


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">1 JULY 2019</p>	
<p>COMMUNITY ASSET TRANSFER</p>	
<p>Report of the Deputy Leader – Councillor Sue Fennimore and the Cabinet Member for Finance & Commercial Services – Councillor Max Schmid</p>	
<p>PART EXEMPT: <i>Appendices 1 & 2 of this report are currently part exempt from disclosure on the grounds that they contain information relating to the financial or business affairs of a person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</i></p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes.</p>	
<p>Consultation Finance, Legal, Equality, Commercial procurement; ICT, Economic Development Community Investment, Risk Management, and Property sections.</p>	
<p>Wards Affected: Ravenscourt Park</p>	
<p>Accountable Director: Jo Rowlands, Strategic Director of Growth, and Place.</p>	
<p>Report Author: Nigel Brown, Head of Asset Strategy, and Portfolio Management.</p>	<p>Contact Details: Tel: 0208 753 2825 E-mail: nigel.brown@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1 This report requests approval for the community asset transfer of the freehold interest in respect of Grove Neighbourhood Centre, Bradmore Park Road, W6. This freehold community asset transfer is a continuation of the programme commenced by H&F in 2016.
- 1.2 The Council's Business Plan 2018-2022 sets out how community owned assets can help with sustainable growth run by local organisations for the benefit of local residents. Dynamic and well-run community buildings can be

the bedrock for local communities, housing a wealth of support services upon which neighbourhoods can (1) develop and thrive; and (2) local citizenship and engagement can be strengthened.

- 1.3 This report outlines a proposal for the Council to consider a freehold transfer at nil consideration and full options are outlined in section 5 of this report and in the exempt Appendices 1 and 2. In previous community asset transfers, similar appendices were provided as exempt documents.

2. RECOMMENDATIONS

- 2.1 That Cabinet approve the surrender of the current lease granted to Grove Neighbourhood Centre, Bradmore Park Road and to agree a community asset transfer of freehold interest.
- 2.2 To delegate to Strategic Director, The Economy in consultation with Cabinet Member for Finance and Commercial Service as well as Assistant Director of Law to agree to the legal property transfer document to be completed.

3. REASONS FOR DECISION

- 3.1. The driver for this decision is that the Council is committed in the long-term availability and sustainability of community assets now, and into the future by
- guaranteeing local communities and facilities thrive and offer the best possible services and support to residents and at the same time, consider alternative arrangements under which these assets can be best managed
 - ensuring those with the right skills, expertise and experience are entrusted with this vital role.
- 3.2. Grove Neighbourhood Centre (GNC) are amongst a handful of H&F community and voluntary organisations established in the Borough which are providing local services without access to public sector funding. The wider community and voluntary sector have targeted three pillars to their sustainability and these are (1) lever in additional funding to support the development of local services, (2) to build on their innovative and creative approaches to meeting local needs, and (3) support the development of their capacity and skills to provide positive community outcomes from a grassroots level.

GNC's main source of income stream comes from the hiring of the halls and letting of rooms on an ad-hoc basis to a few 3rd sector organisations including individual private businesses. GNC also receives financial support from other numerous local businesses and personal donations. The project is designed and tailored for residents of Hammersmith & Fulham and for mature citizens and includes people in need of care and support locally. The centre is also used as a drop in surgery for local ward members too.

- 3.3 H&F granted a long lease to GNC in 1983 for a one-off capital premium of £23,500 for the new building. GNC pay a peppercorn rent and are responsible for all maintenance and repair as well as the running of the centre. The lease is currently 63 years unexpired. A plan of the property and its location is shown in Appendix 3. The centre is a reasonable state of repair but GNC are keen to modernise parts of the centre as part of a long-term vision to reflect wider use of the centre from different local community groups, uses and age groups. H&F and GNC have conducted discussions to explore a community asset transfer. The different options and their associated opportunities and risks as outlined by H&F officers are outlined in the exempt Appendix 1.

4. PROPOSAL AND ISSUE

- 4.1 The proposal is to agree a surrender of the current lease to GNC and undertake a freehold transfer of the asset to GNC. The Council and GNC are both committed to ensuring community use of the centre is protected so safeguards and title transfer restrictions have been included. The Council has undertaken similar community asset transfers since 2016 and the same freehold legal transfers are being proposed.
- 4.2 The community centre is a General Fund asset and is not adjacent to HRA housing stock. Grove Neighbourhood Centre is opposite the new Quakers House building being constructed on Bradmore Park Road.

5.0 OPTIONS AND ANALYSIS OF OPTIONS

- 5.1 As with other community asset transfers, officers have explored options available to the Council and this also takes on best practice by MHCLG on community asset transfer. These options are set out **in the exempt Appendix 1** with the two main proposals listed as follows;
- (i) Long leasehold option. To extend the terms in current lease from January 1983 for up to another 125 years at nil consideration. To modify the existing restrictive user and alienation clauses in the lease to permit GNC to hire out space no more than 45% of the total floor area for commercial ancillary uses. (Similar to other asset transfers H&F have agreed).
 - (ii) Freehold transfer option. To transfer the freehold of the property to GNC at nil consideration with pre-emption rights. There will be a legal charge which stipulates the building must in its entirety be retained for community use
- 5.2 Offering GNC an extended lease e.g. 125-year term may not provide the adequate comfort required to fully satisfy the organisation's long terms aims and aspirations, particularly as they do not want to be tied with any leasehold interest with the Council. Whilst National Lottery funding has traditionally supported capital and revenue funding for leases less than 30 years, most funding and grants that GNC will seek to lever in are likely to be more supportive of freehold ownership by a community group.

- 5.3 If GNC did not own the freehold of the asset, it can still access some external grant funding but experience from previous asset transfers is a freehold asset transfer does maximise commercial and grant funding obligations.
- 5.4 In the unlikely event, GNC were to cease as an organisation then provisions are in place under the freehold transfer for the asset to return to H&F at a nil cost. The Council is working with GNC so they can gain access to external funding but this must not impinge on the Council's core principle to keep the asset as a local community asset for residents.

6.0 CONSULTATION:

- 6.1 GNC have discussed the various options with their Management Committee and prefer a freehold transfer. There has been no formal consultation with end users for this asset transfer but GNC is planning to work on a robust business plan to ensure they balance providing services for their clients and secure fund and resources to deliver their service.
- 6.2 An overview with the advantages and disadvantages of each option including the financial implications are contained in the exempt Appendix 1 (options and risk appraisal).

7.0 EQUALITY IMPLICATIONS

- 7.1 As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public-Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from the transfer of the freehold of these premises to GNC.
- 7.2 Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

8.0 LEGAL IMPLICATIONS

- 8.1 The Council has power to dispose under Section 123 Local Government Act. There is a requirement under this Section, that property be disposed for best consideration that can reasonably be obtained. This Act also outlines where a disposal or assets are sold below market value – the community asset transfer proposed in this report falls under this remit.
- 8.2 The Council may utilise one of its general consents under the Local Government Act 1972 which permit disposal at undervalue up to £2 million. The Council's external property value has confirmed the undervalue is £29,000 and therefore this allows a general consent to be granted and there will be no requirement to seek formal consent from the Secretary of State.
- 8.3 Implications verified/completed by: (Rachel Silverstone, Senior Property Solicitor, 0208 753 2210).

9 FINANCIAL IMPLICATIONS

- 9.1 The subject property was leased to the Grove Neighbourhood Council in 1983 at a peppercorn rent. A one-off premium was paid as a consideration at the commencement of the lease. The Council receives no other income on the existing lease of this property.
- 9.2 The council does not pay grant to GNC and they have been responsible for all cost relating to the running and maintenance of the property. If the Council did not proceed with the freehold option, then if GNC did not maintain the property, the Council may need to use its lease powers to step in to undertake emergency capital works and this would impact on the Council's planned corporate maintenance programme. As the current lease requires all maintenance and repair to be undertaken by GNC the Council will not benefit from any savings from property expenditure if the property is maintained. The Council does levy a charge for building insurance estimated at £1,055 for 2019/20 and the GNC would need to bear this cost.
- 9.3 As a community asset transfer the Council will not receive a capital receipt for the transfer of this property as it will be transferred at nil value. This therefore reduces the potential capital resources available to the Council for other capital investment and priorities.
- 9.4 Any cost including legal and professional charges relating to the transfer of the freehold interest will be borne by GNC.
- 9.5 Implications completed by Gary Hannaway, Head of Finance, Tel: 02087536071.
- 9.6 Implications verified by Emily Hill, Assistant Director, Corporate Finance, Tel: 020 8753 3145.

10 IMPLICATIONS FOR BUSINESS

- 10.1 GNC may expand their services from the property so additional suppliers from local business could benefit from this.
- 10.2 GNC will collaborate with the Economic Development Team and their local supply chain initiative to use local small and medium size enterprises where appropriate.
- 10.3 Implications verified/completed by: Albena Karameros (Economic Development Team). Tel/mobile umber - 07739 316 957.

11 COMMERCIAL IMPLICATIONS

- 11.1 There are no procurement related matters associated with this report as property related transactions are outside the scope of the Public Contracts Regulations 2015 (as amended).

- 11.2 The Council does not receive rent from GNC under the current arrangements. Therefore, this does not currently represent a source of income for the Council.
- 11.3 However, this asset could represent a potential source of income, after the expiry of the current lease terms to GNC in 64 years' time. This potential source of income to H&F will cease once the asset is transferred to Grove Neighbourhood Council.
- 11.4 Implications verified/completed by:(Andra Ulianov, Procurement Consultant, tel. 020 8753 2284).

12 IT IMPLICATIONS

- 12.1 There are no direct IT implications contained in this proposal as there is no IT infrastructures or equipment at the property.
- 12.2 Implications verified/completed by: Veronica Barella, Chief Information Officer, Tel. 020 8753 2927.

13 RISK MANAGEMENT

- 13.1 Community Asset Transfer is the transfer of management and/or ownership of public land and buildings from its owner (usually a local authority) to a community organisation (such as a Development Trust, a Community Interest Company, or a social enterprise) to achieve a local social, economic, or environmental benefit.

Thousands of buildings and spaces across England, such as swimming pools, town halls, libraries, and parks, have all been taken on and successfully managed by community organisations for the benefit of their local community. GNC will also provide services to the local community and the transfer will contribute positively to H and F Values and our Priorities.

There are several legal options for Community Asset Transfer, but most tend to be long term leasehold arrangements or a freehold transfer to enable external funding to be secured.

Community assets can help local organisations to develop a thriving and diverse civil society and promote long-term economic resilience in their neighbourhood. GNC will be fully liable for all property compliance and health & safety matters and are aware of their obligations.

- 13.2 Implications verified by: Michael Sloniowski, Risk Manager, tel: 020 8753 2587.

14.0 PROPERTY IMPLICATIONS

- 14.1 Full property comments are outlined in the report above.

However as outlined in section 8.2 of this report, an external valuation is being commissioned from a property consultancy who has provided asset transfer valuation advice on best consideration in accordance with s123 Local Government Act 1972. A valuation has been undertaken as procured by the Council's property team and this reports the under value is less than £ 2 million and therefore local authority can grant general consent without the need for a formal application to Secretary of State. The professional costs/fees associated with the freehold transfer of the property will be borne by GNC.

14.2 Ade Sule (Valuer) Corporate Property Services, tel. 02087532831.

15.0 IMPLICATIONS PARAGRAPHS

15.1 *A risk assessment has been undertaken and outlined in the exempt Appendix 1 taking on board CLG guidance on Asset transfers. A regular H&F /BCP group meet regularly to ensure all risks are known and are actions taken to reduce their impact. Risk analysis is also shown in the exempt **Appendix 1**.*

16.0 BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1	CLG Managing Risk in Asset Transfer - <i>PUBLISHED</i>	CLG publication 2008.	
2	Community Asset Transfer Cabinet Report October 2016 - <i>PUBLISHED</i>	Kim Dero/Sue Spiller	

LIST OF APPENDICES (exempt):

Appendix 1: Options and risk appraisal – attached to the exempt part of the report.

Appendix 2 (a) Exempt Proposed Heads of Terms and conditions to be granted to GNC as a freehold transfer.

LIST OF APPENDICES (open)

Appendix 3: Location map of the Property (not exempt).