

Date: Wednesday, 17 October 2018

Time: 11.00 am

Venue: Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

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CABINET

TO FOLLOW REPORT (S)

9 Community Asset Transfer: Oswestry Station Building (Pages 1 - 8)

Lead Member – Councillor S Charmley – Deputy Leader and Portfolio Holder for Corporate and Commercial Support

Report of the Director of Place

Contact: Mark Barrow Tel: 01743 258919

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Committee and Date

Cabinet

17 October 2018

COMMUNITY ASSET TRANSFER: OSWESTRY STATION BUILDING

Responsible Officer: Tim Smith, Head of Business Enterprise & Commercial Services

Email: tim.smith@shropshire.gov.uk

Tel: 01743 258676

1.0 Summary

- 1.1 As part of the Council's core objective to strengthen our local towns and villages, the Strategic Asset Management team are working with town and parish councils, as well as the voluntary sector, to enable the transfer of suitable land and buildings to community groups and organisations. The Community Asset Transfer (CAT) policy provides a framework and guidance to assess which transfers are viable and implement their transfer.
- 1.2 The policy contributes to the Council's objectives as set out in the Asset Management Strategy Section 5: Commission and work in partnership to empower communities. The policy is to release where appropriate non-core assets, through freehold transfer or leasehold transfer, to communities reducing revenue or maintenance burdens.
- 1.3 A report summarising the assessment of an application made by Oswestry Station Building Trust (OSBT) in respect of the Oswestry Station Building has been considered by the Director of Place and Enterprise and the recommendation is to transfer the Oswestry Station Building by way of an appropriate disposal which, in accordance with the CAT policy, is subject to Cabinet approval.

2.0 Recommendations

- 2.1 That, in principle, the disposal of the Oswestry Station Building as a Community Asset Transfer is agreed, with delegated authority to the Strategic Asset Manager to agree the method and terms of disposal to ensure compliance with State Aid Rules and the Council's legislative obligations.
- 2.2 To delegate authority to the Head of Finance, Governance and Assurance (Section 151 Officer) to agree a one-off grant funding award of up to £30,000 to the Trust.

REPORT

3.0 Risk Assessment and Opportunities Appraisal

- 3.1 The Organisation is already operating in the building under a lease, has public support and has demonstrated ongoing demand for local community services such as hosting charitable organisations and local groups.
- 3.2 The transfer will reduce the maintenance burden for Shropshire Council, which currently has a duty to ensure that the building is weatherproof through its obligations in the lease.
- 3.3 The Organisation relies on a small number of individuals to manage the asset; they will need to take steps to increase their resilience, through improved governance and organisational structure, to ensure the future success of the building's operation.
- 3.4 The Organisation has required assistance from Shropshire Council to meet the terms of its current lease in respect of maintaining the internal of the building. It will need to take steps to ensure that it can financially plan and address future (increased) repair and maintenance liabilities to ensure that the building remains viable and of community benefit.
- 3.5 OSBT may be able to access funds to assist in the repair of the building that would only be available if they had security of tenure through either a long lease or a freehold ownership.
- 3.6 Should the disposal progress as a freehold transaction this will result in Shropshire Council losing any control of the asset, which may influence any future corporate property strategy decisions/opportunities as well as limiting opportunity to ensure continued community use. This risk will be considered by officers further to the recommendations set out in section 2.0.

4.0 Equalities and Diversity Issues

- 4.1 Keeping the building in operation and making it available for local groups will mean its accessibility is secured in the future for the community.
- 4.2 Membership of the Organisation (Trust) is open to anyone who is interested in furthering the purposes of the organisation. Therefore, the trust is fully inclusive and open to the community to contribute to its future success.

5.0 Financial Implications

- 5.1 The OSBT currently occupies the building on an internal repairing lease for an unexpired term of 13 years, which also includes responsibility for all equipment, apparatus, installations, plant and machinery such as the lift and heating system. It has not carried out all necessary repairs to essential items, as per their obligations

under the terms of the lease. The Organisation has requested that Shropshire Council assists financially with a grant of £30,000. This cost would need to be funded from budgets from within the Place directorate. A funding agreement would need to be drawn up and the Responsible Officer (as set out in 2.2) would need to set out the terms and conditions to be applied to any grant. This would need to be cognisant of any maintenance already carried out.

- 5.2 Under the lease agreement, Shropshire Council has certain landlord responsibilities, including the responsibility for the roof structure. The building surveyor responsible for the building, advises that it is currently considered weather tight and in satisfactory condition. Shropshire Council has carried out more than £1,700 worth of repairs to the drains, boiler, windows etc. and £5,390 of repairs to the roof of the building in the last 18 months. These have been funded from the Council's repairs and maintenance budget in accordance with its obligations.

6.0 Background

- 6.1 The headquarters of the Cambrian Railways was at Oswestry Railway Station. The building under consideration is of traditional construction and remains in operation for other uses although now detached from modern network main railway lines. It was in use for commercial purposes until 2004. After restoration in 2005, this building was reopened as the Cambrian Visitor Centre in June 2006. The Cambrian Heritage Railway Trust operate a private railway on the adjacent track.
- 6.2 The site was owned by Oswestry Borough Council and was vested in Shropshire Council when it became a unitary authority in 2009.
- 6.3 The Organisation has been occupying the site since 2006, under an internal repairing lease with an unexpired term of 13 years. Since occupation they have managed the sub-letting of the property to various tenants, both charitable and commercial. This needs to be considered in the context of State Aid whilst agreeing the terms of the transfer.
- 6.4 There has been some dispute between the Council and the Organisation as to the responsibility for maintenance issues within the building, which date back to Oswestry Borough Council's ownership and centre around issues which the Organisation state are inherent defects from when it commenced occupation.
- 6.5 The panel of officers that considered the application in accordance with the Council's policy, recommended a 125 lease so that the asset will be passed back to the Council, for the future benefit of the people of Shropshire, should the Organisation cease to be sustainable. The Director of Place and Enterprise reviewed the panel's recommendation and considered that a freehold transfer would be more appropriate because:
- 6.5.1 The Organisation would find it easier to attract funds from external sources
- 6.5.2 It would be unlikely for the Organisation to attract funding for substantial structural repairs, which ought to be down to Landlord's obligation.

- 6.5.3 The Organisation's trustee obligations would make it difficult to accept the building on a lease, without substantial structural matters being attended to by SC beforehand.
- 6.5.4 Shropshire Council are currently not in a position to be able to meet the cost of the current defects being identified by the Trust.
- 6.6 The Director of Place and Enterprise directed for a recommendation to be made to Cabinet on this basis cognisant of ensuring compliance with state aid and appropriate legislation.

7.0 Additional Information

- 7.1 Officers will consider the implications of a transfer or disposal to ensure compliance with state aid rules. In progressing and settling the terms of the transfer, appropriate restrictions and covenants will also be considered by officers in accordance with the above. The potential state aid position will only be crystallised through discussions with the trust and confirmation of the method of transfer with delegation to the appropriate officer to ensure State Aid compliance as set out in recommendation 2.1. Should a freehold transfer not fully satisfy State Aid regulations then the option of a lease will be revisited.
- 7.2 The disposal by way of a disposal or transfer is covered by Circular 6/03 under the Local Government Act 1972 General Disposal Consent 2003. This consent allows for the disposal of a property/site at less than best consideration where the disposal contributes to the promotion or improvement of one or more of economic, social and environmental wellbeing in the Council's area and where the difference in value is less than £2 million. The Oswestry Station Building is classified as a community asset and therefore is valued at £nil on its existing use (financial asset valuation.) This highlights the importance of the transfer as a community building and the need to ensure its use is protected through any potential transaction. Further to the detail set out in 7.1, should a freehold transfer not adequately protect this use moving forward, the option of a lease will be revisited.
- 7.3 The Organisation is a registered charity. A management committee is in place and holds regular, minuted meetings. The Organisation has an accounting and financial control policy. Independently audited accounts are available.
- 7.4 The Organisation's activities contribute to meeting the following Council's priorities:
- Resilient Communities: The range of opportunities for leisure, culture and community participation has increased, with low or no funding.
 - Operation of the Council: Corporate support and reduce overheads.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Shropshire Council Community Asset Transfer Policy

CAT panel report

Cabinet Member (Portfolio Holder)

Cllr Steve Charmley – Portfolio Holder for Corporate Support

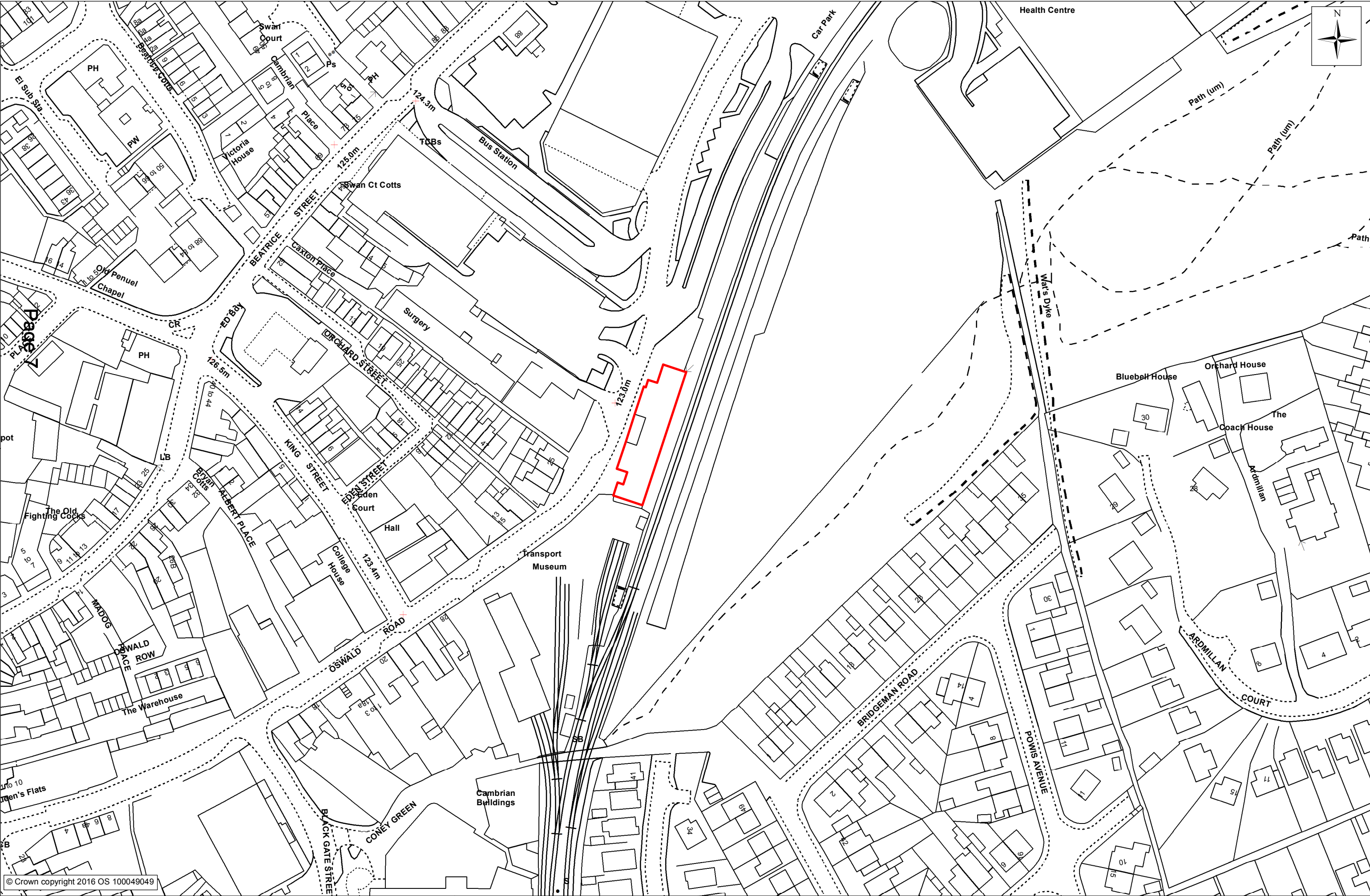
Local Member

Cllr Paul Milner

Appendices

Appendix A – Indicative location plan of site

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