equality Impact Assessment (EIA)
  - (a) Is an EIA required? Yes
  - (b) If 'yes', has one been completed? Yes.

### **15.0 CARBON REDUCTION IMPLICATIONS**

- 15.1 The works which will be funded by the Council as part of the transfer process will in some instances improve the energy efficiency of the buildings and reduce their carbon footprint. Post transfer, the groups will need to operate their facilities in a cost effective manner and will need ensure that energy bills are kept to a minimum.
- 15.2 The transfer of these facilities will result in a saving in the Council's CO2 emissions.

### **16.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

- 16.1 There are no planning implications arising directly from this report.

**REPORT AUTHOR:** Steven McMorran  
Valuer  
telephone: (0151 666 3891)  
email: [stevemcmorran@wirral.gov.uk](mailto:stevemcmorran@wirral.gov.uk)

### **APPENDICES**

Appendix A  
Appendix B

## REFERENCE MATERIAL

Reference has been made to the Council's Community Asset Transfer Policy which can be viewed through the Council's website.

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Cabinet – Transforming Wirral	15 January 2009
Cabinet – Asset Management Update	19 March 2009
Cabinet – Community asset Transfer	24 June 2010
Cabinet – Community Asset Transfer – Status report	23 September 2011