



Belfast City Council (Shadow)

Report to:	Shadow Strategic Policy & Resources Committee
Subject:	Transfer of Assets & Liabilities from CBC/LCC
Date:	20 February 2015
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1	Relevant Background Information
1.1	At its meeting on 29 January 2015, Members of the Transition Committee were reminded that 55 no assets were due to transfer to BCC from Castlereagh Borough Council, Lisburn City Council and North Down Borough Council. A detailed due diligence exercise has been ongoing for several months in respect of the transferring assets in respect of title, 3 rd party agreements, financial information, contracts, building condition and compliance related information. Asset Packs have been prepared in respect of each asset with a summary of this information, together with maps and photographs. The Asset Packs remain as a work in progress however as additional information is obtained as part of the ongoing process of engagement and due diligence.
1.2	Members were advised that there were a number of specific asset related issues currently being worked through with CBC and LCC relating to title, lease agreements, condition / compliance issues and potential liabilities. Officers in BCC/CBC/LCC have been engaging on an ongoing basis with a view to getting resolutions to these outstanding issues and whilst the majority of issues have been resolved there are however certain matters which Members will need to be aware of, both in general terms and asset specific issues.

2	Key Issues
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2.1	<p><u>(i) Transfer Schemes:</u></p> <p>The Local Government Act 2014 provides for the making of Transfer Schemes for the transfer of designated assets and liabilities of a local government body (or department) to a local government body. Transfer Schemes, scheduling the transferring assets and liabilities (inc loan liabilities and contracts) will be required between CBC, LCC, NDBC and BCC.</p>
2.2	<p>The DOE has just issued the Assets & Liabilities Transfer Schemes for CBC/LCC/BCC on 12 February, together with guidance in utilising the scheme. However, they have still to issue further guidance relating to the accounting treatment of the assets and liabilities. A meeting was held between DOE and BCC/CBC/LCC on 13 February to discuss the content of the Schemes. All 3 Councils raised their concerns at the delay in receiving these and the further delay by DOE in producing the proposed accounting treatment guidance. BCC will now consider the detail of these Transfer Schemes although it should be noted that there is a very tight timeframe to get the Schemes completed, agreed and approved by the respective Council Committees.</p>
2.3	<p>A proposed Transfer Scheme timeline was previously put forward by BCC to CBC/LCC and draft Transfer Schemes are awaited from CBC and LCC. BCC has sought assurances from CBC/LCC on a mutually agreed timeline to progress completion of the Transfer Schemes.</p>
2.4	<p><u>(ii) Building Compliance Information:</u></p> <p>In broad terms, all transferring building assets have had condition surveys undertaken by BCC and a programme of both non-recurring and planned preventative maintenance activities has been developed accordingly. However, in relation to statutory building compliance matters BCC still awaits a number of outstanding reports and other building compliance data from CBC/LCC. These are required in order to accurately assess statutory compliance in respect of matters such as asbestos, legionella etc and BCC had requested that CBC/LCC urgently forward all outstanding compliance information. In the absence of such information, BCC sought the agreement of CBC/LCC to access the relevant properties to undertake their own compliance surveys and this exercise is currently underway.</p>
2.5	<p>As part of this BCC recently commissioned an asbestos survey of the Robinson Centre, which, at the time of writing is still underway. The interim findings of this report did however indicate the presence of asbestos in the building. As a result CBC made a decision on 13.2.15 to close the facility as a precautionary measure until the full results of the survey is known. The Health & Safety Executive have been advised and they are working with CBC in this regard. Upon completion of the full asbestos survey further urgent discussions will take place between BCC and CBC and a further report will be brought back to Committee.</p>
2.6	<p><u>(iii) Cregagh Youth & Community Centre:</u></p> <p>This centre was built a number of years ago by SEELB on land adjacent to the primary school and CBC was to reimburse SEELB for a portion of the capital cost. The building accommodates both the community centre and the SEELB youth facility and there is also a small 3G pitch adjacent. However, whilst CBC has continued to occupy the community centre the title of the centre still remains with SEELB, pending resolution on</p>

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	<p>various title and financial issues. CBC and SEELB have been seeking to bring these matters to a conclusion over the past number of months and all parties are aware of the urgency in reaching agreement in order that legal title can transfer to CBC and onwards to BCC. BCC have stressed to CBC the utmost importance of having this issue resolved in advance of vesting day.</p>
2.7	<p>The transfer of title is contingent (in part) upon formal agreement on the operational arrangements associated with the joint use of the facility by CBC (and in turn BCC) and SEELB. Urgent discussions are currently underway to resolve these outstanding issues in advance of vesting day and there has also been ongoing engagement between CBC and BCC to ensure that any operational agreements do not impact upon service continuity.</p>
2.8	<p><u>(iv) Belvoir Players Theatre Site:</u></p> <p>The Belvoir Players Theatre is located on land upon which CBC currently do not have full title although they are currently seeking to complete the acquisition of this land from the NIHE. In turn they also need to properly execute the sublease agreement with Belvoir Players in respect of this site. CBC has confirmed that agreement has recently been reached with NIHE regarding the terms of the land transfer to CBC although this now requires legal completion in advance of vesting day. BCC has sought assurances that this will be completed as a matter of urgency and have also sought assurances that CBC will correctly execute the sublease to Belvoir Players in advance of vesting day.</p>
2.9	<p><u>(v) Industry Barge adjacent to Lock Keepers Cottage:</u></p> <p>An Industry Barge has recently been moored adjacent to the Lock Keepers Cottage on a section of DCAL owned canal and DCAL require completion of a lease with CBC. The Lease Agreement contains a termination clause that provides that if the canal is re-opened at some future date to canal traffic then CBC (and in turn BCC) would have to relocate the barge at their expense in this scenario. However DARD funding was obtained for the restoration of the barge and the funding conditions require it to be in place and operational for 10 years. They have however agreed that if the lease is terminated at some future date by DCAL they are agreeable to the barge being re-located to an alternative site in close proximity.</p>
2.10	<p>It should also be noted that adjoining car parks owned by Cooke / Instonians are used for vehicular access and car parking to serve the Lock Keepers Cottage and Industry Barge. Cooke /Instonians have been seeking to formalise this arrangement with CBC but there has been no agreement reached as yet on this and it is unlikely to happen prior vesting day. Cooke/Instonians have however requested that BCC formalise the current car parking and access arrangements and this will need to be considered by BCC and brought back to Committee in due course.</p>
2.11	<p><u>(vi) Sally Gardens</u></p> <p>LCC have been progressing with proposals to construct a 3G pitch and changing room facility at Sally Gardens, which also involves land transfer arrangements. The contract for the construction of the 3G pitch will cross the transfer date and the contract would accordingly transfer to BCC on vesting day. With regards to the proposed changing facility DSD had previously made an offer of funding for this although a new tender process is currently underway. LCC and DSD are however in discussions about future DSD funding and are also currently engaging with BCC on this.</p>

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2.12	<p>There are currently proposals to transfer the adjoining Sally Gardens Community Centre and adjacent lands from the Poleglass Community Association to LCC. There have been previous discussions between the Community Association and LCC about a potential lease back arrangement or Facility Management Agreement between LCC and the Community Association. However, whilst there are proposals currently in place to transfer the existing community facility to LCC, the terms of any reciprocal lease back or management arrangement to the Community Association have not yet been agreed. LCC have advised that it is very unlikely that this would all be in place prior to vesting day. There is however a forthcoming meeting between BCC officers and the Community Association to discuss in more detail. .</p>
2.13	<p>Given the timescales and the need to ensure that whatever arrangements are entered into suits the Community Association, BCC and other stakeholders, it is felt that the best option would be for BCC to take forward discussions directly with the Community Association in relation to the asset transfer and subsequent management arrangements. If Members are agreeable to this course of action then it is proposed that BCC would organise an early round table meeting or workshop with the Community Association and other stakeholders to discuss options.</p>
2.14	<p><u>(vii) Dunmurry Footbridge:</u></p> <p>Dunmurry Footbridge is currently closed for health and safety reasons. LCC have obtained a report and cost estimate for bringing this asset up to an acceptable standard although BCC has recently obtained their own cost estimate at a figure in excess of the LCC figure. Agreement will be required between LCC and BCC on this and BCC have previously expressed their view that any assets deemed unsafe will need to be brought up to an acceptable standard prior to transfer with no corresponding financial liability to transfer to BCC or alternatively that BCC is provided with an agreed sum to implement the works.</p>
2.15	<p><u>(viii) Hanwood Development:</u></p> <p>The Hanwood Trust development comprises 4 phases (Phase 1: Community Resource Centre; Phase 2: Business Units; Phase 3: 3G pitch, fitness suite and changing rooms; Phase 4: Site leased for filling station). The LGR boundary does not follow the exact boundary of the 4 phases and whilst the majority of the overall development is located within the new BCC geographical area there remains a small portion within the CBC boundary. Agreement has been obtained, in principle, at a CBC officer level that the Transfer Scheme would provide for the transfer of the entirety of the Hanwood Trust development including the small portion that sits outside the new BCC boundary.</p>
2.16	<p>It should be noted however that the transfer of the Hanwood development is on the basis of a head leasehold interest as all phases are held by the Hanwood Trust under lease from CBC. Phases 2-4 are held under long lease, whilst Phase 1 is held under a shorter licence agreement with CBC. The Hanwood Trust has recently requested that the Council consider granting them a longer lease term for Phase 1 commensurate with the lease lengths for Phases 2 – 4. This is currently being considered and will be brought back to Committee as appropriate.</p>

3	Resource Implications
3.1	<u>Finance</u>

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	<p>The due diligence exercise in respect of all the transferring assets and liabilities includes detailed consideration of the associated financial implications. Resolution of any of the outstanding issues, as identified above, will take into account any associated financial implications.</p>
3.2	<p><u>Human Resources</u></p> <p>There are staff resource implications across the Council in terms of resolving all outstanding issues associated with the transfer of assets and the future management and use of these assets.</p>
3.3	<p><u>Asset Implications</u></p> <p>The transfer of an additional 55 no assets to the Council's property portfolio will result in an increased management responsibility both from a purely asset perspective and also from a service perspective in terms of the function delivered from that particular asset.</p>

4	Recommendations
4.1	<p>Members are asked to note the update above in relation to the transfer of assets to BCC and to note that there is ongoing engagement between CBC/LCC and BCC with a view to getting resolution on all critical issues prior to vesting date, with further reports to be brought back to Committee as appropriate.</p>

5	Abbreviations
CBC	Castlereagh Borough Council
LCC	Lisburn City Council
DCAL	Department of Culture Arts & Leisure
DARD	Department of Agriculture & Rural Development

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