

COMMUNITY ASSET TRANSFER: RECOMMENDATION TO DIRECTORS

SHROPHIRE COUNCIL – Property & Development Asset Management

Asset:	Rad Valley Scout & Guide HQ
Applying organisation:	Copthorne Scout & Guide HQ Management Committee
Proposed use:	Scout and Guide Hut
Proposed transfer duration:	99 year lease
Estimated annual saving to Council:	£0, The Council currently incurs no expense in relation to this property
Report author and date:	Leela Cottey, 03 November 2021
Reporting to:	Mark Barrow, Director of Place

Panel

Chair	Leela Cottey	Strategic Asset Manger
Assets and Estates	Keith Parry	Senior Estates Surveyor
Finance Officer	Jim Evans	Finance Officer
Administration	Carol Mills	Assets Officer CRTB & CAT

1.0 Purpose of the Report

- 1.1 As part of the Council's core objective to strengthen our local towns and villages, the Strategic Asset Management team are working with the voluntary sector, to enable the transfer of suitable land and buildings to community groups and organisations. The Community Asset Transfer (CAT) policy provides a framework and guidance to assess which transfers are viable and implement their transfer.
- 1.2 The Community Asset Transfer (CAT) policy provides a framework and guidance to assess which transfers are viable and implement their transfer. The policy contributes to the Council's objectives as set out in the Asset Management Strategy Section 5: *Commission and work in partnership to empower communities. Release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets.*
- 1.3 This report summarises the assessment of the application made by the Copthorne Scout & Guide HQ Management Committee in respect of the Rad Valley Scout & Guide HQ, Rad Valley Road, Copthorne, Shrewsbury. Following consideration of the report and the supporting information it is requested that the responsible officer determines whether the CAT is approved to go to the appropriate formal decision making.
- 1.4 Whilst the facility is not on the Council's Community Asset Transfer list, it was determined by the Head of Property and Development that the appropriate route for progression was via the CAT policy.
- 1.5 This report represents an internal briefing for the Director of Place in order for the transfer to be approved to move to the final decision making. Due to the potential transfer being longer than 10 years, the formal decision making will be taken to Cabinet, subject to the approval of this report.

2.0 Recommendations and Further Action Required

- 2.1 The panel has determined that the application meets the requirements of the Council's CAT policy. The recommendation is for the Director of Place to approve the transfer to proceed to Cabinet approval, noting that in doing so a potential capital receipt may be forfeited.
- 2.2 If approved it is requested that the Director of Place instructs the relevant officers to undertake the monitoring as specified in section 7, and to permit the panel to terminate the CAT should they determine that the policy requirements are no longer being met.

3.0 Qualifying Organisation

3.1 The panel assessed if the organisation meets the qualifying criteria as set out in the Policy:

Criteria	Panel Assessment	Related Documents
A qualifying organisation	The Rad Valley Scouts and Guides are a part of bigger national associations in the form of (i) The Scouts Association (Charity ref. 306101) and (ii) The Guides Association (Charity ref. 306016). Both organisations are aware of and support the actions of the Rad Valley Scouts and Guides.	Formal Expression of Interest, Business Plan
Aims to deliver social, economic or environmental benefits	The organisation meets the requirements. The Scouting movement was founded in 1908 and has a proven record of helping young people develop and improve key life skills. The organisation has been providing Scouting in the building since 1974.	Formal Expression of Interest, Business Plan
Directly benefits the people of Shropshire	The organisation meets the requirements. Membership is available to all children aged between 6 and 18, as well as adults.	Formal Expression of Interest, Business Plan
Benefits as wide a range of local people as possible within the community in which the asset is located	The organisation meets the requirements. The building is currently used for Scout, Cubs Beavers, Rangers, Guides, two Brownie units and a Rainbow group. Plus a toddler group, dance group, craft group, polling station and many private hires by local people. The transfer will allow the organisation to secure funding to refurbish and upgrade the facility, to further improve capacity and quality of provision.	Formal Expression of Interest, Business Plan
The proposed use of the asset will not adversely impact on activities of facilities already provided in the community	The organisation already operates in the building. There would be no overall change to the local situation.	

4.0 Assessment against CAT criteria

4.1 The panel assessed the organisation's business plan against the criteria set out in the Policy:

Criteria	Panel Assessment	Related Documents
A clear community/social demand for the proposed CAT	<p>The organisation has operated in the area for over 40 years.</p> <p>The property requires a substantial expenditure on a replacement roof covering to bring it up to an acceptable standard. The organisation have been managing the building since 1974, a lease was agreed with the former SABC but a copy cannot be found, a formal lease will enable the organisation to apply for and attract grant funding that is currently inaccessible.</p>	Business Plan

The capacity to manage the asset and have directors or management	The organisation erected and maintain the building. The organisation has a clear management structure. A range of experiences and professions are represented on the management team. The organisation has managed the current HQ for over 40 years.	Formal Expression of Interest, Business Plan
Good governance arrangements, robust financial systems	The organisation has a management committee, with a named chairperson, secretary and treasurer. Termly meetings are held, although no formal minutes are kept. The organisation is governed by the Scout Association, who endorse the CAT application. The wider organisation has policies on equal opportunities, health and safety, and volunteers. The organisation has a financial management policy in place. Accounts are not audited, but given the governance in place the panel determine that for this application this is acceptable.	Formal Expression of Interest, Business Plan
The ability of the VCO to contribute towards the Council's objectives	In accordance with the Council's Asset Management Strategy Section 5: The Council's Principles and Priorities: Commission and work in partnership to empower communities. To release where appropriate through freehold transfer or leasehold transfer, properties to communities reducing revenue or maintenance burdens for non-core assets.	Asset Management Strategy

4.2 The panel identified the following issues which required further discussion and resolution:

Issue	Resolution
The building was built in the early 1970's. It is constructed of a single skin concrete block outer wall and a gently sloping felted roof with skylights installed. The Management Committee has spent a substantial amount of money over the years in maintaining the building through ongoing actions such as painting the exterior to replacing the windows with double glazed units, reinforcing the skylights etc but the roof of the building is in a poor state of repair and requires urgent work	A formal lease will enable the organisation to apply for and attract funding currently inaccessible.
The Planning Authority have said the land may be suitable for alternative uses including residential or commercial development therefore in agreeing to the transfer the council would be foregoing a potential capital receipt	<p>The CAT panel has identified and is confident there is significant community benefit from the continued use of the building on this land and the existing lease, if it could be found, may well prevent or defer any possibility of a capital receipt in any event.</p> <p>The panel's view is that the community benefit of the application outweighs the potential for a capital receipt.</p>

5.0 Proposed Lease Agreement

5.1 Proposed lease agreement is as follows:

Item	Detail	Reason
Lease type/duration	99 year ground lease	To enable the organisation to secure funding and realise long-term plans for the building and its use.

£ per annum	£1	The organisation does not run on a commercial basis. Any profit is invested back into the building and for the development of Scout activities in/from it.
Repairs, maintenance and insurance responsibilities transferred to organisation	Yes	Organisation are already responsible for these items
Associated Service Agreement	N/A	

5.2 Rent is proposed below market value, because the organisation does not run on a commercial basis. Any profit is invested back into the building and Scouting activities. The proposed transfer complies with State Aid rules.

5.3 The terms proposed in this lease are follows:

Item	Detail	Reason
1	The premises are the land and building at Rad Valley Road, Copthorne SY3 8AL as shown for the purpose of identification only edged red on the attached plan.	To give clarification
2	Any existing leases, licences or other agreements relating to the current occupation of these premises by the tenant will be surrendered simultaneously upon the grant of the new lease.	To give clarification
3	The new lease shall be for a period of 99 years and will commence on completion of the formal agreement.	To enable the organisation to secure funding and realise long-term plans for the building and its use
4	The rent shall be £1 per annum, if demanded.	The organisation does not run on a commercial basis. Any profit is invested back into the building and for the development of Scout activities in/from it.
5	The premises shall be used for the provision of a base for the Copthorne Scouts and Guides and any associated groups. The premises can also be hired out to other not for profit organisations (which for the avoidance of doubt includes local councils) offering other activities that benefit the local community at hiring charges that cover but do not exceed the tenant's commensurate costs in running the building and providing the permitted services.	To ensure that the facility continues to benefit the local community, whilst enabling the organisation to work with other local groups and obtain an income to aid ongoing building maintenance.
6	The tenant can terminate the lease at any time by giving 12 months written notice. In the event that the lease is terminated, the premises are to be handed back in good repair and condition.	To ensure that the facility continues to benefit the local community
7	The lease can be terminated by Shropshire Council by written notice following a breach by the tenant of any of the tenant's covenants provided that the tenant has first been given written notice of the breach and given reasonable time to rectify the breach.	To ensure that the facility continues to benefit the local community
8	The lease can be terminated by Shropshire Council by six months written notice at any time if at least 75% the premises are no longer mostly or entirely used on a regular and frequent basis for some or all of the following :- a base	To ensure that the facility continues to benefit the local community

	for the Copthorne Scouts and Guides (and associated groups) or other not for profit activities that benefit the local community.	
9	Assignment and sub-letting are prohibited but in the event that the premises are not fully required for the permitted uses in 5 above, the tenant will be permitted to hire the premises to commercial users provided that the hiring charges for such use is set at a commercial rate and all income generated is reinvested in the building.	To ensure that the facility continues to benefit the local community
10	The tenant will keep detailed records of all users of the facilities including dates, times, numbers attending and hiring charges and these records are to be made available to the landlord upon request.	To ensure that the facility continues to benefit the local community
11	The Tenant is to be responsible for all repairs maintenance and decoration of the building, both internal and external and to replace any fixtures & fittings which may become beyond repair during the period of the tenancy.	Standard clause
12	The Tenant is to keep all machinery, equipment and sanitary apparatus upon the demised premises properly maintained in good working order.	Standard clause
13	Any structural alterations will be subject to Landlord's prior written consent (which shall not be unreasonably withheld) and the Tenant complying with any reasonable conditions imposed by the Landlord.	Standard clause
14	The tenant will be responsible for insuring the building and also for arranging public liability insurance to a minimum of £5 million and will provide the landlord with an annual copy of the insurance certificates.	Standard clause
15	The Tenant is to indemnify the Landlord against any claims, proceedings or demands and the cost of expenses incurred thereby which may be brought against the Landlord by any employees, agents or visitors of the Tenant in respect of any accident, loss or damage whatsoever to persons or property howsoever caused or occurring in or upon the property.	Standard clause
16	The Tenant to be responsible for paying all existing & future taxes, rates, assessments, duties, charges, impositions & outgoing (including electricity, gas, water & other services consumed or used at or in relation to the Premises) of every kind payable by law, charged, assessed or imposed upon the Demised Premises or upon the owner or occupier.	Standard clause
17	The Tenant is to be responsible for the statutory testing of all plant & equipment including, if appropriate, legionella, asbestos, gas & electrical checks & statutory engineering insurance inspections and will provide the landlord with an annual copy of the resulting certificates.	Standard clause
19	The tenant will arrange for a fire risk assessment to be carried out and updated as appropriate by a suitably	Standard clause

	qualified person and will forward a copy of any such assessment and associated action plan to the Landlord.	
20	The Tenant is not to use on the premises any electrical equipment which has not been tested by an approved NICEIC electrical contractor and confirmed as being safe to use.	Standard clause
21	The lease is to be subject to any rights of way which may already exist across the premises.	To ensure rights of way are maintained for adjacent users/owners

6.0 Service Agreement

6.1 A Service Agreement is not required.

7.0 Monitoring

7.1 The Panel have considered the monitoring requirements of the asset transfer to ensure that the organisation meets its obligations and that the community benefit is realised. The following monitoring is recommended:

Item	Monitoring Method	Owner	Monitoring Schedule/Frequency	Output / Reporting / Recording Method
Ensure stated community benefit is being realised	Contact with organisation and local community	Finance Officer	Annually	Report issued to CAT panel and Strategic Asset Manager
Check rent level is appropriate to organisation's (non)commercial standing	Review yearly financial accounts	Finance Officer in consultation with Estates	Annually	Community Enablement Officer writes to panel to confirm assessment; adjustment of rent levels as required.
Ensure building is being satisfactorily maintained	Inspection by Council Building Surveyor	Strategic Asset Manager	5-yearly	Report issued to Strategic Asset Manager

8.0 Appendices

Ref.	Document Name
8.1	Community Asset Transfer Policy and Guidance for Applicants
8.2	Initial Expression of Interest Application
8.3	Formal Expression of Interest Application
8.4	Outline Business Plan
8.5	Site plan

9.1 Approved

Signec.  Date 4 November 2021