

2 November 2015

Policy, Finance & Resources Committee

Hutton Community Centre

Report of: *Gabrielle Murphy – Asset Strategy Performance Analyst*

Wards Affected: *Hutton North*

This report is: *Public*

1. Executive Summary

- 1.1 The purpose of this report is to invite the Committee to consider increasing the potential term available for community groups to lease Hutton Community Centre. A previous report to this Committee dated 30 June 2015 limited the term to a period of 7 years.
- 1.2 The Council is marketing Hutton Community Centre for community use for a term of 7 years subject to the Heads of Terms attached at **Appendix A**. As part of the marketing process a community organisation has asked if the Council will consider granting a lease of longer than 7 years. They suggested that this is to allow them to raise grant funds to invest in the property.
- 1.3 Details of all offers, outcome of the evaluation of offers and officers recommendations will be submitted for consideration at this Committee at the 15 December 2015 meeting.

2. Recommendation

- 2.1 That proposals for a lease of Hutton Community Centre for a term of longer than 7 years will be considered.**

3. Introduction and Background

- 3.1 The Council is marketing Hutton Community Centre for a term of 7 years in accordance with a resolution of the this Committee dated 30 June 2015. As part of the marketing process a period of time was allowed for potential bidders to submit questions. A question has been raised enquiring if the Council would consider granting a lease of longer than 7 years to enable a community group to raise grant finance to invest in the property.
- 3.2 Legal advice has been obtained from the Council's Monitoring Officer who confirmed that the Council is at liberty to grant a lease of longer than 7 years on this occasion, even if this at less than best consideration, provided that the Community organisation can demonstrate that it can

contribute to economic, social or environmental improvement of the area and compliance with the Councils Disposals at Less than Best Consideration Policy approved on 27 March 2015 at the Council's Asset and Enterprise Committee.

4. Issue, Options and Analysis of Options

4.1 Options available to the Council include:

Option	Benefits	Costs
Refuse to consider a lease over 7 years	Shorter period of time until reversion giving the Council possession sooner than if a longer lease were to be granted. This gives greater flexibility to the Council to exploit any future emerging opportunities which may arise during routine management of the Council's land portfolio.	Limit the appeal of the opportunity to community groups only interested in a 7 year lease. Make it harder for community organisations to apply for grants such as to refurbish the property. Financial sustainability may be adversely affected where funders require longer terms and so grant funding opportunities are lost.
Consider leases of longer than 7 years.	Allow community groups greater chances to raise grant funding to invest in the property. Maximise the appeal of the opportunity to a wider range of organisations. Creates increased certainty for the Council too.	Longer period of time until reversion so the Council gains possession later with the consequence that the Council's freedom of action is more restrained.

4.2 At the 25 March 2015 Community Committee Members agreed to list Hutton Community Centre as an Asset of Community Value. Members are reminded that as an Asset of Community Value if the Council agree to 'a relevant disposal' of Hutton Community Centre then the required process will apply.

4.3 'A relevant disposal' of a listed asset is the transfer of the freehold, or the grant or assignment of a qualifying lease which gives vacant possession of the buildings and other land in question. However they will not apply to all relevant disposals, as some types of relevant disposal are exempt. The relevant disposal is the transfer of the freehold, or the grant or assignment of a lease originally granted for at least 25 years, gives vacant possession to the new owner (see section 96 of the Localism Act 2011).

4.4 If the Council agree to 'a relevant disposal' they must inform the community group which nominated the asset for listing and publicise the proposal to dispose generally in the area where the asset is situated.

4.5 The Council's notification triggers an initial moratorium on the disposal for an initial period of 6 weeks. If during these 6 weeks a community group

states an intention to itself to bid for the asset for full 6 month moratorium on the disposal is triggered.

- 4.6 The Asset may be sold to a community group during this 6 month moratorium.
- 4.7 At the end of the 6 month period the asset can be sold on the open market. At this point community groups have the same rights as any other bidders. The community right to bid does not restrict who the owner of the asset can sell his property to, or at what price.

5. Reasons for Recommendation

- 5.1 That the Committee agree to consider granting a lease of Hutton Community Centre for a term of longer than 7 years in order to maximise the appeal of the opportunity to a wider range of organisations.

6. Consultation

- 6.1 None

7. References to Corporate Plan

- 7.1 Value for Money: policies that invest in key services to create opportunity for all, provide better value for Brentwood's taxpayers and enhance the Borough's infrastructure whilst modernising and transforming Brentwood Borough Council. We will re-prioritise and focus our resources and be innovative in our approach.
- 7.2 Our Borough: Policies which promote our environment, support sustainable growth, and safeguard our high quality environment including heritage and countryside. We will provide responsive, accessible and forward thinking services for vulnerable residents, supporting people back into work and providing good quality housing making Brentwood our residents' Borough of Choice.

8. Implications

Financial Implications

Name & Title: Chris Leslie, Finance Director

Tel & Email: 01277 312 542 christopher.leslie@brentwood.gov.uk

- 8.1 By agreeing to consider granting a lease of Hutton Community Centre longer than 7 years Members will maximise opportunities for community organisations to raise grant funding to invest in the property.

Legal Implications

Name & Title: Chris Potter, Monitoring Officer

Tel & Email: 01277 312 860 christopher.potter@brentwood.gov.uk

- 8.2 Members are already aware of the need to consider and comply with the requirement of best consideration for a lease of over 7 years and also are fully conversant with the fact that Members can agree to dispose at an undervalue where the Council can demonstrate that such disposal at undervalue will contribute to the improvement of the economic, social or environmental well-being of the area and the undervalue is less than £2 million and any such offer complies with the Secretary of State's general disposal consent. The Council needs to obtain the views of a professionally qualified valuer as to the quantum of any particular undervalue as part of normal and prudent commercial practices so that Members know what financial consideration is being lost in exchange for such improvement value.
- 8.3 The Hutton Community Centre is listed as an Asset of Community Value and the effect of listing is to create a moratorium so that a local community group can have the opportunity to bid for the asset. The moratorium provides that the owner of land must not enter into a "relevant disposal", unless certain conditions are satisfied, including self-notification, an interim period of 6 weeks has passed without any bid from a community interest group and the protected period (18 months) has not ended. A "relevant disposal of land" includes the grant of a lease for a term. If a lease is granted for less than 25 years then that is not a relevant disposal of land and the question of a moratorium does not arise.
- 8.4 **Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

None.

9. **Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- None

10. **Appendices to this report**

- None

Report Author Contact Details:

Name: Gabrielle Murphy

Telephone: 01277312676

E-mail: gabrielle.murphy@brentwood.gov.uk