

**Community Management of Assets: Foundry Street Youth & Community Centre  
Sowerby Bridge**

**Report of Director for Regeneration and Strategy**

**1. Purpose of Report**

- 1.1 At their meeting on 17<sup>th</sup> January 2022, Cabinet approved to offer Foundry Street Youth and Community Centre as a Community Asset Transfer (CAT).
- 1.2 An expression of interest (EoI) has been received from a community group (the group) and this report provides details of that proposal.

**2. Need for a decision**

- 2.1 Cabinet is asked to consider the options and recommendation and determine whether the group's proposal should now progress to development of full business case. The proposal from the group requires Cabinet approval, as stipulated by the policy and procedure.
- 2.2 Calderdale Council is under a legal obligation contained within S123 of the Local Government Act 1972 to obtain best consideration when disposing of land and property assets. Furthermore, the Council's Corporate Property Policy and Strategy requires that land and property assets should normally be sold or leased at full market value.
- 2.3 Cabinet must approve exercising the provisions contained within the General Consents Disposal Order 2003, in order to facilitate transfer of the land at less than best consideration.

**3. Recommendation**

- 3.1 Cabinet resolves that officers work with the group to progress their Expression of Interest to Full Business Case within 6 months.
- 3.2 Cabinet delegate authority to the Director of Regeneration and Strategy in consultation with the Cabinet Member for Resources and the Head of Legal and Democratic Services, to determine whether the Full Business Case represents a sound proposal on which the Council can complete a Community Asset Transfer.



#### **4. Background and/or details**

- 4.1 Foundry Street Youth and Community Centre was closed in March 2020 when Youth Services withdrew from the building. The building was then deemed surplus to requirements.
- 4.2 During the disposals process, an objection to the proposed disposal was raised by a ward councillor, requiring the need for a Cabinet decision.
- 4.3 On 17<sup>th</sup> January Cabinet decided that the building should initially be offered as a Community Asset Transfer and the interested group be given the opportunity to submit an Expression of Interest within designated timescales.
- 4.4 Council approved the current Community Asset Transfer policy on 14 May 2014. The current procedure sets out a method of evaluating bids from community groups who wish to acquire assets (buildings or land) belonging to the Council. The procedure provides a framework for determining the suitability of the asset, the robustness of the proposal to acquire the asset and, ultimately, the likelihood of success of any subsequent transfer.
- 4.5 The amended and shortened process that was adopted for various Community Asset Transfers offered in 2020 / 21, including Libraries, was also adopted in this case. This is a two stage process with an enhanced Eol stage, with more information provided to groups, to allow a more detailed EOI to be submitted on the proposed community use of the building and how any proposal would be financed.
- 4.6 Details of the building were made available in February 2022 with a deadline for submission by end of May 2022.
- 4.7 An EOI was received within the timescale and assessed by officers.
- 4.8 The Eol received has been well prepared, presented and is very thorough for a submission at this stage of the process. The group has evidenced that they have worked and liaised with other organisations who are in the process of completing or have completed a CAT. The learning from this appears to have been incorporated into their submission.
- 4.9 To inform their Eol, the group has engaged with and received reports from relevant professionals in respect of the condition and repair of the building and fire safety.
- 4.10 Members of the group appear to have a range of backgrounds and experience that is required when taking on a CAT and have a number of individuals who are acting as a committee.
- 4.11 The group's Eol is based upon their aim to reopen the building as a community centre for use by local groups and organisations.
- 4.12 The group's proposal meets the Council Priorities of Strong and Resilient Towns and Reducing Inequalities.



- 4.13 As summary of the proposal, and officer assessment and recommendation is attached at Appendix 1.
- 4.14 Officers consider that this Eol offers a sound proposal for community transfer and that the group should be invited to proceed to the next stage, development of a Full Business Case.
- 4.15 There are inherent risks with all Community Asset Transfers as they rely on funding and a vision which cannot be fully tested until the transfer occurs. Despite these risks officers' evaluation of the proposal indicate that it could be a good fit against the policy.

## **5. Options considered**

- 5.1 Foundry Street Youth and Community Centre has been determined as no longer viable to deliver council services from.
- 5.1.1 Option 1 – reject the group's Eol and proceed to disposal of the property on the open market. This is not recommended as officers' have assessed the Eol to be suitable to proceed to the next stage.
- 5.1.2 Option 2 (recommended option) – work with the group to develop a full business case within 6 months. Subject to receiving a sound business case the Council will aim provide a long term lease (125 years) with a Joint Working Agreement, subject to a meeting specific conditions.
- 5.2 This option is recommended as it provides the Council the opportunity to move forward with transferring the Asset and release the liability from the Council whilst providing the group and the Council an opportunity to provide added social and community benefit to the area.
- 5.3 Should option 2 be approved by Cabinet, the group will be informed of the additional information and documentation that needs to be provided for the full business case.
- 5.4 Should any full business case be approved by officers and agreed under delegation as per the recommendation at point 3 in this report, it is recommended that the asset be transferred via a 125 year lease subject to the agreement of detailed lease terms and Joint Working Arrangement.

## **6. Financial implications**

- 6.1 The main financial implication for the Council is the loss of a potential capital receipt either now or sometime in the future, which is estimated to be in the region of £150k. The Council's overall Capital Programme Monitor 2022/23 to 2024/25 reported to Cabinet on 8<sup>th</sup> August 2022 did not allow for a capital receipt in relation to the building and therefore any proceeds from a sale would improve the Council's capital financing position.
- 6.2 A community Asset Transfer of this property would provide a revenue saving of £8k per annum in respect of building running costs.



- 6.3 The proposal includes significant capital funding requirements to upgrade the building, to support increased community use. In their Full Business case they will be required to identify how those capital works will be funded.
- 6.4 The group have identified revenue funding requirements for the building and how they propose to meet those. Assessment of the group's EOI includes financial viability.

## **7. Legal Implications**

- 7.1 In accordance with Section 2 of the Local Government Act 2000 the Council has the power (subject to certain exceptions) to do anything which it considers is likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area. Local authorities are required to obtain best consideration (section 123 of the Local Government Act 1972) in such situations. However, there may be situations where a local authority considers it desirable to dispose of land for less than best consideration, for example, to secure the promotion or improvement of the economic, social or environmental well-being of the local authority's area.
- 7.2 Prior to any transfer, Legal Services will need to consider and assess whether the proposal(s) set out in the Full Business Case amount a 'subsidy' under the UK's subsidy control regime (which replaces the 'state aid' rules) and any applicable requirements pursuant to the Subsidy Control Act 2022 and will provide further advice to ensure the arrangement is structured in a manner which is subsidy control compliant.
- 7.3 Delegated powers have been requested in line with previous asset transfer arrangements to progress in consultation with the Head of Legal and Democratic Services.
- 7.4 The Registered Title
  - 7.4.1 The Council is the registered proprietor of the freehold land at Foundry Street Youth & Community Centre and it is registered under WYK834567 with title absolute.
  - 7.4.2 The land in this title was acquired by the Council under the Local Government Act 1972.
  - 7.4.3 Legal Services have provided a detailed title report dated 4<sup>th</sup> February 2022 in relation to the site which should be referred to when disposing the property.
- 7.5 Legal Procedure to dispose the land
  - 7.5.1 The Council has powers under Section 123 and 127 of the Local Government Act 1972 to dispose of land in any manner they wish, including sale of their freehold interest, granting lease or assigning any unexpired term on a lease and granting easements. The only restriction is that a disposal must be for the best consideration reasonably obtained otherwise consent is required from the Secretary of State.



- 7.5.2 In ascertaining 'best consideration' the Council is recommended to obtain a realistic open market valuation so that it can determine whether the proposed price is the best consideration which can be reasonably obtained for the land. This has been considered in clause 6.1 above.
- 7.5.3 On 4 August 2003, the Government launched the General Disposal Consent 2003 ("the Consent Order"). This allows the Council to dispose land in certain circumstances for less than its market value without having to obtain consent from the Secretary of State for any disposal of land where the difference between the unrestricted value of the interest to be disposed and the consideration accepted is £2m or less. This is known as "an undervalue".
- 7.5.4 In order for the Consent Order to apply the disposal would need to promote or improve the economic, social or environmental wellbeing of the area. In all cases disposal at less than best consideration is subject to the condition that the Undervalue does not exceed £2m.
- 7.5.5 In view of the benefits described under section 4 and 5 of this Report, the Head of Legal & Democratic Services has confirmed that the criteria in point 7.3.3 and 7.3.4 above are satisfied.

- 7.6 A 125 year lease has been requested as the majority of funders require a minimum security of tenure in order to release resources and also because this is the period for which previous asset transfers of this nature have been granted.

## **8. Human Resources and Organisation Development Implications**

- 8.1 There are no staffing implications in this report.

## **9. Consultation**

- 9.1 The group has consulted with their own membership and with the wider community which has been demonstrated in their Expression of Interest. This has shown good support within the community for their proposals

## **10. Environment, Health and Economic Implications**

- 10.1 A community asset transfer of this asset to the community could provide a sustainable future for the building, as well as provide opportunities for the local community.

## **11. Equality and Diversity**

- 11.1 There are no direct equality implications of the transfer but the Joint Working Agreement will reflect the need for the project to reach out to and accommodate the needs of the community.

## **12. Summary and Recommendations**

- 12.1 As with any 'business case' approach, a decision needs to be made as to whether the likely benefits are likely to justify or outweigh the costs.



12.2 The EoI recommended for approval fits well with the Council's agreed Framework for Community Management of Assets. It meets two of the Council's priorities, will intensify the use of the building and have involvement of the local community.

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**For further information on this report, contact:**

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**The documents used in the preparation of this report are:**

1. Community Management of Assets Policy and Procedure
2. Community group's expression of interest.

**The documents are available for inspection by contacting the above named person.**



# APPENDIX 1

## Assessment Summary Foundry Street Sowerby Bridge Foundry Street Community Centre Community Asset Transfer Management Group

Summary		Comments
<b>A – The community group</b>	<b>GREEN</b>	<ul style="list-style-type: none"> <li>The Foundry Street Community Centre group has not yet formally constituted but has clear plans to do so and establish as new charity focussed on making the building and services run from there sustainable and accessible to the local community.</li> <li>The business case is extremely thorough, and the current group clearly have brought together strong skills and experience to develop this organisation. It is far more progressed than others at this stage which gives confidence.</li> </ul>
<b>B – Impact on Community and Council objectives</b>	<b>GREEN</b>	<ul style="list-style-type: none"> <li>The mission is to place the Foundry Street Community Centre at the heart of Sowerby Bridge and the surrounding areas to provide a secure, sustainable, accessible and culturally diverse space to promote its charitable objects and facilitate a wide range of inclusive activities which are valued and supported by the people of the area and which enhance their quality of life.</li> <li>Their Vision is to support and positively influence a vibrant and inclusive community by the provision of the Foundry Street Community Centre as a safe and welcoming space where everyone can invest in opportunities that benefit and enrich their lives and that supports people to engage, connect and grow in the interests of social welfare.</li> <li>This will bring positive benefits to Sowerby Bridge.</li> <li>We need to ensure there is a good partnership with Sowerby Bridge Fire and Water and the activities of both groups are complementary.</li> </ul>
<b>C – The asset</b>	<b>GREEN</b>	<ul style="list-style-type: none"> <li>The building has lower ground, ground and first floors.</li> <li>The group have liaised with other organisations, some who have been through the CAT process, to obtain advice and information.</li> <li>The group have carried out a structural survey which found that the property is in a good state of structural repair and have produced their own condition survey and 5 year capital plan.</li> <li>Funding for the required works would be funded via grants.</li> </ul>
<b>D – Risk</b>	<b>AMBER</b>	<ul style="list-style-type: none"> <li>Whilst the Risk register covers most areas, many are considered to be scored too low. A revised mitigated score also needs to be provided.</li> <li>Income generation is one of the biggest risks of any community asset Transfer. Whilst the group</li> </ul>



		have outlined potential users, it is stated as a low risk and at this early stage should be higher.
<b>E – Financial Impact</b>	<b>GREEN</b>	<ul style="list-style-type: none"> <li>• Although it is unclear what the group's current financial position is (e.g. whether they have a bank account with seed funding), as part of their EOI, the group has provided an Outline Business Case for the proposed asset transfer which is more detailed and advanced than would be normally expected at this stage.</li> <li>• The Council disposes of surplus assets on a regular basis to generate receipts to re-invest in priorities in its capital investment plans. The expected outputs and outcomes from the community use of the building will need to be weighed against the potential proceeds of an open market sale and the alternative use that these can be put to. The asset in question is substantial and has an estimated valuation in the region of £150k. There is no reason though at this stage to believe that the capital receipt foregone will be outweighed by the community benefits of the proposed transfer.</li> <li>• The group has already approached funders and produced a financial plan covering, in detail, income generation, cost estimates and tax management in support their application. This shows a transfer that produces a surplus over a 5 year period.</li> <li>• If successful at the EOI stage the group's due diligence will be further assessed when they submit a full business plan.</li> </ul>
<b>Officer recommendation</b>		
<b>Officers recommend that the group be asked to work towards a Full Business Case for the Asset Transfer of the building.</b>		