

CYNGOR SIR POWYS COUNTY COUNCIL.

PORTFOLIO HOLDER DELEGATED DECISION

By

**County Councillor Rosemarie Harris
(Portfolio Holder for Property, Building and Housing)**

and

**County Councillor Avril York
(Portfolio Holder for Regeneration and Planning)**

October 2016

REPORT AUTHOR: David Pritchard Valuer

**SUBJECT: Freehold Community Asset Transfer of Aberhosan
Community Centre**

REPORT FOR: Decision

1.0 Summary

- 1.1 The Regeneration Service who manage the Council owned Community and Village Halls have been seeking alternative ways of managing these assets.
- 1.2 Under the Medium Term Financial Plan (MTFP) it was identified that revenue savings were required.
- 1.3 This report outlines the proposal to complete a freehold Community Asset transfer of Aberhosan Community Hall. A Plan of the site can be found at Appendix 1.

2.0 Proposal

- 2.1 The existing Hall is leased to and managed by a Hall management committee with the Community Council acting as Hall Trustees. The lease is for 30 years from 1996, however it has been in community use since 1976 and forms an important venue for community events and acts as a community Hub.
- 2.2 The existing lease requires the County Council as landlord to maintain significant elements of the building and a recent Condition Assessment (see Appendix 2) outlines that there are a number of issues that require expenditure.
- 2.3 Discussions with Aberhosan Hall Management Committee have been taking place with regards a possible freehold transfer to the existing tenants for a nominal £1 consideration. If the transfer takes place the committee intends to continue to manage the buildings as a community

facility and apply for grant funding to carry out the element identified in the condition assessment.

- 2.2 The Policy outlined in the Corporate Asset Policy (CAP) Part 5 Community Asset Transfer (CAT) has been adopted and followed in this case. The Town Council's completed an Expression of Interest (EOI) see Appendix 3, this has been supported by the reviewing Officers and relevant Portfolio Holders. This application pre-dates the establishment of the Strategic Asset Board (SAB), who are aware of this proposed transfer.
- 2.3 As the proposed CAT is linked to protecting service provision a Business Case is not always required. In this case the service lead (Regeneration) have demonstrated and provided a written undertaking that the application is deemed sustainable and fits in with the Powys One Plan.
- 2.4 As the request was for a freehold transfer, an independent market valuation was commissioned. The District Valuation Service reported a market valuation of £20,000 (twenty thousand pounds) noting the existence of the lease and on the basis that it will be sold subject to a covenant that they shall be appropriately maintained and used as a community asset .
- 2.6 Following Cabinet approval (C159-2015) the Portfolio Holder for Property, Buildings and Housing can now agree Community Asset Transfer where the market value of an individual asset is up to a threshold of £75,000 subject to the Ward Member being supportive of the transfer. Hence Portfolio Holder approval being sought in this case.
- 2.7 The Capital and Financial Planning Accountant comments in 10.1 refer to current carrying amounts as recorded by the statutory asset valuations. The Capital Accountant is required to recognise a loss/gain as appropriate on any capital disposal and this loss is included in the year end Statement of Accounts.
- 2.8 The asset valuation undertaken has a valuation date of 2014. They do not relate to current market values as confirmed by the District Valuation Service's current report.
- 2.9 The basis of assessing valuations for specialist assets such as operational community halls (where there is no market comparable evidence) is by using the alternative valuation bases of depreciated replacement costs (DRC)
- 2.10 DRC valuations are based on the capital cost of replacing the asset less an assessment for elements of obsolescence such as physical and economic etc. It is a mechanism of arriving at a value and records cost of replacement and not market value. On this basis it is not unusual to

see significant differences between carrying amount and ultimate sales figures

- 2.12 The Regeneration Service have confirmed that it is reasonable to assume an annual liability of between £3000 and £5,000 and that the conditional assessment highlights some further major items of expenditure that it does not have a budget for.

3.0 One Powys Plan

- 3.1 The proposed transfer would retain each property for community use and ensure the ongoing upkeep and sustainability of these important sites.

- 3.2 *The risk to the Council is that it does not have the financial resources to run the buildings and that if an appropriate partner is not found the facilities would need to close.*

4.0 Options Considered/Available

- 4.1 Option 1
Proceed with the Freehold transfer to the Hall Management Committee for £1 allowing them to continue to operate them as existing with a restrictive covenant requiring the buildings to be used for community use
- 4.2 Option 2
Proceed with the Freehold transfer to the Hall Management Committee for £1 allowing them to continue to operate them as existing with no covenant requiring the buildings to be used for community use
- 4.3 Option 3
Refuse the request for a freehold CAT which will result in an immediate requirement for the holding service to commit funds to identified elements of repair for which it is responsible for.

5.0 Preferred Choice and Reasons

- 5.1 The preferred choice is Option 1 a transfer of freehold ownership to the Hall Committee, which offers the best opportunity for the sustainability of the site and secures their long term future in the existing use whilst protecting the County Council.

6.0 Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

6.1 The preferred option is considered to be the best option to sustain the future of the properties and their existing use as a community asset. The Town Council has clearly demonstrated in the EOI the intention to continue the buildings existing use.

7.0 Children and Young People's Impact Statement - Safeguarding and Wellbeing

7.1 It is not considered that this proposal has an affect.

8.0 Local Member(s)

8.1 Cllr Gwilym Vaughan is aware and is supportive of the proposal..

9.0 Other Front Line Services

9.1 It is not considered that the proposal has implication for other frontline services.

10.0 Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

10.1 The Capital and Financial Planning Accountant supports the recommendation to transfer this asset to the established hall committee. The property has a net book value of £147,370.22 and this transfer will record a loss in the Statement of Accounts, funded from the unusable reserves.

10.2 The Professional Lead –Legal has no comment to make on the preferred option recommended in this report the legal Services will support the disposal as and where required in accordance with CAT policy”

10.3 The Professional Lead for Regeneration and Corporate Property supports the recommendation.

11.0 Local Service Board/Partnerships/Stakeholders etc

11.1 It is not considered that the proposal has implications

12.0 Corporate Communications

12.1 Communications Manager comments: No action required.

13.0 Statutory Officers

- 13.1 The Strategic Director Resources notes the comments made by finance.
- 13.2 The Deputy Monitoring Officer notes the legal comment and has nothing further to add.

14.0 Members' Interests

- 14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If the portfolio holder has an interest he should declare it, complete the relevant notification form and refer the matter to Cabinet for decision.

15.0 Future Status of the Report

- 15.1 Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

Recommendation:	Reason for Recommendation:
<p>The Portfolio Holders agree to forego a potential capital receipt of £20,000 for the freehold of Aberhosan Community Centre as shown edged red on the attached Plan and instead agree to transfer the property to Aberhosan Hall Management Committee for £1 provided that :-</p> <p>(a) a covenant be contained in the transfer ensuring that the site is maintained and used as public conveniences and</p> <p>(b) a clause be inserted into the transfer protecting the County Council in the event that at some future date Aberhosan Hall Management Committee should</p>	<p>In the interests of good Asset Management and to sustain the future use of a community asset.</p>

<p>wish to dispose of the site, the Town Council must first offer the County Council the opportunity to transfer the site back for the original consideration of £1 but subject to an allowance to reflect the value of any significant capital improvements undertaken by the Aberhosan Hall Management Committee during their period of ownership.</p>	
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Relevant Policy (ies):	Corporate Asset Policy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Cllr Gwilym Vaughan

Person(s) To Implement Decision:	David Pritchard
Date By When Decision To Be Implemented:	asap

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Background Papers used to prepare Report:

Office File