

# **SCRUTINY COMMITTEE – ASSET TRANSFERS REVIEW**

## **NOTE OF MEETING HELD ON 27 JANUARY 2015**

Present:

Councillor Peter Marchington (review coordinator)  
Councillor John Coulter  
Councillor Ben Stokes

Councillor Duncan-Dewar Whalley, Cabinet Member for Finance (item 2 only)  
Anne Adams, Head of Property Services

Councillor Mike Whiting, Cabinet Member for Localism, Culture, Heritage and Sport (item 3 only)  
Charlotte Hudson, Economy and Community Services Manager (item 3 only)

Bob Pullen, Policy and Performance Officer

### **1 - Introduction**

1.1 The purpose of the meeting was to enable the Asset Transfers Scrutiny Review Team to seek further information on some issues relating to the management of property disposals and community asset transfers in order to help finalise the reviews conclusions and recommendations.

### **2 – Property assets**

2.1 Cllr Marchington asked what improvements had been realised following the development and introduction of the Property Asset Strategy. Anne Adams responded by saying that the Strategy now provided a clear framework for dealing with council-owned assets and a robust decision-making system for the disposal of assets. This included provisions to dispose of surplus assets. Cllr Dewar-Whalley illustrated this by referring to the small plots of land that the council historically could not find a use for and that there was now a clear process in place for disposing of them.

2.2 Cllr Stokes asked what role, if any, the District Valuer (DV) played in the disposal of surplus assets. Anne Adams said that the council only sought advice from the DV on Community Asset Transfers. Cllr Dewar-Whalley pointed out that even after a DV valuation, it was still open to the council to undertake further independent assessments of an assets worth. When transferring an asset under market value, the council would report that value and this would be based on the DV's assessment.

2.3 Cllr Coulter asked whether the council's property disposal regime had been subject to any external checks. Cllr Dewar-Whalley said that the council's external auditors periodically checked that the council were adhering to their published policies, including the Property Asset Strategy.

2.4 Cllr Marchington asked what the council's position was on transferring assets on a freehold and leasehold basis. Anne Adams stated that the council's default position was to transfer assets on a 125 year lease. This had the advantage of enabling the council to clawback the asset if it needed to and specified restricted covenants in the lease to prevent inappropriate development taking place on a community asset (eg. housing development on allotments). While 125 year leasehold was the default position, there could be alternatives, for example shorter leases where appropriate, and freeholds where this was more applicable. Different options for different transfers and disposals were all permissible under legislation.

2.5 Councillor Coulter asked whether there was a risk that community groups could be hit by rent rises in the future, that the enthusiasms of volunteers could be dented as a result and whether this was in the spirit of localism. Cllr Dewar-Whalley responded by saying that the majority of leases were based on a peppercorn rent so the issue should only rarely arise. It was important that the council was able to justify why it was only charging a peppercorn rent and disposing or transferring assets which could potentially raise a large income. The council's policy was to keep all options open in order to generate the best possible benefit from its assets.

2.6 Cllr Coulter asked who would assume responsibility for the council's existing leases in the event of local government reorganisation. Anne Adams said that responsibility would pass to whichever body succeeded the council in that event.

### **3 – Community Asset Transfers**

3.1 Cllr Marchington asked what the policy was for transferring community assets on either a freehold or leasehold basis. Cllr Whiting explained that the Community Assets Transfer Policy enabled transfers on both a leasehold and freehold basis. Leasehold was the default position, but freehold transfers were considered in exceptional circumstances. Anne Adams and Charlotte Hudson said that the aim of the policy was to empower local communities so it was important that the policy was flexible and ensure that the council could deliver what works for particular community groups.

3.2 Cllr Coulter asked if, under a leasehold arrangement, the enthusiasm of voluntary groups could be diminished if they were faced with rent increases. Cllr Whiting said that the default position was that the council undertook the first rent review after three years from a community asset being transferred and then every five years after that. This struck an appropriate balance between protecting the councils interests and giving sufficient headroom to community groups.

3.3 Cllr Coulter also asked whether the council recognised that any surpluses made by voluntary groups was ploughed back for the benefit of local communities. Cllr Whiting acknowledged this and cited an example of where a voluntary group had invested its own resources into a community asset and as a result had been able to bid for EU funding as a result.

### **4 - Conclusion**

4.1 Cllr Marchington thanked the Cabinet Members and lead officers for attending.

4.2 Cllr Marchington would consider with the review team the proposed recommendations of the review and how the report could be presented alongside all of the other evidence they had collated as part of the review. An interim progress update would be made at the next meeting of the Scrutiny Committee on 11 February, with a draft report to be submitted to the Committee on 19 March.