

EAST AYRSHIRE COUNCIL

CABINET REPORT – 22 MARCH 2017

PROPERTY AND ESTATE RATIONALISATION – COMMUNITY ASSET TRANSFER UPDATE

Report by Depute Chief Executive & Chief Financial Officer Economy and Skills and Depute Chief Executive Safer Communities

INTRODUCTION

1. The purpose of this report is to provide an update on Community Asset Transfer activities and to make a number of recommendations to Cabinet in terms of progressing the Property and Estate Rationalisation Workstream.

BACKGROUND

2. The Property and Estate Rationalisation Workstream, established as part of the Council's Transformation Strategy, aims to reduce the number of operational buildings by 25%. The work undertaken by the Community Asset Transfer team will contribute to the overall Property and Estate Rationalisation Workstream and the 25% target.
3. Following recommendations from the Leisure Trust on 10 September, Cabinet at its meeting on 25 September 2013 agreed:
 - i. To authorise officers to pursue asset transfer of those facilities listed in appendix A of the report, with proposals being presented to the Cabinet for approval; and
 - ii. To pursue a separate review and asset transfer of pitch and pavilion provision with proposals being presented to Cabinet for approval.
4. This list was amended by Cabinet on 18 June 2014, reducing the number of Trust facilities for which asset transfer was to be sought to 81. The table below shows the progress made as reported to Cabinet on 2nd November 2016:

Table 1

	Trust facilities	Trust Baseline
Baseline		86
LESS approved and pending CAT's	32	54
LESS Trust retain	12	42
LESS Trust retain temporarily	13	29
LESS surplus and pending surplus; surplus linked to community based solutions	29	0

FUTURE CONSIDERATION REQUIRED

5. Whilst determination has now been reached on the future of all facilities on the original list, this was subject to some detailed applications being received and legal agreements concluding by 31st March 2017. Future consideration is required in respect of the following:

Table 2

Property (Group)	Previous Cabinet Decision	Update	Recommendation
Patna Games Hall	Cabinet on 17 June 2015 agreed to progress the work required at Patna campus to facilitate the consolidation of the community and sports facilities.	Works have been completed to facilitate the move of the Day Centre into the community facilities and the relocation of the gym equipment into the former local office area is now anticipated to be complete by 31 st July 2017.	The Trust to retain the games hall until works are complete within the community campus, currently estimated to be 31 st July 2017, thereafter the games hall to be demolished and site reinstated.
Catrine Community Centre, Games Hall & Library	Cabinet on 9 March 2016, noted that the library closed with effect from 5th March 2016 and a mobile service provided, and agreed that the Trust was to retain until 31st March 2017 pending development of community based solution within the context of a CLAP to be reported to Cabinet. In the event no community based solution is approved within the timescale, the buildings are surplus to requirements with effect from on or before 31st March 2017.	Following this decision Catrine Community Trust (CCT) submitted an expression of interest in the community centre/library building. They are in the process of securing funding for a feasibility study to inform their detailed CAT application. In response to recent local representation, CCT have recently submitted an expression of interest in the games hall.	In respect of the community centre / library building a CAT management agreement will be entered into with CCT prior to 31st March 2017 pending the outcome of their feasibility study. In respect of the Games Hall EALT to retain until 31st May 2017 to enable an interim CAT management arrangement to be entered into with CCT from 1st June pending the approval of a detailed CAT application which will require to be in place no later than 31st March 2018.

Property (Group)	Previous Cabinet Decision	Update	Recommendation
Mauchline Library building and Community Centre (Mauchline Community Association)	Council on 12 March 2015 approved investment of £0.355m in the refurbishment of the library to create a community facility subject to a successful detailed application being received for the library building. Thereafter community centre building will be surplus to requirements for demolition with cleared site held for potential future SHIP development. Subsequently, Cabinet on 25 May 2016 approved the asset transfer and to proceed with the capital works required. With entry to be granted by 31st March 2017.	The capital works are scheduled to be completed over the summer.	The Trust to retain the community centre until no later than 31st August 2017 with the CAT lease agreement being place and entry granted to the Library building also by no later than 31st August 2017.
Doon Valley Museum, Dalmellington (Dalmellington Community Action Group)	Cabinet on 9th March 2016 agreed that: i) a CAT application will require to be approved by Cabinet no later than 28th September 2016 and that the CAT transfer is complete by no later than 31st March 2017; and ii) In the event that the CAT application did not proceed within the timescale set out, the building would be retained by the Trust or disposed of. Thereafter Cabinet on 2 November 2016 agreed to: i) approve an interim CAT management arrangement with 50% of the income received being recovered by EALT; and ii) The CAT management arrangement will require to be in place by 31st March 2017, failing which the original recommendation will proceed.	Following the previous Cabinet discussion, meetings have been held with the group regarding the proposed management arrangement. It has become evident in discussions that the Group have had a change in the proposed approach to the operation of the building and that this will not be achievable under the terms of the management arrangement. They have requested further time to provide a revised CAT submission for consideration. The Museum closed with effect from February 2017.	The Trust to retain the facility pending the receipt of a suitable revised application with the new CAT agreement requiring to be in place no later than 31st March 2018.

Table 2 continued

Property (Group)	Previous Cabinet Decision	Update	Recommendation
Gavin Hamilton Sports Centre, Darvel (Darvel Community Trust SCIO)	Cabinet on 25 May 2016 agreed that: i) a CAT application will require to be approved by Cabinet no later than 28th September 2016 and that the CAT transfer is complete by no later than 31st March 2017; and In the event that the CAT application did not proceed within the timescale set out, the building would be surplus to requirements with effect from on or before 31st March 2017 and thereafter disposed of. Thereafter Cabinet on 2 November 2016 agreed to defer determination of this property to enable further negotiations to be held with the group to see if an interim arrangement can be entered into which is financially sustainable. This will be brought to Cabinet by no later than 31st January 2017 failing which the original recommendation will proceed.	The new group has long term aspirations to own and re-develop the centre but these are at an early stage and no funding has been secured. A detailed application has been considered for an interim short-term lease agreement. The assessment of this application concluded that the short-term solution proposed was not considered to be sustainable predominantly due to aspirational income projections and levels of usage. This was considered a high risk given the request for significant capital and revenue support.	It is recommended that determination of this property be deferred to enable further negotiations to be held with the group to see if an interim arrangement can be entered into which is financially sustainable and lower risk. This will be brought to Cabinet by no later than 31st May 2017 failing which the original recommendation will proceed.
Logan Day Centre (Three Village Centre)	Cabinet on 9th March 2016 agreed that: a CAT application will require to be approved by Cabinet no later than 28th September 2016 and that the CAT transfer is complete by no later than 31st March 2017; and In the event that the CAT application did not proceed within the timescale set out, the building would be surplus to requirements with effect from on or before 31st March	Details have been provided on the proposed management arrangement and a meeting held with a representative from the group to explain how the recommendation was arrived at. The legal agreement has been issued to the group for their consideration however they advise they are unwilling to enter into	Until the appeal has been determined or 31st May 2017, whichever is the sooner, EALT shall continue to operate the centre and undertake the bookings direct

Property (Group)	Previous Cabinet Decision	Update	Recommendation
Logan Day Centre (Three Village Centre) Cont...	Cont... 2017 and thereafter disposed of. The assessment of the CAT application concluded that the short-term solution proposed was not considered to be sustainable predominantly due to aspirational income projections therefore, Cabinet on 2 November 2016 agreed to: i) To approve the proposed interim CAT management arrangement with 50% of the income received being recovered by EALT; and ii) The CAT management arrangement will require to be in place by 31st March 2017, failing which the original recommendation will proceed.	the agreement as they reject our assessment of their position and are, seeking for this to be independently, externally reviewed. The group have been advised of the right of appeal to the Community Asset Transfer/Non Domestic Rates Relief Appeals Panel, the terms of reference for which were approved by Cabinet on 18 June 2014. The group have confirmed they wish to submit an appeal and this will be set up. A meeting will be held with the applicant and users groups to discuss the future of the facility and their requirements until the appeals process is completed.	
Kilmaurs Library building & community centre (Kilmaurs Community Association)	Cabinet on 25 May 2016 approved the asset transfer and capital funding of £0.154m to enable the re-configuration of the library building to enable the relocation from the community centre. Subsequently Cabinet on 2 November 2016 agreed to extend the timescale for completion of the transfer of community facilities from the community centre into the refurbished library building by	The interim management arrangement for the community centre will be in place no later than 31st March 2017. In respect of the library building the group have applied for 2 different funders and decisions on these funding applications are expected in May and June 2017.	Cabinet are asked to note the update position.

Property (Group)	Previous Cabinet Decision	Update	Recommendation
Kilmaurs Library building & community centre (Kilmaurs Community Association) Cont ...	Cont ... no later than 31st March 2018; and agreed to enter into a CAT management arrangement with the group for the community centre by no later than 31st March 2017. It was also agreed that progress was to be reported back to Cabinet in 6 months.		
Greenhead Park P&P, New Cumnock	Cabinet on 9 March 2016 approved the asset transfer to New Cumnock Afton FC.	The Club folded prior to the asset transfer being completed.	To declare surplus, demolish and reinstate the site.
Crookedholm P&P	Cabinet on 7 October 2015 approved the asset transfer to Crookedholm Amateurs.	The Club folded prior to the asset transfer being completed. Crookedholm Community Association then submitted an expression of interest and then withdrew. Sports Karate Sakai have now submitted an expression of interest as the facility adjoins the community centre which has already been asset transferred to them.	To amend the CAT lease approved by Cabinet to incorporate the pavilion and increase the rent payable by £90 per annum.

COMMUNITY BASED SOLUTIONS

- Community based solutions have now been approved in New Cumnock, Dalrymple, Drongan, Mauchline, Patna, Rankinston, Kilmaurs. Whilst there will be overall savings in terms of a reduction in the numbers of facilities in specific communities, discussions are leading to the consolidation of some services into one building. The resultant solutions may be suitable for management either via asset transfer, by East Ayrshire Leisure Trust or, where related to a school, by the Council's Facilities Management Team.

11. A further project is now emerging in Muirkirk, details of the solution developed is as follows:

Current Provision at Muirkirk

12. The games hall, day centre, library and pitch and pavilion were all on the list approved by Cabinet for asset transfer.
13. Council at its meeting on 12 March 2015 agreed to:
 - i. declare the pavilion surplus to requirements to facilitate demolition and the reinstatement of the site;
 - ii. relocate lets from the IFE wing into the Day Centre during the construction period and thereafter return lets into the new school / community facilities;
 - iii. EALT to retain Games hall pending completion of new school / community facilities and explore potential for sports usage and thereafter the building would be surplus to requirements;
 - iv. EALT to retain day centre pending completion of new school / community facilities and explore relocation and thereafter the building would be surplus to requirements;
 - v. EALT to retain the library pending completion of new school / community facilities and thereafter the building would be surplus to requirements;
14. Discussions and engagement about sustainable future facilities and solutions have taken place with the local community in the context of the Community Led Action Plan. This has led to a CAT application being received for the day centre building from the Community Council who wish to create a community hub and volunteer-led community library.

Proposed provision at Muirkirk

15. A well attended public meeting was held and subsequently discussions are ongoing with the local community regarding the relocation of gym equipment, establishment of a bookpoint, use of community space.
16. Consideration in respect of the lighting and method of operation is also required regarding the future of the all-weather sports pitch adjacent the games hall.

Financial position at Muirkirk

17. It is proposed that an agreement in principle is given to invest £0.146m from the Transformation Strategy Capital Fund towards the relocation of these facilities. These costs represent value for money when considered in relation to the revenue savings associated with the closure of the games hall, day centre and library which are currently estimated at approximately £0.073m per annum, including staff, energy and running costs.

18. Full support will now be given to the community to develop ideas and the resultant project will be presented to Cabinet for approval. It should be noted that the relocation of the gym facilities into the community space within the school has been ruled out as this would cause a delay to the capital project resulting in the school not being available for the start of the new term in August.

FINANCIAL IMPLICATIONS

19. In recognition that the savings which arise from the Community Asset Transfer work will accrue to more than one Transformation Strategy Workstream, Cabinet on 25 September 2013 agreed that the savings realised from this review will be allocated 50% to Property and Estate Rationalisation and 50% to Alternative Delivery Model – East Ayrshire Leisure after deduction of energy costs which will be attributable to the Transformation Strategy's Energy Efficiency workstream.
20. As previously reported, the total savings target across all 3 workstreams from the CAT element of this review amounts to £1.565m and the savings if the pending transactions are realised by 31st March 2017, brings that total figure of Cabinet approved savings to £1.354m.
21. It should be further noted the savings are based on existing budgets and do not take into account further potential savings such as repair costs and an increase in rental and building insurance premium income.
22. Any costs associated with the interim management CATs will be funded from the Transformation Strategy Revenue Fund.
23. Any monies required for the demolitions costs shall be drawn from the Transformation Strategy Capital Fund as required. This fund was set up to assist with costs associated with the wider property and estate rationalisation agenda.

LEGAL IMPLICATIONS

24. All applications which are recommended for transfer have been assessed against the statutory criteria specified in the Disposal of Land by Local Authorities (Scotland) Regulations 2010 as, in order to be eligible for transfer, the proposal must contribute to one of the purposes set out at paragraph 4 (2) of the Regulations being (a) economic development or regeneration (b) health (c) social well-being or (d) environmental well-being.
25. The Solicitor to the Council will include any other conditions which may be deemed necessary to protect the interests of the Council in respect of the asset transfer requests.

POLICY / COMMUNITY PLANNING IMPLICATIONS

26. The proposed asset transfers detailed in Table 3 above are in accordance with the Council's Community Asset Transfer Policy as approved by Cabinet at the meeting on 24 October 2012.
27. The proposed asset transfers contribute towards the Council's Community Planning themes of Economy and Skills, Safer Communities and Wellbeing.
28. In accordance with the Council's Transformation Strategy, the development of this work is essential in enabling the Council to transform its relationship with communities thus strengthening and enabling our local people to work with us to deliver sustainable services and jointly respond to challenges in the future. This in turn will lead to an increase and widening of scope of asset based programmes which will result in a further reduction in resources over time.

HUMAN RESOURCES IMPLICATIONS

29. If a property is transferred to a voluntary or community organisation, there will be implications for employees of both the Leisure Trust and East Ayrshire Council. A canvass of employees for interest in voluntary severance has been carried out and a number of employees have indicated that they would be interested in opting for voluntary severance. The approval of voluntary severance together with the Council's redeployment policy will assist in reducing employee numbers in line with the reduced property portfolio.
30. Work has been carried out on recognising those employees who have expressed an interest in voluntary severance against the likely requirements of the hubs and related premises and this exercise will continue throughout the asset transfer process.
31. Discussions have taken place with the Trade Unions in respect of the overall canvass for voluntary severance and these discussions will continue with particular focus on the requirements for specific premises and commitments to continue to engage with employees within the reconfigured service.
32. Cabinet on 22 February 2017 agreed to extend the enhanced voluntary severance scheme associated with the CAT to those employees who are required to temporarily remain in these facilities beyond 31 March 2017.

RISK IMPLICATIONS

33. Managing Risks In Asset Transfer, A guide (Department for Communities and Local Government, June 2008) includes common risks identified by the Quirk Review ("Making Assets Work - The Quirk Review of community management and ownership of public assets). Cognisance has been taken in respect of each of the risks identified whilst developing our transparent application and assessment process in order to mitigate any risk to the Council.

RECOMMENDATIONS

34. Cabinet is requested to:

- i) Note progress made on delivering sustainable community asset transfers;
- ii) Approve the recommendations for the facilities as outlined in table 2;
- iii) Approve the investment from the Transformation Strategy Capital Fund fund as outlined in paragraph 17;
- iv) Approve the use of the Transformation Strategy Revenue Fund as outlined in 22 and 23 above;
- v) Otherwise note the contents of this report.

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16 March 2017

BACKGROUND PAPERS - Nil

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