



REPORT TO: POLICY & RESOURCES COMMITTEE ON 12 FEBRUARY 2019

SUBJECT: COMMUNITY ASSET TRANSFER VALUATION FEES

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 This report invites the Committee to grant delegated authority to the Corporate Director (Corporate Services) in order to further the process of transferring various town halls and community centres to the community.
- 1.2 This report is submitted to Committee in terms of section III (B) (29) of the Council's Scheme of Administration relating to asset management and the property disposal programme.

2. RECOMMENDATION

- 2.1 **The Committee is invited to grant delegated authority to the Corporate Director (Corporate Services) to instruct independent valuations as required in respect of the seven town halls and community centres currently leased, being Buckie Fishermen's Hall, Cullen Community Centre, Dufftown Community Centre, Elgin Town Hall, Findochty Town Hall, Forres Town Hall, and Keith Longmore Hall.**

3. BACKGROUND

- 3.1 On 21 March 2017, this Committee considered policy changes required as a result of the coming into force of Part 5 of the Community Empowerment (Scotland) Act 2015 (the Act) and the publication of the Scottish Government's guidance on asset transfer (para 5 of the Minute refers). The report also addressed the valuation implications of the Act and its associated guidance.
- 3.2 To properly assess the costs and benefits of an asset transfer request, fulfil the Council's duty to secure Best Value, and satisfy the requirements of the Disposal of Land by Local Authorities (Scotland) Regulations 2010, it is essential that the market value of the subject property is identified prior to an asset transfer request being determined. To reduce overall costs and provide a common starting point, the government's guidance encourages the authority and the community body to obtain a joint valuation from an independent valuer, such as the Valuation Office Agency (the District Valuer). If no agreement can be reached then each party should obtain its own valuation.

3.3 The guidance identifies two points within the CAT process where discussions on property value are necessary:

- **Initial enquiry.** When the community body requests information about the property, if an approximate indication of value is known to the authority this should be made available to the community body. This may be given as a range of values and should be caveated to the extent that it is an indicative value only.
- **Confirmed proposals.** Once the community body has confirmed its interest and the property has been clearly defined, then the formal assessment of market value should be instructed. This is likely to be during pre-application discussions.

3.4 On 11 April 2018, the Council approved transitional arrangements aimed at enabling successful asset transfers of seven town halls and community centres to the community (para 6 of the Minute refers). The approved transitional arrangements included granting short term leases at nil rent and the provision of financial support to underwrite deficit funding for each facility for up to 6 months, subject to a maximum amount in each case. A review of each case will be carried out by officers at the end of this period to confirm community body viability before progressing to the next stage.

3.5 The appropriate time to instruct an independent valuation in respect of the seven town halls and community centres is after completion of the 6-month review and confirmation that the groups remain viable. The initial 6-month period will conclude for all cases by the end this financial year. The community bodies will need to submit their accounts for that period, putting the completion of the review and the timing of each valuation into the start of next financial year.

3.6 .At the time of writing the 2017 report, it was not clear how many asset transfer requests the Council would be likely to receive over the course of each financial year. Consequently, no budget was identified at that time to cover the costs of valuation fees. However, the report did confirm that no valuation requiring a Council contribution of more than £1,000 would be instructed without prior approval of this Committee. The majority of CAT-related valuation fees are unlikely to exceed this level.

3.7 Fee estimates for the three most complex valuations involved have been sought from the District Valuer. These are as follows:

- Forres Town Hall £2,800 + VAT
- Elgin Town Hall £3,600 + VAT
- Cullen Residential Centre £3,500 to £4,000 + VAT

Although an estimate has not yet been obtained, a valuation of Longmore Hall, Keith may also potentially incur a similar fee level. Where a community body agrees to a joint valuation instruction then they will be liable for a 50% share of these costs. However, they are not obliged to agree and can choose to obtain their own independent valuation. A 50% share of the costs involved in the remaining three cases is not expected to exceed £1,000 per valuation. Actual fees may vary, depending upon the work involved in each case.

- 3.8 Currently, officers do not have authority to instruct all of the valuations necessary to progress the transfer of the town halls and community centres. Granting delegated authority to officers to instruct these would help progress the transfer of the properties to the community.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Transferring assets to the community supports the 10 Year Plan (LOIP) aim of creating more resilient and sustainable communities with less need for universal services provided by the public sector. It is also consistent with the Corporate Plan value of promoting community empowerment as a means of supporting communities take on more responsibility

(b) Policy and Legal

Section 96 of the Community Empowerment (Scotland) Act 2015 requires the Council to have regard to the guidance issued by Scottish Ministers about carrying out its functions under Part 5 of the Act.

On 21 March 2017, the Policy and Resources Committee approved the following policy statement in relation to Community Asset Transfers (para 5 of the Minute refers).

“Moray Council recognises the important role that the transfer of property assets can play in empowering communities and strengthening their resilience. Where appropriate, the Council will use the transfer of assets to give more control to communities and local people, inspire them to find local solutions to community needs, and as a means of helping communities become more sustainable in the long term. In determining all asset transfer requests, the Council will have regard to the guidance provided by the Scottish Government in relation to asset transfer requests made under Part 5 of the Community Empowerment (Scotland) Act 2015, whether or not such requests are made under the provisions contained in the Act.”

Where assets are transferred at less than market value, such disposals must comply with the Disposal of Land by Local Authorities (Scotland) Regulations 2010, which requires that the Council must be satisfied that the proposed transfer is reasonable and that the disposal is likely to contribute to at least one of the following purposes:

- a) Economic Development,
- b) Regeneration,
- c) Public Health,
- d) Social Wellbeing, or
- e) Environmental Wellbeing.

(c) Financial Implications

The cost to the Council of obtaining valuations of the seven properties is likely to lie between £5,000 and £15,000 in total. Actual costs will depend on how many community bodies agree to meet a 50% share, how many independent valuations are instructed, and the amount of work involved in each case. Fee estimates have not yet been obtained for four of the properties involved so actual fees may vary.

(d) Risk Implications

At this stage discussions on instructing a joint valuation and associated costs have only taken place with the tenants of Cullen Community Centre, although no agreement has yet been reached. It is likely that at least some of the tenants will seek to proceed on a joint valuation basis. However, if agreement is not reached the parties would need to arrange their own valuations. In three cases valuations would be outsourced by the Council due to complexities around a range of potential alternative uses (including retail which is undergoing structural change and requires specialist advice), as well as existing pressure of work on in-house staff.

In the worst case scenario, in which independent valuations would be carried out for all seven properties, the costs to the Council would be estimated at around £15,000.

(e) Staffing Implications

As detailed above, the work would be carried out by a combination of in-house staff and external valuers.

(f) Property

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

An Equalities Impact Assessment is not required as agreeing the recommendations would have no impact on service delivery.

(h) Consultations

Consultation has taken place with the Asset Management Working Group CAT Sub-Group (Corporate Director (Corporate Services), Head of Development Services, Head of Financial Services, and Educational Resources Manager), Legal Services Manager (Property and Contracts), P Connor Principal Accountant, Estates Manager, Democratic Services Manager, and Equal Opportunities Officer. All comments have been incorporated in the report.

5. CONCLUSION

5.1 Officers do not have authority to instruct all of the valuations necessary to progress the transfer of the town halls and community centres.

5.2 Granting delegated authority to the Corporate Director (Corporate Services) to instruct the necessary joint valuations in agreement with the relevant community bodies will help progress the transfer of the town halls and community centres to the community.

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Background Papers: Held by author
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