

Bath & North East Somerset Council		
DECISION MAKER:	Councillor Charles Gerrish, Cabinet Member for Finance and Efficiency	
DECISION DATE:	On or after 11 August 2018	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3018
TITLE:	Midsomer Norton- proposed package of Community Asset Transfers (Midsomer Norton Town Hall; Somer Centre; Orchard Hall; Silver Street Nature Reserve; land alongside the Town Park and the Somer Centre)	
WARD:	Midsomer Norton Redfield and Midsomer Norton North	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report:</p> <p>Appendix: Midsomer Norton Community Trust, objects</p> <p>Appendix: RICS – Local Authority Asset Management Best Practice – 07: Disposal of Land at less than Best Consideration</p> <p>Appendix: Heads of Terms for Community Asset Transfer</p> <p>Appendix: Programme of planned works to the Midsomer Norton Town Hall</p> <p>Appendix : Asset Transfer Benefit Analysis</p>		

1 THE ISSUE

- 1.1 This report proposes a Community Asset Transfer package designed to lever-in significant future benefits from and investment into local community facilities serving Midsomer Norton and surrounding areas. The report covers the background to the proposed transfer, identifies the community benefits arising from it, and addresses key financial, legal and other considerations.

2 RECOMMENDATION

The Cabinet Member for Finance & Efficiency is asked to;

- 2.1 Delegate to the Head of Property / Corporate Property Officer authority for the completion of the disposal of the assets set out in the report into a final agreement in line with the Heads of Terms attached.

2.2 Note that the transfer of the assets will be in accordance with Heads of Terms approved by the Head of Property in compliance with statutory responsibilities under s123 Local Government Act 1972, in pursuance of the recommendations in paragraphs 2.1 above

2.3 Note that the Corporate Capital Planned Maintenance programme includes a programme of works planned to be undertaken to Midsomer Norton Town Hall, which have a total value of £170,000. These works are more fully set out within the Appendix.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE).

3.1 In the light of the General Consent and RICS Guidance (set out in more detail below), it is necessary to identify the value of the economic, social and environmental wellbeing benefits that will be generated as a direct result of the disposal at less than best consideration. For this package of assets, the “undervalue” sum of £760,000 has been annualised to £43,645 using a discount rate of 3% over a 25 year period in order to facilitate comparison against the annual value of these economic, social and environmental benefits.

3.2 The discount rate adopted represents the opportunity cost of the value of the foregone capital receipt and is based on current rates of borrowing using a 25 year loan.

3.3 The commensurate benefits are summarised in the body of the report and the detailed Asset Transfer Benefit Analysis upon which this is based is set out in Appendix 3.

3.4 The lease of the Town Hall to the Sarah Ann Trust imposed repairing obligations on the Council which will be removed as a result of the proposed Community Asset Transfer. However, this will be counterbalanced by the loss of rent and so this aspect of the transaction is revenue neutral

3.5 The Council will be forgoing the following capital receipts:

- **Town Hall, Silver Street, Midsomer Norton – Open market capital value £350,000. The restriction on use to be imposed on the freehold interest will reduce this value to £175,000.**
- **The Somer Centre, Gullock Tynning, Midsomer Norton – Open market value £275,000. The restriction on use to be imposed on the freehold interest will reduce the value to £125,000**
- **Orchard Vale Community Centre – Open Market value of the leasehold premium for a 99 year lease is £100,000.**
- **Silver Street woodland reserve – Open market capital value £35,000.**

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 Property Considerations: under s123 of the Local Government Act 1972, any disposal by the Council of an asset in excess of 7 years (including leasehold interests) must obtain “best consideration”, unless the General Disposal Consent (England) 2003 can be applied or a specific consent is obtained.
- 4.2 The General Consent allows specified circumstances where the consent can be applied, as below:
- a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
 - i)the promotion or improvement of economic well-being;
 - ii)the promotion or improvement of social well-being;
 - iii)the promotion or improvement of environmental well-being;
 - b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).
- 4.3 The Royal Institution of Chartered Surveyors (RICS) is the governing body for Chartered Surveyors and they have set out guidance specifically to deal with this issue which should be followed unless there are particular circumstances that mean that it is not appropriate. It puts in place an audit trail so that the decision to dispose at less than market value is demonstrably robust. It is, therefore, considered that this is an appropriate model for sign off of the individual transactions which should be undertaken in liaison with the Section 151 Officer. The Guidance is attached in full at Appendix 1 and in summary requires:
- a full valuation exercise is undertaken which identifies the maximum theoretical Market Value for the asset to be transferred.
 - calculation of the reduced values that apply because of any restrictions that the Council applies relating to things such as use, alienation, clawback, etc.
 - the value added to the Council through the outcomes of the transfer has been assessed and found to be not less than the difference between market value and the actual price to be paid.
- 4.4 There are no current delegations or resolutions to allow these transfers to take place at less than best consideration; best consideration being based on market values. This report, therefore, seeks to give such authorisation to the Head of Property / Corporate Property Officer, who otherwise has the delegated powers to enter into property transactions on behalf of the Council, based on the proposal set out in this report, applying the General Consent and RICS Guidance to this particular asset transfer proposal.
- 4.5 Public Health and Inequalities: the Council has a statutory duty to promote the health and wellbeing of the inhabitants of its area and reduce inequalities amongst its population.

4.6 External legal advice has been obtained that supports the Council view that the disposal is not considered to constitute State Aid.

5 THE REPORT

BACKGROUND

5.1 Full Council at its Budget meeting in 2013 received a report identifying that the challenging financial situation increasingly requires the Council to use to the full the assets available to help communities tackle issues of importance to them locally. The document noted that since the publication of the Quirk Report in 2007, councils and central government have seen greater community involvement in community assets and buildings as potentially delivering:

- Better community outcomes, empowering communities and working in partnership with a range of public, private and voluntary organisations.
- Better Value for Money – cutting costs through new, localised ways of working and involvement of volunteers as well as drawing in more resources, for example from parish councils.
- Greater support for our voluntary and community sector- with opportunities for long-term planning by the community organisation involved in buildings, including the ability to draw down external investment as well as greater freedom to tailor services to need

5.2 Council also noted that a programme of transferring Council community-based assets (including a proposal in respect of transferring Council-owned community assets in Midsomer Norton) would be progressed. A key driver for the Midsomer Norton Asset Transfer scheme was the creation of a new Midsomer Norton Town Council in 2011 and in particular the adoption of a new Community Buildings Strategy by the town council. This contained aspirations for achieving an asset transfer scheme which would create a more sustainable future for three valued local community buildings, namely:

- Midsomer Norton Town Hall- the oldest community building (built in 1860) included in this process and since 1983 leased to the Sarah Ann Trust. The Town Hall has a large upper hall with lift and stair access, two meeting rooms for 30 and several smaller meeting rooms – all with access to kitchen facilities. Located on the High Street this building offers facilities at the heart of the community with access to local parking.
- Orchard Hall- historically managed by the Orchard Recreational Community Association. Although outside of the town centre, the Orchard Hall offers versatile space in the form of a large groundfloor hall with a newly refurbished kitchen and access to parking.
- The Somer Centre, the newest of the community buildings included in this transfer process, leased by Bath & North East Somerset Council to Midsomer Norton Community Association. The Somer Centre has a car park and ease of access to the heart of Midsomer Norton. The Centre has a large rectangular

hall that seats up to 200 people, a small hall that seats up to 70 people and a small meeting room that seats 8 people. There is also a well-equipped kitchen.

- 5.3 The Community Buildings Strategy proposed reducing duplication (e.g. in the governance of the separate Trusts which leased the buildings from Bath & North East Somerset Council), attracting investment and securing benefits from economies of scale and joint working. The long-term aim was the creation of a multi-asset “Midsomer Norton Community Hub”, co-ordinating the community buildings serving the town and improving events & activities for local people and voluntary organisations.
- 5.4 The discussions on asset transfer between the Town Council and Bath & North East Somerset Council have been complex and wide-ranging, involving as they have a number of valued community facilities, historic trusts and other bodies, and also (for the first time in our Asset Transfer Programme) freehold transfer. Throughout, Bath & North East Somerset Council has considered carefully its fiduciary duties alongside the opportunities to secure the potential benefits to the community arising from the opportunity set out in 5.3 above. In discussion other assets have been included in the scheme – i.e., the Silver Street Nature Reserve and land alongside the Town Park, Orchard Hall and the Somer Centre.

PROPOSAL

- 5.5 This report sets out a proposal following the conclusion of these discussions, designed to unlock significant benefits to the local community and enable a sustainable future for these local facilities. In summary the proposals are as follows:
- **Midsomer Norton Town Hall.** It is proposed that the Sarah Ann Trust determine its lease with B&NES Council, and that the asset then be subject to freehold transfer to the Midsomer Norton Town Council for the sum of £1. Remedial repairs, for which there is already a budget provision, will be paid for and delivered/managed by B&NES as agreed with the Town Council and a new passenger lift installed to replace the existing lift. A number of conditions will apply including “overage” provision and the requirement that the Town Hall must continue to be used for community benefit.
 - **The Somer Centre.** It is proposed that this be subject to freehold transfer to Midsomer Norton Town Council for the sum of £1. Current lease arrangements will remain in place for the Somer Centre in respect of Midsomer Norton Community Association as sitting tenants and these arrangements would be inherited by Town Council. Similar provisions to the town hall in respect to overage and the requirement for continued community benefit provision will apply.
 - **Orchard Hall.** It is proposed that Orchard Recreational Community Association determine their lease and a 99 year full repairing lease be granted on the Orchard Hall to the Town Council
 - **Silver Street Nature Reserve.** This will impose a restriction that the land must only be used as a woodland reserve for the benefit of the community. The Council will undertake any necessary works to the trees required under health & safety legislation prior to the asset transfer.

- **Land alongside the Town Park and the Somer Centre.** This will provide a right of access to the Town Park.
- 5.6 The final agreement will also include terms to enable Midsomer Norton to transfer the freehold to the Midsomer Norton Town Trust, and will be subject to the Midsomer Norton Town Trust and Midsomer Norton Community Trust both obtaining charitable status.
- 5.7 The main benefits of this asset transfer will be achieved from leveraging-in the local knowledge, expertise, volunteering time and capacity of local communities. A key and innovative aspect of this proposal - designed to secure significant and sustainable benefits alongside investment into these local facilities - is that Midsomer Norton Town Council will immediately transfer these assets to the Midsomer Norton Town Trust. The Town Trust was created by the Midsomer Norton Town Council in 2013 with a remit to acquire and manage assets which further its objects, subject to a sustainable approach to funding, maintenance, management and repairs. The Town Council is corporate trustee with 4 councillors serving on a Managing Committee. Since its formation, the Trust has acquired St Chad's Well, the Garden of Friendship and the Wellow Brook Walk.
- 5.8 The proposal is that the Town Trust would then grant leases/licences as appropriate to the Midsomer Norton Community Trust to manage and occupy the Town Hall and Orchard Hall. The lease arrangements for the Somer Centre would transfer on an "as is" basis with the Town Trust holding the freehold and the Midsomer Norton Community Association the leaseholder. The Friends of the Nature Reserve would be granted lease/licence subject to a 5 year management plan being in place.
- 5.9 The Midsomer Norton Community Trust was formed in 2013 and currently oversees the day-to-day management of the Town Hall and Orchard Hall. Its mission is
- To constantly strive through the provision of spaces for voluntary groups, events and activities to create a community for the people and by the people of Midsomer Norton which supports each person from the cradle to the grave to live a full and abundant life
- 5.10 The Community Trust's stated aims are to encourage a vibrant local community and provide spaces for the whole community whether to individuals, community groups or businesses. Following the asset transfer, it will work across the transferred facilities to co-ordinate the marketing, bookings and the overall "offer" provided by these complementary facilities, attracting external funds and investing any surpluses to secure the long-term future of the assets. The Community Trust has set out in its five year Business Plan a range of proposals for expanding usage and activities, building on a track record which since 2013 has seen new investment, income and activities in the town, including
- The creation of a Community Cinema at the Town Hall with upgrades to seating and sound systems, as well as linking to "National Theatre Live"

- Supporting almost 100 community events at the Town Hall– including a, National Theatre Live, public debates and consultations, markets and live music concerts
- Hosting 1945 sessions at the Town Hall in the last year achieving over 28,273 attendances
- Organising the first ever “Midsomer Norton Community Soup” - a fund raising event to help deliver local community projects. The event secured sponsorship from local business.
- Attracting two “anchor tenants” at the Town Hall– Midsomer Norton Town Council and Wansdyke Play Association
- Putting in place a much- improved catering offer at the Town Hall, including holding cookery courses.
- Working closely with Age UK to promote older people’s wellbeing, including providing space for courses
- Supporting the return of the Midsomer Norton and District carnival which has brought in footfall to the town centre
- Supporting the Midsomer Norton Pride Event, providing an opportunity for the LGBTQ+ to come together and celebrate diversity
- Attracting volunteer time identified valued at £58,693 (at £10 per hour) in 17/18
- Making innovative use of a membership scheme and social media to raise awareness of local events

5.11 The Town Hall also provides a base for street pastors, a place for Friday prayers for the local Muslim community. Orchard Hall provides a facility for the Community Play Bus each Wednesday. The Community Trust has a full time manager to generate events and activities and there is a single point of contact for booking at the Town Hall and Orchard Hall.

BENEFITS ARISING FROM ASSET TRANSFER

5.12 The asset transfers proposed in this report represent a significant package designed to generate additional local community benefits both in the short and longer term. As can be seen from the above, the Midsomer Norton Community Trust already delivers a wide range of community benefits locally, using the Town Hall and Orchard Hall as “anchors” to promote wider community activity. Community Asset Transfer will further sustain these benefits. However, the Town Council has also worked with the Community Trust and Council officers to identify the additional community benefits from the proposed transfer in order that B&NES Council can comply with the requirements of the General Disposal Consent and ensure that the disposal generates improved social, economic and environmental wellbeing for the local area. The Asset Transfer Benefit Analysis in Appendix 3 sets out in detail the key benefits arising from the transfer and has been carried out separately from any discussions on the final

terms of the transfer. These are summarised, using the headings set out in the General Consent, below:

- **Social Wellbeing** The key aim of the transfer is to create a multi-venue Midsomer Norton “Community Hub” with affordable and accessible spaces for use by the local community and to enable the voluntary sector to engage with residents. In particular, by working together to manage multiple venues, the community can be offered the most appropriate spaces suitable to need. This will also improve community resilience and address loneliness and isolation through more activities such as “gadget busters” and the promotion of “friendship” groups. There is a particular opportunity to promote intergenerational projects such as the “Men in Sheds” group working with youth groups to address anti social behaviour in Gullock Tynning and Orchard Vale, and progress the new “youth hubs”.
- **Economic Wellbeing.** Supporting and developing facilities and events at the heart of the town is designed to attract additional footfall (including contributing to Midsomer Norton’s night time economy, with an average attendance of 80 at a Community cinema film event). Future investment will support regeneration of these valued local buildings and provide the potential to attract further external funding as well as support local businesses and provide training space. This aligns with Bath & North East Somerset Council’s and the town council’s aspiration to expand the leisure offer to create a more vibrant town centre.
- **Environmental Wellbeing** Supporting these in-town local facilities will reduce the need to travel outside of the area. Further investment will seek also to reduce the environmental footprint of community buildings and promote energy efficiency through better insulation and exploring the potential for solar energy generation.

5.13 The RICS Guidance also suggests that wherever possible monetary values should be put to benefits “ which might otherwise only be expressed descriptively”, so that the difference between best consideration and the consideration assessed as payable or offered, is matched by the value of well-being benefits.

5.14 As highlighted in 3.1 above, at least an annualised “benefit” of £43,645 is required for this package of asset transfers using the RICS Guidance approach. These benefits can be “in kind” (i.e., social, economic and environmental benefits) but it is important that the process used for identifying these is robust and justifiable.

5.15 Page 13 of the Asset Transfer Benefit Analysis sets out the stepped process by which monetary values may be ascribed to wider benefits accruing to the public purse and wider wellbeing of the asset transfer. These build on the descriptive benefits set out above and include more measurable outcomes – for example, those which reduce demand on public services. Examples include reducing anti-social behaviour, improvements to mental health and wellbeing, helping people in to work and training.

5.16 The process followed has been to:

STEP ONE: Select the measurable baseline indicators which have the potential to impact on social, economic and environmental outcomes. The indicators used are those which measure actual involvement in, and attendance at, the activities carried out by these community facilities.

STEP TWO: Project potential increases in these measures as a result of the Asset Transfer, based on the improvements to ways of working generated by the Community Trust through the transfer process, such as improved co-ordination and marketing. Through this approach, a total of 11,995 additional visits to events at the Town Hall, Orchard Hall and Somer Centre are estimated to be achieved from 2018/19-22/23– ie a 5% increase per annum or an average of 2391 visits per annum.

STEP THREE: Link the above increased activity measures to outcomes which can have be ascribed a “cash value” due to the benefits they generate.

Health and Wellbeing- holding counselling sessions and promoting good mental health has the potential to avoid entry into the mental health system

Families and young people- engaging with parents at an early stage has the potential to avoid future costs of parenting classes

Advice and Support- positive activities for young people has the potential to avoid incidents of anti social behaviour

Community Groups- helping older people to stay independent for longer has the potential to reduce the cost of care home

Business and regeneration- providing space for local employers to recruit local staff has the potential to help unemployed people into work

STEP FOUR: A final calculation which generates a “cash” figure which shows the theoretical saving to the “public purse” of the benefits generated by the Transfer. These “cashed out” outcomes measures have been derived from the New Economy “Unit Cost Database” which in turn uses information also used by the Treasury. A conservative impact measure of 1% of additional visits leading to an outcome has been used. It should be noted that only visits under the “themes” which have the potential to deliver these outcomes have been included in these calculation.

The Table set out in Page 13 of the Asset Transfer Benefit Analysis, based on the steps set out above, identifies that the Asset Transfer will generate an average of £70,792 in benefits to the public purse per annum for first five years of the to 2022/33 based on an average 2391 average increase in attendances overall but delivering benefits only against the following themes. These savings may or may not be “cashable”, but the process does identify benefits to the public purse and reflects the RICS Guidance that wherever possible monetary values should be put to benefits.

- 5.17 The above figure of £70,792 is indicative of the broad scale of benefits only, and should be read alongside other non-monetised and practical benefits which the transfer aims to achieve. For example, the Community Trust is likely to increase volunteer hours levered-in. Equally as important, this asset transfer provides the opportunity to secure longer-term benefits for the fabric and

sustainability of these community buildings, especially when compared to “do nothing”. For example, it is understood that the Town Hall would require significant investment to realise its full potential as a local community facility. The Town Trust has therefore developed a Town & Market Hall Transformation Project. This would see the building stripped back to its original form, allowing the reinstatement of the ground floor hall and the construction of a modern rear extension which would enable provision of modern meeting room space. This scenario would only likely take place under a Community Asset Transfer and we understand that an initial approach by the Trust has already been made to the Heritage Lottery Fund for funding for such a project. If successful, this could lever-in up to £2.6m of investment into the building which the Council could not provide and to which the asset transfer proposal could count as “match funding.

6 RATIONALE

6.1 This option has been chosen as it enables the Council to secure significant investment into a local asset whilst securing its future to deliver clear and sustainable social, economic and environmental benefits to local communities. It therefore helps to deliver the Council Corporate Strategy aim of supporting community asset transfers “where this can be achieved without excessive cost to the Council and where community benefits clearly arise”.

7 OTHER OPTIONS CONSIDERED

7.1 The Council has historically considered full commercial disposal but the potential for community benefits through community asset transfer having been pursued with the town council, has led to the proposal set out in the report.

8 CONSULTATION

8.1 Cabinet members; Section 151 Finance Officer; Chief Executive; Monitoring Officer

8.2 Extensive discussions have taken place with the town council. The Sarah Ann Trust have agreed in writing to determine their lease as appropriate during the process set out in the report, as have Orchard Recreational Community Association. Both fully supports the Asset Transfer process and has asked that it be expedited

8.3 A meeting has taken place with the Trustees of the Midsomer Norton Community Association (Charity RegistrationNo.1056145), to ensure they are fully aware of the basis of the proposed transfer of this asset to the Town Council which shall include provisions that the lease will continue following the transfer on the existing terms including the current rental subsidy.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

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Background papers	<p>COMMUNITY ASSETS TRANSFER PROGRAMME- February 2013 https://democracy.bathnes.gov.uk/documents/s24273/</p> <p>RICS Guidance Disposal of Land at less than best Consideration</p> <p>https://democracy.bathnes.gov.uk/documents/s34180/Appx%20%20RICS%20Local%20Authority%20Asset%20Management%20Best%20Practice%2007%20Disposal%20of%20Land%20at%20less%20than%20Bes.pdf</p>
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Articles of Association Objects of the Midsomer Norton Community Trust

The Midsomer Norton Community Trust's Articles of Association state that the Objects are as follows:

3.1.1 The Provision, for benefit of the inhabitants of Midsomer Norton in Somerset and the surrounding area, of facilities in the interests of social welfare for recreation and other leisure time occupation for individuals who have need of such facilities by reason of their youth, age infirmity or disability, financial hardship or social circumstances with the objective of improving their conditions of life.

3.1.2 The advancement of good citizenship and community development of the inhabitants of Midsomer Norton in Somerset and the surrounding area in such manner as the Trustees may in their absolute discretion think fit.

3.1.3 The advancement, for the benefit of Midsomer Norton in Somerset and the surrounding area, of such other objects or purposes which are exclusively charitable according to the law of England and Wales in such manner as the Trustees in their absolute discretion may think fit.