

CABINET CAPITAL ASSETS COMMITTEE

MINUTES OF THE CABINET CAPITAL ASSETS COMMITTEE MEETING HELD ON 26 JULY 2011 AT COUNCIL CHAMBER - COUNCIL OFFICES, BRADLEY ROAD, TROWBRIDGE.

Present:

Cllr John Noeken, Cllr Fleur de Rhe-Philippe, Cllr Jane Scott OBE (Chair), Cllr Toby Sturgis and Cllr John Thomson

Also Present:

Cllr John Brady, Cllr Peter Davis, Cllr Lionel Grundy OBE, Cllr Alan Macrae, Cllr Jeff Osborn, Cllr Dick Tonge and Cllr Stuart Wheeler

43. **Apologies**

There were no apologies for absence.

44. **Minutes of the previous meeting**

The minutes of the meeting held 14 June 2011 were presented and it was,

Resolved:

To approve and sign the minutes as a correct record.

45. **Chairman's Announcements**

The Chairman noted that there would be no regular capital monitoring update, owing to this being an extraordinary meeting.

The Chairman announced that due to particular public interest, item 7, Corsham Mansion House and Library, would be taken as the first of the main items of business.

46. **Declarations of interest**

Cllr Alan Macrae declared a personal interest in item 7, Corsham Mansion House and Library, owing to his knowing individuals working for the proposed partner, Hadston Ltd.

47. **Policy for the Transfer of Community Assets**

Cllr Toby Sturgis, Cabinet Member for Waste, Property, Environment and Development Control, introduced the item and summarised the recommendations made. He drew Members' attention to the following points:

- That the original Community Asset Transfer policy had been approved by Cabinet in 2009;
- This policy has been progressively less fit for purpose in light of the Council's priorities and problems encountered in respect of some prospective transfers;
- That a review of the original policy was ordered by the Cabinet Capital Assets Committee at their meeting on 10 January 2011; and
- That the report represents the outcome of the review process and a solution to address the issues encountered with asset transfer to date.

The Cabinet Member circulated an accompanying flow chart diagram indicating the progression of a typical asset transfer request under the proposed new policy, as requested by the Organisation and Resources Select Committee in their examination of this issue.

Cllr Jeff Osborn, Chairman of the Organisation and Resources Select Committee, expressed his views in respect of the proposals as follows:

- That the flow chart is welcomed and provides greater clarity on the process;
- That a key challenge is the degree of realism of community groups' proposals, although well-intentioned, when transfers can be subject to complicated and expensive legal issues that may gradually emerge; and
- That the policy should enable the successful transfer of assets wherever practicable, and that officers should make reliable advice available to interested parties at the soonest opportunity, especially in light of the above point.

Cllrs Stuart Wheeler, Fleur de Rhe-Philippe and John Noeken expressed their support for the proposed new policy and emphasised their appreciation of the inevitability of occasional legal issues, as above. It was agreed that the availability of early advice would be pivotal in the successful implementation and application of the policy.

It was,

Resolved:

- 1. That the Cabinet (Capital Assets) Committee approves the approach to the transfer of community assets as detailed in the report.**

2. That the Cabinet (Capital Assets) Committee approves that decisions related to Category 2 and Category 3 applications under the policy are delegated to Area Boards;
3. That a plan for communication of this decision be developed in conjunction with Democratic Services, Area Board Team and Communications, together with the development of an improved guidance document to support all parties involved in the process.

48. **Mechanical & Electrical Servicing Contracts**

The Cabinet Member for Resources introduced the report and summarised the recommendations made. He made the following points:

- That permission was sought to progress the procurement process to secure future building maintenance and engineering contracts;
- That the authority has inherited a multitude of legacy contracts from the previous four district councils and county council;
- That this process seeks to reduce the number of contractors from around 60 currently to seven or fewer;
- This is expected to realise savings of around 10% on the current figure, equating to around £125,000 annually;
- That some tender documents have already been received from prospective contractors, and these will be evaluated in August and September with a view to any contract award in October 2011; and
- That initial contract award may be later supplemented by smaller service packages.

The Chairman asked whether and what provision had been made to support local contractors and employees in the contracting process. The Building Maintenance Manager in attendance confirmed that provision had been made and that this was a driving factor in seeking around seven contractors, rather than awarding all work to one national contractor, which would likely preclude local businesses. It was suggested that the proposed process will encourage local competition.

The Cabinet Member for Finance, Performance and Risk, asked if there were any expectation that more than the £125,000 figure might be saved. The Building Maintenance Manager considered that this figure was that which was to be expected, and representative of relative contracts and current market conditions.

The Cabinet Member for Waste, Property, Environment and Development Control asked whether the proposed contract award would include the Council's offices at Monkton Park, Chippenham. The answer was not known off hand, but Members were assured that provision could be made in contracts for this. The Programme Director for Transformation, ICT and Information Management

informed Members that a phased approach to the transfer of services at Monkton Park back to the authority was in progress.

It was,

Resolved:

That the Director of Resources be delegated authority to award the M&E Servicing Contracts following satisfactory conclusion of the formal tendering process that is currently underway.

49. **Corsham Mansion House & Library**

The Cabinet Member for Waste, Property, Environment and Development Control introduced the report and summarised the recommendations made. He explained that the proposal fitted within agreed principles that the Corsham campus should be funded in part through disposal of the property, among others.

Members' attention was drawn to the two items of late representation made by members of the public expressing their views with regard to the proposals.

The Strategic Projects and Development Manager explained the content of the report, making the following key points:

- Corsham Mansion House and Library are recommended for disposal by off-market sale;
- The interested party, Hadston Ltd, are willing to offer full market value for the property;
- Building is currently not fit for purpose, and represents a substantial liability due to its current state of repair;
- Maintenance cost estimate, excluding fees and inflation over the next 25 years is in the region of £850,000, the majority of which would occur in the earlier rather than later years;
- The maintenance costs could increase due to the building being Listed
- Officers are satisfied that Hadston is the only bidder that would offer full market value for residential and/or other development purposes whilst being limited to community uses, representing sound value for money;
- That officers would undertake appropriate investigations into the company's funding arrangements; and
- That it should be noted that the proposal is for an off-market sale consistent with the agreed campus principles, and not a community asset transfer.

Mrs Jane Browning spoke as a member of the public, expressing her views on the proposals as follows:

- That concerns are raised as to the community uses to which the building would be put, and what guarantees exist in this respect;
- That the procurement process has not been sufficiently thorough in terms of property valuations and alternative buyers;
- That the provenance of Hadston as a company, which formed as a subsidiary as recently as February 2011, is questionable;
- That interest from third party organisations and prospective partners using the building has been overestimated by officers and Hadston;
- That the full range of options available to Wiltshire Council in respect of the disposal and/or use of the building has not been fully explored;
- That proposed measures to guarantee uses by condition are not sufficiently watertight or extensive;
- That it should be the Council and not a company who proposes Terms and Conditions of contract, which should not include a confidentiality agreement;
- That Corsham Town Council had envisaged the building as being put to retail and/or residential use in future; and therefore,
- That the Committee cannot make an informed decision on the matter at this time.

The Strategic Projects and Development Manager addressed a number of these points, emphasising that officers were satisfied with the processes followed and that suitable guarantees would be obtained as part of any transaction. He also noted that the a joint report submitted to the 1st February 2011 report to the Corsham Area Board by the Corsham Community Area Network & Corsham Town Council acknowledged that the Mansion House and Library buildings would be sold if the Operational Campus was to be delivered. The report also noted that some members of the community were concerned that the buildings may deteriorate rapidly during the intervening time, and that they wished to see them being used to the benefit of the local economy and community. It was therefore considered that Hadston's proposals would meet both of these concerns. He confirmed the Council had proposed the Terms and Conditions to Hadston, which did not include a Confidentiality Clause.

The Chairman raised a number of questions relating to the nature of the prospective buyer, Hadston Ltd, the valuation process and the conditions proposed as part of the sale. The Strategic Projects and Development Manager assured Members that he was satisfied with all three aspects and added that whilst seeking guarantees from the buyer, Wiltshire Council would have to make suitable guarantees as to the building's future use (met through contract 'overage') to ensure that the maximum capital receipt is obtained. The Council would also seek an uplift clause, providing capital clawback in the event that the buyers were to develop all or part of the site for a more profitable use such as residential accommodation in future.

Mr Ian Storey spoke as a member of the public, raising the following questions:

- Why had the proposal been rushed through, providing very little notice to local consultees such as the Corsham Area Board?
- Why Hadston had made reference to extensive consultation with all stakeholders in their supporting document, when little, if any, of this had been undertaken?

Cllr Alan Macrae, the divisional member for Corsham Pickwick, requested permission to respond to the questions and explained that the proposal was consistent with the campus strategy agreed 18 months ago and was therefore by no means a rushed decision. He further noted that consultation had occurred between Hadston and the Vice-Chancellor and Property Manager at Bath Spa University, which would have a significant interest in using the building if the proposal were approved. The Strategic Projects and Development Manager suggested that further consultation occur if the proposal were approved and emphasised that Hadston had a unique intention to use the building for community purposes.

Cllr Peter Davis, the divisional member, expressed his views on the proposal as follows:

- That he had been assured that the viability of the Corsham campus would not be predicated on the disposal of this building;
- That it was questionable whether community uses would remain valid once the campus development was completed;
- That he had received several comments of concern from local residents, relating to:
 - Wiltshire Council contracting with Hadston Ltd
 - The track record of Hadston Ltd, a company in its infancy
 - Perceived short-termism of the Council's approach
 - How much community benefit could be gained from the proposed uses
 - The overall viability of the proposed uses
 - That a third party had also approached the Council over the purchase of the buildings but was denied access to the properties
 - The responsibilities of the Council to conserve listed buildings, of which Corsham Mansion House is one
 - The wider impacts of a change of use on Corsham town centre
 - The lack of consultation with local stakeholders
 - The proposed means of transfer in light of the government's localism principles
 - The lack of reference in the report to the building's value and ongoing issues of confidentiality, and
 - The perceived insufficiency of the valuation process
- That many local people have expressed concerns about the relocation of the library with campus development, and that this function could be retained at the property; and
- That in light of the above, the item should be deferred for further consultation and investigation into alternative future uses of the building.

Cllr Alan Macrae, divisional Member for Corsham Pickwick, Chair of the Corsham Area Board and Area Board Representative on the Shadow COB, expressed his views on the proposal as follows:

- Proposal represents a positive opportunity to dispose of a liability, obtain a capital receipt and retain community use for at least as long as will be required;
- That the proposal demonstrates an acknowledgement that community functions do not necessarily have to be provided by the local authority;
- That the interest of Bath Spa University presents a potential boost to Corsham and opportunities for commercial diversification;
- That the campus principles, when agreed, endorsed the disposal of this property amongst others as an integral source of campus funding;
- That the proposal has the support of the Chair of the Community Area Network, especially in terms of its potential to attract further investment;
- That better communication with local people and Area Boards would have helped to clarify the proposals and reasons for these and address many local concerns; and would therefore,
- Recommend that Hadston's statement be revised to address local concerns and that Hadston send a representative to the soonest possible meeting of the Corsham Area Board to present their proposal, should the report be approved.

The Strategic Projects and Development Manager confirmed that a meeting with the third party had taken place but neither he nor Hadston had been allowed access but were both provided with the same information on the layout and condition of the properties. The third party was interested in the development of the property rather than retaining it for community use.

Cllrs Stuart Wheeler, Cabinet Member for Campus Development and Culture; Fleur de Rhe-Philipe, Cabinet Member for Economic Development and Strategic Planning; and John Noeken, Cabinet Member for Resources, all expressed their support for the proposals.

The Chairman requested that Hadston be required to present the scheme to the Corsham Area Board at the soonest appropriate opportunity upon purchase of the building.

Cllr Toby Sturgis reiterated his support for the proposals and assured Members that due diligence would continue to be exercised by offers in delivering the proposed transaction. He also noted that under the proposals, Hadston should be allowed to nominate an alternative charitable trust, to whom the building could be sold.

It was,

Resolved

To sell the Mansion House and Library at Pickwick Road Corsham to Hadston, or its nominated charitable trust, for community purposes at a price that reflects open market value for alternative uses, subject to officers being satisfied that the proposals are fully funded.

To request that Hadston present the scheme to the Corsham Area Board at the soonest opportunity upon purchase of the building.

50. **Urgent items**

There were no urgent items.

(Duration of meeting: 2.10 - 3.20 pm)

The Officer who has produced these minutes is Chris Marsh, of Democratic Services, direct line (01225) 713058, e-mail chris.marsh@wiltshire.gov.uk

Press enquiries to Communications, direct line (01225) 713114/713115