

CYNGOR SIR POWYS COUNTY COUNCIL.

PORTFOLIO HOLDER DELEGATED DECISION

By

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

and

**County Councillor John Brunt
(Portfolio Holder for Highways)**

7 October 2016

REPORT AUTHOR: David Pritchard Valuer

SUBJECT: Freehold Community Asset Transfer of Public Conveniences
at Shortbridge Street and Back Lane including the Café
Newtown

REPORT FOR: Decision

1.0 Summary

- 1.1 Following Cabinet decision on 29 July 2014 (C161-2014) dialogue has been ongoing with Town and Community Councils regarding alternative service delivery of public conveniences.
- 1.2 Under the Medium Term Financial Plan (MTFP) it was identified that the Local Environmental Services needed to make revenue savings from April 2015.
- 1.3 This report outlines the proposal to complete a freehold Community Asset transfers of two public conveniences in Newtown namely those located at Shortbridge Street and Back Lane including the café . The Town Council currently run the toilets under a licence and receive the sum of £5,500 per annum for each toilet this funding has been confirmed until March 2019. A Plan of each site can be found at Appendix 1.

2.0 Proposal

- 2.1 Discussions with Newtown Town Council have been taking place with regards a possible freehold transfer to the Town Council of the assets for a nominal £1 consideration each. If the transfer takes place the Town Council intends to continue to manage the buildings as public conveniences and has provided an undertake to allow the current tenant of the café to continue trading. The tenant is aware of the proposal. The café is let out at an annual rental of £4,680 the landlord retaining certain repair liabilities.

- 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 2, 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.
- 2.4 To allow the Town Council to refurbish the toilets a formal letter of comfort has been provided to the Town Council confirming the freehold of the Toilets would be supported in the future. The refurbishments have been duly completed.
- 2.5 As the proposed CAT is linked to protecting service provision a Business Case is not always required. In this case the service lead (Highways, Transport & Recycling) have demonstrated and provided a written undertaking that the application is deemed sustainable and fits in with the Powys One Plan.
- 2.6 As the request was for a freehold transfer, an independent market valuation was commissioned. The District Valuation Service reported a market valuation of £55,000 (fifty five thousand pounds) for Back Lane public conveniences and £40,000 (forty thousand pounds) for Shortbridge Street public conveniences based on no restrictions and £1 (one pound) for each property based on them both being sold subject to a covenant that they shall be appropriately maintained and used as public conveniences. The market valuation for the café was £55,000 (fifty five thousand pounds)
- 2.7 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.
- 2.8 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.
- 2.9 Both valuations undertaken have a valuation date of 2012. They do not relate to current market values as confirmed by the District Valuation Service's current report.
- 2.10 The basis of assessing valuations for specialist assets such as public conveniences (where there is no market comparable evidence) is by

using the alternative valuation bases of depreciated replacement costs (DRC)

- 2.11 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.

- 2.13 The Highways Transport and Recycling Service has also confirmed that prior to entering into the licence agreement with the Town Council, the annual revenue cost of running the toilets was in the order of £37,000 per year. In addition they have confirmed that the loss of the revenue from the rental of the café will not affect the provision of services.

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 Town Council for £1 allowing them to continue to operate them as existing with a restrictive covenant requiring the buildings to be used as public conveniences and café only

- 4.2 Option 2
Proceed with the Freehold transfer to the Town Council for £1 allowing them to continue to operate them as existing with no covenant requiring the buildings to be used as public conveniences and café.

5.0 Preferred Choice and Reasons

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

- 5.2 Members should note that this will result in the loss of an annual rental receipt of £4,680 per annum from the café..

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 Joy Jones is aware 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 these assets to the Town Council. The properties have a net book value at 31st March, 2016 of £151,877.29 for Back Lane, £203,127.41 for Shortbridge Street and £35,150 for Back Lane Café. This transfer will record a loss in the Statement of Accounts and this will be charged against 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 Property whilst noting the loss of a capital receipts notes the wider community benefits and the imposition of the standard CAT provisions such as user restrictions and buy back clauses.

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 cumulative capital receipt of £150,000 for the freehold of the Public Conveniences and Café in Newtown as shown edged red on the attached Plan and instead agree to transfer the property to Newtown Town Council for £1 each provided that :-</p> <p>(a) a covenant be contained in the transfer ensuring that the site is</p>	<p>In the interests of good Asset Management and to sustain the future use of a community asset.</p>

<p>maintained and used as public conveniences and cafe and</p> <p>(b) a clause be inserted into the transfer protecting the County Council in the event that at some future date Newtown Town Council should wish to dispose of the site, the Town Council must first offer the County Council the opportunity to transfer each 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 Newtown Town Council 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 Joy Jones

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