

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 1 MARCH 2016

COMMUNITY ASSET TRANSFER UPDATE

REPORT BY HEAD OF PLANNING AND PLACE

ABSTRACT

This report advises the Committee of the current position in relation to applications received for Community Asset Transfer and advises of the proposed transfer of Eastgate School, Friockheim to Friockheim Community Hub Ltd.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) Approves the transfer of Eastgate School to Friockheim Community Hub Ltd at a discount of representing a transfer value of £1 subject to technical and legal terms and conditions
- (ii) Notes the outcome and progress for asset transfer applications received to date.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to all of the local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

3. BACKGROUND

- 3.1 Reference is made to Report 111/14 – Community Asset Transfer Update, Report No 622/12 - Community Asset Transfer Policy, Report No 525/13 - Update Community Asset Transfer Policy and Report No 108/15 - Community Asset Transfer Update, Appropriation of Ground at Eastgate Old School, Report 446/15 and Affordable Housing Eastgate, tender report, Report 447/15.
- 3.2 Following the approval of a community asset transfer policy in November 2012, the Council established a Community Asset Transfer Group (CATG). This group meets on a monthly basis in order to assess applications. Stage One of the transfer process determines the suitability of the proposal and where successful, the CATG has delegated approval to pass applications for progression to Stage Two.
- 3.3 Stage Two is a more demanding application that requires the community group to submit a detailed business plan, cash flow projections, proposed capital spend, funding requirements and details on how the proposed asset transfer will benefit the community. The CATG assesses and scores these applications against the council's 12 local outcomes and a best consideration evaluation matrix. This takes into account the valuation of the asset, community benefits, and levered capital investment such as external grant funding, savings to the council arising from the transfer and surpluses arising from the added value activities reinvested in the community. This determines the discount, if any, that can be applied to the asset value. Recommendations made by the CATG on Stage 2 applications are subject to Committee for approval.

4. CURRENT POSITION

- 4.1 Since adoption of the asset transfer policy, a total of 15 Stage One applications have been submitted and reviewed by the CATG. To date 13 of these have been advanced to Stage Two. Seven applications for transfer have been approved by the Committee whilst the remainder of projects are in the development phase. Details of the status of these applications is listed in **Appendix 1**

5. PROPOSALS

5.1 Eastgate School

Eastgate School is a former primary school located in the small village of Friockheim. Following its use as a primary school it was operated as a resources centre by the council, eventually closing its doors in 2011. A stage one application for asset transfer of the building and associated land was submitted by a voluntary community organisation (VCO) and approval was given to the group to progress to Stage 2 of the asset transfer process in March 2013. Thereafter, in July 2013, the Eastgate Project group established Friockheim Community Hub Ltd. A stage 2 application was submitted to the council in September 2013.

- 5.2 The Community Asset Transfer Group (CATG) assessed the Stage 2 application and supported the transfer in principle, although the application could not progress further until the company had been successful in obtaining external grant funding which was necessary in order to develop a community hub and associated facilities.
- 5.3 A multi-disciplinary team of officers from the Communities Directorate has worked closely with the community group to provide advice, and facilitate progress of the project wherever possible. The Council has been keen to develop the project in a co-ordinated way so that the community in Friockheim is able to gain maximum benefit from the asset. This included an assessment of the potential advantages of utilising part of the site for the Council's new build housing programme. Housing Officers have therefore been closely involved with the project to help facilitate better planning for place.
- 5.4 In May 2014 the company submitted an application to the Big Lottery for development funding under the Growing Community Assets Fund. Their application for funding was successful and in the following months the organisation tendered for and appointed a professional design team, developed its business plan, carried out further fundraising and undertook community consultations.
- 5.5 Friockheim Community Hub Ltd.'s proposal is to develop the building into a community hub over two floors to include business units for rental, a fitness suite, meeting rooms, a flexible sports hall space and a flexible foyer meeting space for a variety of community uses. Planning permission for the Community Hub was awarded on 2nd September 2015 (15/00198)
- 5.6 Friockheim Community Hub Ltd submitted the Stage 2 application to the Big Lottery in September 2015. A representative of the Big Lottery visited Friockheim Community Hub Ltd on the 28th of October to talk to the Committee and the consultants. A Council Officer from the Community Asset Transfer Group was also in attendance at this meeting to answer questions about the Council's community asset transfer procedure. Friockheim Community Hub Ltd was subsequently successful in their application for £1,079,843m funding from the Big Lottery, which was announced on the 13 of January 2016.
- 5.7 Part of the site has now been appropriated to the Housing Revenue Account and the construction of 3 new homes for rent has begun. This includes various ground, drainage and infrastructure works which will be co-ordinated with the proposed community group project to so that the best use can be made of the resources available. This includes the removal of existing horsa huts to provide additional match funding to support the Big Lottery application.
- 5.8 The requested transfer has been assessed by the CATG in accordance with the policy and has been agreed as suitable. This is the fifth proposed Asset Transfer in Angus and Committee is asked to agree to this transfer. The building has been valued by the Council's

retained agents, J & E Shepherd. Friockheim Community Hub Ltd wishes to purchase the building and some of the surrounding land at a discount.

- 5.9 In assessing the proposal against the policy and its positive contribution towards local outcomes, the CATG is of the opinion that this proposal will bring wide ranging benefits to the local community and transfer of the asset will enable the leverage of significant external funding into Angus. The CATG has recommended that the Club is offered a discount of which takes into account the social and economic benefits this community asset transfer will bring to the regeneration of the area in accordance with the Disposal of Land By Local Authorities (Scotland) Regulations 2010.

6. FINANCIAL IMPLICATIONS

- 6.1 Approved community asset transfers at less than open market value rent or capital receipt Levels will reduce revenue and capital income to Angus Council, although the Council's maintenance responsibility (and associated expenditure) is also removed.
- 6.2 In terms of the 2010 Regulations, it is proposed that the property is disposed of at below market value. The best price that can be reasonably obtained is £145,000. It is proposed that the property is transferred to the group at a discount of 100% equating to a discount of £144,999 and a transfer value of £1. However, in terms of the 2010 Regulations, the Council can dispose of a property at less than the best which can be achieved by considering and comparing the benefits and disbenefits of the proposal. The Council must satisfy itself that the reduced value is considered reasonable and that it is likely to contribute to either economic development or regeneration, health, social wellbeing or environmental wellbeing. It is considered that these proposals contribute to the health and social wellbeing of the local community and the transfer supports individuals in their own communities with good quality services. Furthermore, it is also considered that the development is bringing in significant economic investment with external grant funding of over £1 million.

7. OTHER IMPLICATIONS

7.1 Property Implications

Asset transfers may not achieve market value, which will affect the capital receipts or rental income received by Angus Council. This will result in reduced capital receipts and no rental payment to the Council. Transferring the asset will enable the leverage of external funding into Angus.

7.2 Risks

The following are risks for consideration:-

- Community Groups may be unsuccessful in funding applications.
- The Community Group may not develop its activities as outlined in their proposals
- Community Groups do not wish to proceed with transfer at values over £1.

When the property is sold, the Council will not be able to have the property returned to it if the owner decides to sell the property or use it for an alternative use in the future. Legal obligations will be placed on the community group to use the property for the purposes specified in this report. However, the community group or a future owner may not be bound by these obligations. Therefore, the intention is to enter into an agreement with the community group that in the event that the property is sold or used for an alternative purpose the Council would be able to share in the proceeds of such a future sale or to repay the discounted amount to the council. The final terms of this agreement will be agreed with the Head of Legal and Democratic Services.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

Appendix 1 – Applications

Appendix 1 - Applications

Name of Applicant	Name of Asset	Date of delegated approval or outcome	Status
Tealing Hall Management Committee	Tealing Village Hall	12/12/2012	Transfer completed. Handover of keys to Hall Committee in November 2014.
Muirhead & Birkhill Bowling club	Land at bowling club	15/12/2012	Transfer approved by committee August 2014. Legal matters being progressed with club
Newtyle & Eassie Playgroup	Newtyle Pavilion	10/12/2012	Development of project underway. Architect appointed. Planning to be submitted. Transfer agreed by committee in January 2014.
Friockheim Hub Ltd	Eastgate School	09/03/2013	Submission for funding from Lottery and planning permission awarded
Showcase the Street Ltd	Seaton Park	19/07/2013	Stage 2 submitted on 22 May 2014. Funding applications in hand. Transfer agreed by committee in November 2014. Planning permission submitted.
Montrose Playhouse	Montrose Swimming Pool	18/11/2013	Transfer agreed by committee in 2015. External Funding being pursued.
Muirhead Birkhill Millennium Hall	Birkhill Park	19/05/2014	Stage 2 development phase.
Monifieth Ecoforce	Travebank Hill Gardens	20/01/2015	Stage 2 development phase
Carnoustie Panmure Football Club	Pitskelly Park Synthetic football pitch	19/05/ 2014	Transfer agreed by committee in May 2015. Legal matters being progressed with club
Carnoustie Panmure Football Club	Carlogie, Laing and Pitskelly Park	April 2015	Stage 2 application development phase
Arbroath Vics	Ogilvy Park	22/05/2013	Legal matters being progressed with club
Brechin Brass Band	19-21 City Road	16/12/2015	Stage 1 application approval subject to clarification of Brechin Operatic Society lease