

**PROCESS FOR DECLARING ASSETS SURPLUS TO REQUIREMENTS**

**To:** Commercial and Investment Committee

**Meeting Date:** 15<sup>th</sup> December 2017

**From:** Deputy Chief Executive and Chief Finance Officer

**Electoral division(s):** All

**Forward Plan ref:** N/A                      **Key decision:** No

**Purpose:** To review the governance process around the decision taken at the last meeting to dispose of St Luke's Barn and to assess the effectiveness of the current processes when considering assets deemed surplus to requirements.

**Recommendation:** It is recommended that the Committee:-

- 1) Comment on the contents of this report;
- 2) Request officers to undertake a review of the current process for 'declaring assets surplus to requirements' and to propose a revised scheme for the Committee's approval by the end of the current financial year.

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## 1. BACKGROUND

- 1.1 General Purposes Committee of 21<sup>st</sup> March 2017 received a proposal for the investment of Council capital resources and a loan to support the development of the CREATE facility in Arbury. Members will be able to access the report which is available on the Council's website.
- 1.2 The minutes included the following extract:  
*"In considering the report, some Members commented as follows:*
  - *queried whether the site which was a Council asset had been considered by Assets and Investments Committee. The Head of Cambridgeshire Music reported that it had not. The Chairman commented that there had therefore been a breakdown in the process. He stressed the need to ensure that all assets were considered by this Committee first before being identified for other uses. One Member commented that he felt he did not have sufficient information to take a decision and that it should be considered by Assets and Investments Committee."*
- 1.3 As a consequence the Committee approved the proposal with one of the following amendments:  
*h) Agree subject to approval of release of site by Assets and Investments Committee.*
- 1.4 Commercial and Investments Committee of 28<sup>th</sup> July 2017 received a report on the subject which included the following statement:-  
*The site behind the St Luke's Primary School on French's Road is managed by Cambridgeshire Music, using spaces for community activities, arts provision and therapy. The building is in poor repair. The site is not declared as "surplus to requirements".*
- 1.5 The Committee unanimously resolved the following:
  - a) agree the continuation to the next phase of development, funded by the Arts Council of England's Stage 1 grant to secure remaining funding, carry out design and pre-planning application discussions to establish deliverability and further community and stakeholder engagement;*
  - b) as a priority, explore with other parties the options for a joint venture to develop a community arts facility as part of a mixed use development on site;*
  - c) agree that the Shire Hall Working Group plus the Local Member be involved in the project sponsor role, as requested by General Purposes Committee in March 2017;*
  - d) request that a further update on the project's progress be presented to the Commercial & Investment Committee in September 2017.*
- 1.6 A further report was presented to the Commercial and Investments Committee in October and this highlighted the work that had taken place since the July meeting. This highlighted that exploratory discussions had taken place with the owner of the adjacent site. The report provided feedback from those negotiations and given the requirements of the Council had resulted in the owner indicating that it would be difficult to create a financially viable joint development. The site owner did make a cash offer for the

Council's interest in the site but the value suggested did not meet the Council's view of the value.

- 1.7 The Committee resolved, by a majority, to:  
*a) Designate the site as "surplus to requirements" and pursue a negotiated cash purchase of the site;*

## **2. MAIN ISSUES**

- 2.1 Subsequent to the decision of the Commercial and Investment Committee to declare the land surplus to requirements there was some discussion on whether the Committee had the constitutional responsibility to make that decision. The Monitoring Officer has confirmed that the decision is within the roles and responsibilities of this Committee.
- 2.2 St Luke's Barn is an asset that is owned by the County Council and was operated and maintained by Cambridge City Council. The City Council, in light of the need for further capital investment, decided that it no longer wished to manage the facility and for a period the primary school directly managed bookings and day to day maintenance of the facility. This appears to have been on an informal basis. In March of this year the school relinquished the management of the facility and it came back in to the direct management of the Council.
- 2.3 The Music Service have stated that they were asked to look at the site and its usage but it is not clear by whom and what governance process originally supported this request. The Operational Asset Board assigned the management of the site to the Music Service who took over the direct management of bookings, income and running costs of the facility. It is however clear that at the time of writing this report no income has been collected from users of the facility in the current year.
- 2.4 On reviewing the patronage in the current year the booking sheets identify that there have been 42 different external users of the facility in the first six months of 2017/18. 16 of these were badminton clubs and other users included community and faith groups. There was no evidence to suggest any existing users supported the delivery of arts or music services to the local community.
- 2.5 Although for planning purposes the sports and community group "loss" would have been substituted by the dance aspect of the CREATE proposal and would have been perfectly acceptable it does raise a more fundamental question over the internal governance over a significant 'change of use'.
- 2.6 Although this information would have been available to the various Boards/Committee meetings that have considered the proposal it certainly raises an important issue of why a significant change in use by a service is deemed any less important than declaring an asset surplus to requirements. A material change of use decision should have the same rigor as an acquisition or disposal decision as the Council is adopting a different approach for the use of public owned asset.

### **3. DECLARING ASSETS SURPLUS TO REQUIREMENTS**

- 3.1 An informal process appears to have been established by officers many years ago. The process is not published on the Council's intranet and it was not possible to identify any Member consideration/approval of this approach. The approach places 'control' of assets in the hands of the current users of those assets. This is not a strategic approach and takes no account of what is in the best interest of the Council at large. It is very much a model that is driven by the 'tenant' rather than the corporate landlord. Whilst any process needs to protect the needs of all stakeholders, effective asset utilisation is the responsibility of this Committee and not individual services.
- 3.2 The CREATE project illustrates some of the issues with the existing process. Without getting in to the merits of the actual project, the Council assumed responsibility for an asset without any Member engagement on the potential use of that asset. Management of the asset was 'given' to a service that had identified a potential use without a robust assessment of any alternative options even though the CREATE proposal required a significant change in use of the asset. The change of use wasn't challenged within the officer governance process and there was no engagement with Members on this matter. Whilst developing a facility to deliver music activities may be important the loss of sporting facilities in the area should equally have been considered as part of this process.
- 3.3 There is therefore a need to review existing arrangements in order to ensure that a more balanced approach is adopted to asset utilisation. This balance must ensure that it recognises the need to deliver services to the communities that we serve but also ensures that the corporate drive for effective use of assets is maintained. The process should also ensure Member engagement at an early stage to ensure that any proposals are developed with Member input.

### **4.0 ALIGNMENT WITH CORPORATE PRIORITIES**

#### **4.1 Developing the local economy for the benefit of all**

A more thorough process could result in a better balance of facilities within the community.

#### **4.2 Helping people live healthy and independent lives**

As above.

#### **4.3 Supporting and protecting vulnerable people**

As above.

### **5. SIGNIFICANT IMPLICATIONS**

#### **5.1 Resource Implications**

A more thorough process would result in a more efficient use of resources and potential savings.

#### **5.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications in this area.

### 5.3 Statutory, Legal and Risk Implications

Any new process would incorporate appropriate checks to cover statutory obligations and legal/risk issues.

### 5.4 Equality and Diversity Implications

There are no significant implications in this area.

### 5.5 Engagement and Communications Implications

Officers would seek to improve engagement and communications with stakeholders in the new process.

### 5.6 Localism and Local Member Involvement

Officers would seek to improve Member involvement in the new process.

### 5.7 Public Health Implications

There are no significant implications in this area.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	There are no significant implications in this area.
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	No
Have the equality and diversity implications been cleared by your Service Contact?	Yes Chris Malyon
Have any engagement and communication implications been cleared by Communications?	No
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Chris Malyon
Have any Public Health implications been cleared by Public Health	There are no significant implications in this area.

## 6. SOURCE DOCUMENTS

Source Documents	Location
None other than that included as Appendix.	

## APPENDIX

### PROPERTY AND SPACE DECLARED SURPLUS

#### For sites and space declared surplus to Operational Asset Board (OAB)

<b>PROPERTY NAME</b>	<b>PROPERTY ADDRESS</b> and postcode	<b>USRN</b> (Unique property reference number for site)
<b>TITLE / TENURE</b> Freehold/leasehold	<b>Where leasehold</b> –lease terms/lease breaks etc.	
<b>APPROX AGE</b>		
<b>CURRENT USE / TENANTS</b>		
<b>CONDITION</b> - NB: where there is a recent condition survey please attach, otherwise please identify overall condition as: A – Excellent, B – Good, C – Satisfactory, D - Poor		
<b>SPACE AVAILABLE</b> (Please include information on the area/s becoming available for use by others).		
<b>AVAILABILITY DATE</b> When will the site/space be available for use by others?		
<b>OTHER COMMENTS</b> (including planning, notices served)		
<b>PHOTO</b> of site/space where available		
<b>PLAN / MAP</b> of site location		
<b>CONTACT (Service)</b>		
<b>Date notified to OAB</b>		
<b>CONTACT (Strategic Assets)</b>		