

Rural Affairs, Climate Change and Environment Committee

Community Empowerment Bill - Disposal of Local Authority Assets

Response from The Highland Council – January 2015

Further to the request of the 16 December from the Convener of the Rural Affairs, Climate Change and Environment Committee, please see below the response from The Highland Council.

Question1: Does your authority have arrangements in place to hold some or all local authority assets in a separate land holding?

Highland Council does hold records relating to its land and property assets within its fixed asset register and its property database.

Question 2: When disposing of, or transferring assets how are those assets valued. To what degree is this purely a financial valuation?

The Council's surplus operational land and property assets are valued at open market value based upon Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards (Red Book) – this is essentially a financial valuation. It is a measure of what the market could be expected to realise in value. Within this context it is not possible to put a 'value' on ownership by the community and what that might mean in society or common good terms.

This Council would welcome clear and supplemental advice/guidance to be issued by the Scottish Government in support of Part 5 of the Community Empowerment (Scotland) Bill regarding the valuing of: *Economic Development; Regeneration; Public Health; Social Wellbeing, and/or Environmental Wellbeing*, in assessing any below open market value ATR.

The following responses, relating to this, were included within the evidence submitted to the Local Government and Regeneration Committee as part of their consideration of the Community Empowerment Bill.

Section 52 (4) (d) – Asset transfer requests

In considering any ATR, the relevant authority must take into account whether the transfer will promote or improve: (as section 55(3)(c))

- (i) Economic development*
- (ii) Regeneration*
- (iii) Public Health*
- (iv) Social Wellbeing, or*
- (v) Environmental wellbeing*

It is therefore recommended that this requirement should also be applied at 52 (4) (d) and that any community transfer body should specify and evidence within its ATR how its proposal will promote or improve and deliver the five requirements outlined above. The ATR should evidence how the proposal and each of the above criteria will promote, improve and deliver the benefits to the community, and how these link in with the Aims and Objectives of the Relevant Authority. Ideally such evidence should be SMARTA (ie. Specific; Measurable; Attainable; Results-Orientated; Timebound; Agreed).

Section 55 (3) (c) – Asset transfer requests - decisions

As outlined at (s52(4)(d)), the Community Transfer Body Request should specify in its request how its proposal will promote or improve and deliver :-

- (i) Economic development*
- (ii) Regeneration*
- (iii) Public Health*
- (iv) Social Wellbeing, or*
- (v) Environmental wellbeing*

The ATR should evidence how the proposal and each of the above criteria will promote, improve and deliver the benefits, and how these link in with the Aims and Objectives of the Relevant Authority. Such evidence should be SMARTA (ie. Specific; Measurable; Attainable; Results-Orientated; Timebound; Agreed). This will assist the relevant authority to appropriately and fairly assess any ATR.

Question 3: What is the attitude of the authority to the disposal of assets? Does your authority have a policy to encourage the disposal of assets to community groups?

The Highland Council area leads in terms of community owned assets, with 22.4% of the Scottish total. The Council has transferred over 20 assets to communities. HIE provides considerable support to community groups pre, during and post asset transfer.

The Council has had a policy in place to deal with Community Asset Transfer Requests at below market value since June 2012. Included within this policy is:

- Communities expressing interest in the transfer (through ownership/lease) of Council owned vacant and surplus land and property are invited to prepare a business case to support their proposals, and to demonstrate that their proposals are viable and sustainable as well as how their proposals support the Council's Aims and Objectives.

- Communities interested are supported in developing and bringing forward their business case by the outgoing occupying Service (if that Service has an interest in supporting a particular community proposal) or, if not, by the relevant Ward Manager.

The Council has also recently created a post of Community and Democratic Engagement Manager to support and further develop the Council's policy in this area in light of the Community Empowerment Bill. In addition the Highland Community Planning Partnership Board agreed in November 2014 that it would work in partnership by sharing staff time and resources to support the ambitions of the Bill including the sections relating to asset transfers.

It is important to note that at times, the need to realise a capital receipt can be a conflict to asset transfer but in general this is not the case where there is a real demonstrable opportunity for community groups. However, the Council's evidence to the Local Government and Regeneration Committee did note that the ATR process as outlined in the Bill in essence removes the discretion of the (local) Authority to seek a Best Value outcome to a property disposal, and thereby potentially foregoing a capital receipt that could be reinvested/recycled through its capital programme to deliver improved public services. It has been requested that clarity is provide on whether other aspects of legislation require to be repealed to reflect this.

Question 4: What is your experience of disposal and what difficulties has the authority encountered?

Experience to date shows that sometimes when a group approaches the Council for a property they may have interest but not capacity to take it on and this can delay the asset transfer process. This highlights the need for communities to be supported better through the process and good practice identifies the need for support pre, during and post transfer. For some communities, leasing may be a route to ownership in the longer term. The new partnership action agreed in the CPP will enable more groups to be supported through the process.

There are recent examples of community groups/bodies taking, not untypically, 12-24 months from their 'initial expression of interest', to getting constituted, developing their business case (their 'request) for a land/property asset transfer proposal. The Bill, whilst ensuring the rights of communities are not restricted, needs to foster this 'developmental' process.

Local Example - Village Hall Transfer

The transfer of 10 Council-owned halls to community groups resulted from a Council decision to equalise its support for village halls. This was partly driven by:-

- The belief that communities could become more engaged and empowered through the ownership and management of assets
- A desire to address significant historic anomalies in support
- The need to ensure that the Council had a consistent policy and approach to halls
- A requirement to make budget savings

From the outset the Council recognised that because each community was different, had different capacities and were starting from different development points the timescales to achieve the transfers would also be different for each hall. Accordingly, although most halls had transferred within eighteen months to two years, the final hall did not transfer until some three years after the process started. Flexibility in the process was critical.
