

Title: Jacob's Wells Baths Community Asset Transfer (CAT)	
Author: Steve Matthews	Job title: Asset Delivery Manager, Property
Cabinet lead: Councillor Asher Craig	Director lead: Alison Comley (Strategic Director Neighbourhoods) and Denise Murray (Interim Service Director Property)

Idea origin: Councillors from Clifton, Central and Hotwells & Harbourside Wards
Date idea generated: Summer 2016
Decision maker: Councillor Asher Craig Decision forum: Cabinet
Timescales: Executive Board agreement of short-listed bidder 10 October 2017; non-key decision at Cabinet meeting 4 December; deadline for CAT completion 30 March 2018.
Purpose of Report: To inform Cabinet of the background and process followed for Community Asset Transfer (CAT) of the Jacob's Wells Baths and to seek approval to proceed with the CAT to Fusion Lifestyle.
Cabinet Member / Officer Recommendations: <ol style="list-style-type: none"> To approve the grant a 35 year lease, at a peppercorn rent, on a fully repairing and insuring basis, linked to a 5 yearly reviewable service agreement, and with a provision for the Council to share in the future revenue from the project, to Fusion Lifestyle, subject to receiving an acceptable and sustainable full business plan. To approve the offer of the property in its current condition, to transfer all future liabilities for repairs & maintenance to Fusion, and not to offer a 'dowry' towards the cost of repairing existing defects. Delegated authority to approve business plan and enter in to agreement <p>Full details of Fusion's proposals for the property and the CAT process followed are set out in Appendix A.</p>
Evidence Base: A 35 year term is the minimum period required by the prospective tenant for the anticipated level of capital investment in the property. The Council's CAT Policy permits leasehold transfers, when social/economic/environmental benefits are secured through a service agreement. Once the project is financially sustainable, the Council will share in the surplus that is generated. The level of investment required to restore this dilapidated listed building far exceeds available Council budgets. Rather than disposing of the property on the open market, its ongoing community, leisure and artistic use can be secured through the proposed partnership with Fusion, which has a proven track record of sympathetically restoring and operating this type of leisure facility at over 70 locations across the UK.

Revenue Cost: £ 0	Source of Revenue Funding: Costs of implementing CAT dealt with within existing budgets.
Capital Cost: £ 0	Source of Capital Funding: Costs of implementing CAT dealt with within existing budgets.
One off cost <input type="checkbox"/> Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/> Income generation proposal <input type="checkbox"/>
<p>Finance narrative: The market value of the asset in its current condition is £150k and the Council currently spends approximately £10k to £30k per annum in ongoing revenue maintenance. The proposed asset transfer would see the capital value forgone, however savings would be created by transferring out the full maintenance responsibility of the building going forward. Future income opportunities would also be made available under a revenue benefit sharing mechanism. Alternatively, this could also be achieved by periodic review of the peppercorn rent to transparently recognise the value of the assets as a sustainable growth position of the service is established.</p> <p>The proposal shortlisted two bidders. From a financial perspective, the overall assessments take into account key Medium Term Financial Planning (MTFP) principles under Financial Resilience: a) with a view to replacing peppercorn rents with fees and charges that transparently recognise the value and importance we place on those services: b) Community and third sector partners should be partners in development, not just recipients of funding.</p> <p>The assessments of the bids considered the following financial and contractual issues:</p>	

- 1) It is not deemed to be off-loading liabilities to community organisations who then struggle to run and maintain the asset, this needs to be considered to be the right type of transfer for the wider long-term sustainable benefit to the community.
- 2) Similarly the organisation's ability to manage the risk e.g. potential lack of capital in the future and limited ability to act swiftly to renovate / repair the assets and deliver the infrastructure improvements.
- 3) When community asset transfer at less than market value, this should enable plans to achieve long-term financial and operational sustainability without further public subsidy.
- 4) To ensure assets transferred deliver the objective within an acceptable timeframe and do not remain idle. E.g. there should be an appropriate longstop date (subject to force majeure) within the contract.
- 5) Where proposition indicates a potential profitable going concern, the bidder's proposition regarding greater revenue benefits sharing mechanism with the council should be considered as a sustainable growth position is established.

The detailed business plans/proposals put forward by the two bidders are illustrated under the exempt Appendix G. This information is not for publication by virtue of Part 1 of Schedule 12(A) of the Local Government Act 1972, paragraph 3 – information relating to the financial or business affairs of any particular person, including the authority holding that information.

Finance Officer: Tian Ze Hao – Finance Business Partner

Legal Consideration: The Council has the power to dispose of land 'in any manner they see fit' for the 'best price reasonably obtainable'. The duty to seek best consideration is subject to certain exceptions. These are conveyed in the Local Government Act 1972: General Disposal Consent 2003, which makes provision for the Council to dispose of land where the consideration is less than the best that can reasonably be obtained, known as an 'under-value'. In these circumstances, the Council must obtain specific consent from the Secretary of State. Consent is not required where the difference between the unrestricted value (or market value) of the land to be disposed of and the under-value is £2 Million or less and the authority considers the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area.

Provided the Council is satisfied that the disposal secures the promotion or improvement of the economic, social or environmental well-being of the area and the under value is less than £2 million in total then the disposal of the asset on a 35 year lease will be lawful.

The disposal must in addition comply with the Council Community Asset Transfer policy. The report indicates that the Community Asset Transfer Policy has been followed and the disposal will therefore fall within Council policy. (Andrew Jones – Team Leader, Legal Services)

Benefits: A valuable City heritage asset is preserved, re-purposed and enhanced as a result of this community asset transfer. This will remove the risk of the property being added to the 'at risk' register. The improvements that Fusion proposes to make to the building will open up this historic building to wheelchair users and other disabled people, and will also make it much more accessible to older people, parents/carers with prams/pushchairs, and people with limited mobility. The property's renovation will include measures that will significantly increase its energy efficiency and waste separation and recycling. The proposed leisure/sports uses are expected to create improved health outcomes for people experiencing obesity and poor emotional health. We also anticipate that the proposed exercise/sports classes will help to improve mental ill health and the wellbeing of future users. Fusion will create new community facilities and will offer concessionary rates for users from 'priority groups', which will support our equalities agenda.

Consultation Details:

- Vivid Regeneration carried out detailed stakeholder consultation in Autumn 2016 and produced a feasibility study, which was shared publicly.
- A detailed Brief for the CAT was published and circulated widely.
- A public information event to publicise the CAT process was held in Feb 2017.
- This was followed by a technical workshop for interested bidders in May 2017.
- All bidders were interviewed by a Selection Panel, which included two councillors and two external representatives (local community and the arts community).
- Community partners and councillors have been consulted on an ongoing basis throughout the CAT process.

Eco-impact screening: As the registered charity taking on the CAT contract will be managing the building

refurbishment and operations, all major environmental impacts are within their control and provide positive opportunities to the charity (for example energy management, waste from refurbishments, energy efficiency within refurbishment). The swimming pool is planned to be reopened and some positive impacts on travel might be seen as members of the community may have to travel a shorter distance to swimming facilities and Jacob's Wells Road is well linked with public transport systems. As the building is listed, English Heritage may need to be involved in the design and restoration of the property. (Nicola Hares - Environmental Project Manager)

DLT sign-off	SLT sign-off	Cabinet Member sign-off
[Strategic Director] [6 Oct 2017]	[CEO] [19 Sept 2017]	[Cabinet Member] [9 Nov 2017]

Appendix A – Further essential background / detail on the proposal	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	YES
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
Appendix G – Exempt Information	YES paragraph 3 – information relating to the financial or business affairs of any particular person, including the authority holding that information.