

AGENDA ITEM NO 3

REPORT NO 101/19

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 4 APRIL 2019

COMMUNITY ASSET TRANSFER APPLICATION DECISION – CARNOUSTIE AND MONIFIETH MEN'S SHED - THE MACHINE ROOM, INVERTAY HOUSE, 3 MAULE STREET, MONIFIETH

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

This report seeks the Committee's views on a Community Asset Transfer (CAT) application recently submitted regarding a Council asset. This particular application is for part of a vacant property which the Council's Housing Service wishes to buy for the provision of affordable housing. This alternative use therefore needs to be considered alongside the CAT application.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:-

- a. note the background to Community Asset Transfer (CAT) and the Council's policy and method of assessing applications as set out in Report 105/18;
- b. note the summary information on this CAT application contained in Appendix 1;
- c. note the summary information on a possible alternative use of the whole Invertay House site for housing purposes contained in Appendix 2;
- d. note the outcome from the assessment process and the views of the Community Asset Transfer Officer Group regarding the CAT application and the potential alternative use for housing as outlined in Sections 5 and 6 respectively of this report;
- e. note the other factors relevant to the CAT application including the financial implications and risks outlined in the report;
- f. note that the Committee's decision regarding the CAT application will have implications for the sale or re-use of the remainder of the site which will be subject to a separate report in due course;
- g. determine whether to:-
 - (i) agree the CAT application; **OR**
 - (ii) reject the CAT application, giving reasons for such rejection
- h. note that if the application is approved it will be necessary to conclude formal legal agreements before the transfer formally takes place and that terms and conditions in line with the Council's agreed policy will apply;
- i. note that if the application is rejected, or if the terms and conditions differ significantly from the CAT application, the applicant can apply for a review of that decision to the Council's CAT Decision Review Committee using the procedure outlined in Report 265/18 and ultimately appeal to Scottish Ministers.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN (LOIP) AND CORPORATE PLAN

2.1 The proposals set out in this report will contribute to the outcomes outlined in the Local Outcomes Improvement Plan, Locality Plans and Council Plan, which focus on the economy, people and place. Community Asset Transfer is a core part of Community Empowerment and it is important that the Council support community groups in a manner which delivers best value.

3. BACKGROUND

3.1 The Community Empowerment (Scotland) Act 2015 introduces a right for community bodies to make requests to all local authorities, Scottish Ministers and a wide-ranging list of public bodies, for any land or buildings they feel they could make better use of. Community bodies can request ownership, lease or other rights, as they wish through a process known as Community Asset Transfer (CAT). The Act requires those public authorities to assess requests transparently against specific criteria, and to agree the request unless there are reasonable grounds for refusal.

3.2 CAT applications are administered and assessed by the Community Asset Transfer Group (CATG) which is made up of officers from a number of Council services using the assessment model approved in Report 105/18 (Angus Council meeting of 22 March 2018).

3.3 In deciding whether to agree to or refuse the request, the Council must consider the following things:-

- the reasons for the request
- any other information provided in support of the request
- whether agreeing to the request would be likely to promote or improve:-
 - economic development
 - regeneration
 - public health
 - social wellbeing
 - environmental wellbeing, or
 - whether agreeing to the request would be likely to reduce socio-economic inequalities
- any other benefits that might arise if the request were agreed to
- how the request relates to the authority's duties under Equalities legislation
- any obligations that may prevent, restrict or otherwise affect the authority's ability to agree to the request

3.4 In reaching its decision the Council must compare the benefits of the community transfer body's proposals with the benefits that might arise from any alternative proposal. Alternative proposals may be another asset transfer request; another proposal made by the Council; continuing the existing use or disposal on the open market.

3.5 As well as assessing the benefits which the proposed CAT may deliver the Council must also assess whether the community transfer body is able to successfully deliver the project, and make it sustainable.

4. CURRENT POSITION

4.1 The CAT application which is the subject of this report concerns part of the site of Invertay House, Monifieth which is surplus to the operational requirements of the Council's General Fund (Revenues and Benefits Service). This building has been vacant for some time and was the subject of a CAT application from the Monifieth Community Resources Group (MCRG) which ultimately was withdrawn following the rejection of the Group's application for funding by the Big Lottery. MCRG still currently occupy the Portakabin on the Invertay House site on an annual lease which is continuing by Tacit Relocation and will likely wish that to continue until the Group's plans for a new facility at an alternative location can be brought to fruition.

4.2 The options for the Invertay House site are:-

- a. Open market disposal
- b. Appropriation to the Council's Housing Revenue Account
- c. Community Asset Transfer (part site only)

In line with the legislation Options a) and b) cannot be progressed until the CAT application in this report has been determined.

4.3 In relation to Option b) the Council's Housing Service has expressed an interest in acquiring the entire Invertay House site including the surrounding grounds and car parks with a view to this being used to provide affordable housing in the area. This potential project (35 units) is included as a potential project in the Council's Strategic Housing Investment Plan (SHIP) 2019/20 to 2023/24 approved by the Communities Committee on 13 November 2018.

4.4 The Carnoustie and Monifieth Men's Shed group have an existing month to month lease from the Council (paying £525 p.a.) and are currently operating from the former Machine Room premises. The CAT application covers this facility and an additional building, lock up garages and land. The site requested through the CAT application and how it relates to the whole site is shown in the map in Appendix 1.

5. **CAT APPLICATION – CARNOUSTIE AND MONIFIETH MEN'S SHED -THE MACHINE ROOM, INVERTAY HOUSE, 3 MAULE STREET, MONIFIETH DD5 4JG**

5.1 The above group have applied for a Community Asset Transfer for the former machine room and some of the adjacent land and buildings at Invertay House, 3 Maule Street, Monifieth DD5 4JG (UPRN: 117080028). The group wish to take a lease for 15 years of this asset. The group's application was confirmed as valid in line with the legislation on 22 October 2018. The application has been subject to public notices and has been assessed in line with the national guidance and the Council's assessment process.

5.2 One note of objection was received from a member of the public regarding this application. The grounds of objections were:-

- o Lack of privacy/intrusion of privacy
- o Machinery noise
- o Paint and spray fumes
- o Devaluation of private property
- o Inappropriate toilet facilities

5.3 A summary of the application and the applicant's proposals for the asset they are seeking to take on through CAT is attached as Appendix 1. Broadly the group are actively seeking to provide a Men's Shed which provides recreational facilities and to advance the social needs, health and wellbeing of men living in Carnoustie and Monifieth.

5.4 The application has been assessed by the CAT Officer Group using the Council's agreed assessment model. The application scored as follows:-

Community Benefit (score out of 90)	46.2
Financial Assessment (score out of 52)	14.8
Overall Assessment/ Best Value Conclusion	May represent best value, careful judgement required

5.5 Based on the above assessment the CAT Officer Group's recommendation is for members to consider carefully whether the application represents best value. The CAT Officer Group's assessment is that the proposal is not strong enough to merit a recommendation to approve it but it is not without merit and so isn't being recommended for outright rejection either. Ultimately and in line with Report 105/18 it is for members of the Committee to make the final determination on whether the application is approved or rejected. In considering their position members are reminded that the Act requires public authorities to agree requests unless there are reasonable

grounds for refusal. Applicants can also request a review and ultimately appeal the Council's decision. In this case the other options for the site are also relevant considerations (see Section 6 below).

5.6 Specific points to note in this application and its assessment include:-

- 1) The group are seeking -
 - o the right to purchase the land and buildings proposed for lease within the period of the lease. This was not considered as part of the assessment. If members are minded to approve the CAT lease request, the CAT Officer Group recommends this option to purchase is refused and a condition is imposed that any purchase request should be subject to a new CAT application and considered accordingly;
 - o freedom of use of garden area;
 - o installation of kitchen and toilet facilities in accordance with building regulations
 - o access to parking space
 - o other property related works (see Appendix 1)

- 2) The group's offer of rent is £1,500 p.a. The market rent for the area subject to the CAT is estimated at £9,000 p.a.

6. **ANGUS COUNCIL HOUSING SERVICE – POSSIBLE APPROPRIATION TO THE HOUSING REVENUE ACCOUNT**

- 6.1 To assist members in making their decision regarding the CAT application from the Carnoustie and Monifieth Men's Shed the option of using the entire site for Council Housing has been assessed using the CAT assessment criteria and model. This allows the merits of the Housing option and the CAT application to be compared on a similar basis, albeit one is for part of the site and the other for the whole site. For clarity members are not being asked to approve an appropriation in this report – that will be subject to a separate report to the Committee in due course.

- 6.2 A summary of the housing option is attached as Appendix 2. This option would involve re-use and refurbishment of the listed buildings and development of 35 high quality affordable houses. This would secure the future of the historic buildings and enhance the fabric of the Monifieth High Street environment.

- 6.3 Under this option the Council's General Fund would benefit from a £370,000 capital receipt (full market value for the site), as well as revenue savings from releasing maintenance liabilities to the HRA. The housing option proposes a start to the works in 2021 and completion in 2023, with a capital investment of £6M including a potential to secure £1.78M of external Scottish Government funding.

- 6.4 A transformation delivering a host of positive outcomes can be achieved in Monifieth under the housing option, but the Housing Service considers that the site needs to be developed in its entirety. The refurbishment of the listed buildings will be expensive, so the overall viability of the site can only be achieved by building a number of new build townhouses at a relatively lower cost per unit, so that the average costs per unit for the site as a whole are manageable and close to Scottish Government benchmark prices.

- 6.5 The housing proposal has been assessed by the CAT Officer Group using the Council's agreed assessment model. The application scored as follows:-

Community Benefit (score out of 90)	75.8
Financial Assessment (score out of 52)	42.2
Overall Assessment/ Best Value Conclusion	Likely to represent best value

7. ASSESSMENT OF MARKET DISPOSAL OPTION

- 7.1 The option of disposing of the Invertay House site on the open market (either in whole or in part if the CAT is approved) has not been assessed using the CAT assessment model on the basis that the Community Benefit of such a proposal is indeterminate without knowing what a potential purchaser may use the site for. Members will however be asked to consider this option in a subsequent report regarding the future use of the site.

8. OTHER FACTORS TO CONSIDER IN REACHING A DECISION ON THE CAT APPLICATION

- 8.1 Carnoustie & Monifieth Men's Shed is a well-established group who are already operating from the premises which are the subject of the CAT. When viewed in isolation the CAT application has several merits in securing the premises for the group over the longer term and in many ways it is ideal for their purposes.
- 8.2 Having a CAT tenant on part of the site will however impact on the viability and value for the remainder of the site and its ability to be developed. This is not to say that the proposed CAT and sale/re-use of the remaining site could not work in tandem just that this would inevitably have negative financial implications for the Council and bring a level of complexity to any sale or re-use of the site e.g. in relation to access, maintenance responsibilities, etc.
- 8.3 The Housing option for the whole site is attractive in terms of the housing and other benefits it will bring including re-use of a listed building and has the added benefit of providing time (around 2 years) for both the MCRG and Carnoustie and Monifieth Men's Shed to find other suitable accommodation.
- 8.4 Allowing part of the site to be used for light industry by a Mens Shed (or similar) may create environmental impacts and access issues which would mean that future householders enjoyment of any homes would be compromised to an extent that demand may suffer.

9. FINANCIAL IMPLICATIONS

- 9.1 The financial impact on the Council has been taken into account in the assessment of the CAT application and alternative option of Council housing. The main points of note are as follows:-
- o Leasing the asset to Carnoustie and Monifieth Men's Shed would result in income of £1,500 p.a.
 - o Rejection of the CAT would allow the whole site to be either marketed for sale or used for Council housing. Both of these options are estimated to generate a capital receipt for the General Fund of £370,000 and would remove ongoing running costs which are currently £2,000 p.a. (net of rental income) for the General Fund.
 - o Approval of the CAT is anticipated to result in the housing option becoming unviable financially in terms of unit costs and the ability to secure Scottish Government affordable housing grant.
 - o Approval of the CAT would result in a reduction in the likely capital receipt value if the Council opted to sell the remaining site. This potential loss in value is difficult to assess but has been estimated at approximately £75,000 (£295,000 compared to £370,000).

10. RISKS

- 10.1 Specific risks in addition to those outlined elsewhere in this report in relation to the CAT application include:-
- a) There is a risk of the Carnoustie and Monifieth Men's Shed being unable to find alternative premises if their CAT application is rejected and this may harm the group's objectives and the

benefits they bring to their members and the wider community. This risk would be mitigated somewhat if Committee ultimately decide to progress the housing option instead of open market sale as this would give around 2 years for alternative premises to be found.

- b) There is some risk associated with a community group being sustainable over the length of the proposed lease and being able to pay the rent and maintain the building as lessee so that it can be returned to the Council in appropriate condition at the end of the lease. This risk isn't considered to be significant given the strength of the group currently.
- c) There is a risk that market interest for the remainder of the site will be diminished and the value obtained in all likelihood reduced if Committee approve the CAT application and thereafter approve an open market sale for the remainder of the site. This risk cannot be mitigated to any significant degree – the CAT application needs to be determined first so the consequences of its approval on the value of the remaining site cannot be known with certainty at this point. It is however reasonable to conclude that the remaining site with a tenant undertaking activities such as those described on an adjacent site would reduce the value of any sale.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

Report 105/18 – Community Asset Transfer Policy Development & Applications Update

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List of Appendices:-

Appendix 1 – A summary of the CAT application and the applicant's proposals
Appendix 2 – A summary of the alternative use for Council housing purposes