

## **Asset Transfer update report April 22**

Following the PC meeting of the 9<sup>th</sup> March, Cllr Graham and Cllr Pook met with EDDC officers, Tim Child and Jayne Souter of the Property and Estates team. Tim Child confirmed the intention to take a report to Cabinet once EDDC legal department had scrutinised the Heads of Terms and other documents. They also explained that due to the work load and number of documents it was unlikely that the report would go to Cabinet before August. This effectively delays all actions identified in the draft programme presented in the previous report by 1 month.

At the Beer PC meeting of the 9<sup>th</sup> March, we agreed to prepare a scope of work for a viability study and invite three companies specialising in property and estates management to tender for the work. At this time Cllr Stevens presented a list of cost items or transaction issues he felt had not been addressed in the initial assessment. These were primarily one-off costs related to the initial transaction and transfer rather than recurring revenue costs. These are included in the scope document.

Three companies, Lambert Smith Hampton (LSH), Symonds and Sampson and Vickery Holman were sent the document and invited to submit a quote by the 13<sup>th</sup> April.

Since submitting the invitation I have had a response from Vickery Holman stating that due to the complexity of the work requiring various specialties and the potential variations depending on information discovered it was not possible to provide a single sum quote without undertaking a significant amount of work first to prepare a quote. On this basis they proposed the following:

“This is a difficult thing to quote for as I will need to go through all the information of the various assets being acquired, but I can provide an hourly time charge of £120 per hour, I can put a cap for an amount not to be exceeded without prior confirmation? “

A contract on this basis would not necessarily cover all the work we required and could easily exceed £10,000 without fulfilling the brief.

They have now also provided a simple fee to consider a review the HOT's and comment on the appropriateness of these and highlight implications/ liabilities. This however is only a small part of the whole scope.

Symonds and Sampson have responded and provided a simple quote to carry out the statutory valuations and an hourly rate of £120 per hour to carry out other elements of the work.

Lambert Smith Hampton have responded in a similar vein; however, I have also talked through our requirements with a senior Director responsible for regional development and regeneration. He totally understood our requirements having advised on various local authority and department of education asset transfers. He advised that a study as specified could cost in the region of £15,000, would not cover the legal conveyancing issues and would not necessarily cover the real practical cost issues as costings would be based on book values rather than actual commercially measured rates.

He also suggested that in view of the total values being assessed and the current and potential use, some of the items were not relevant risks to the transfer at this time. On this basis he suggested we review the scope and identify; those items best dealt with by specific supplier quotes, those items where information is already available, those items to be omitted as not necessary at this time and those items a property and estates consultant could advise on.

He also pointed out that there were items that could be objectively assessed, by obtaining quotes or making informed estimates and those which would be a more qualitative assessment based on “what

if scenarios". For example, "what if" BPC couldn't maintain areas to a sufficient standard or "what if" the transfer did not proceed and EDDC decided to let a café lease or sell an area in the future? The risk of either of these happening holds community and cost implications that cannot be easily assessed.

Based on his suggestions I have identified a preferred way forward on each heading in the original scope document and summarised an action list at the end.

Based on EDDC prediction that the report will not go to cabinet until August, I propose re tendering the work as per the action list. Where we need to employ a specialist consultant their tender prices will need to be in before the May meeting. Where we are obtaining direct supplier quotes, we can proceed with that work. We can then collate specialist reports and supplier quotes into a viability report ready for when Beer PC reconsiders the project after the EDDC cabinet meeting, but before the Parish Meeting. The viability report will be made public well before the Parish Meeting.

The viability study to address the following points.

- 1. Review the operational costs/income model.**
  - a. BPC invite ground maintenance contractors, builders etc to provide commercial quotes for the works identified in the "task allocation tab" of the cost estimate.
  - b. BPC obtain examples of commercial lease, pitch fees and camper van income etc
- 2. Review 10-year cash projections**
  - a. BPC auditors review cash projections using actual costs obtained in 1
- 3. Review the enabling or upfront costs related to the transfer (see following list of items to cost or comment on)**
  - a. See itemised schedule below
- 4. Review responsibilities and liabilities identified in the HoT**
  - a. Property and estates consultant to prepare report
- 5. Identify any risks and liabilities not mentioned in the HoT including commentary or relevance and degree of seriousness/risk**
  - a. Property and estates consultant to prepare report
- 6. Review income opportunities and projections in the finance model**
  - a. Property and estates consultant comment on opportunities and income potential over all sites in the cost model
- 7. Identify other potential income opportunities**
  - a. Property and estates consultant to prepare report on alternative opportunities not identified in the model.
- 8. Commentary and future implications to Beer PC and residents of ownership costs and physical liabilities such as natural disasters.**
  - a. Property and estates consultant to prepare report
- 9. Commentary and future implications to Beer PC and residents if assets are not owned by Beer, for example EDDC or another unitary body exercising its right to exploit assets as it sees fit.**
  - a. Property and estates consultant to prepare report
- 10. Summary and conclusions on overall viability, benefits and liabilities of ownership.**
  - a. Property and estates consultant to prepare report

- 11. Property and estates consultant will be required to attend Beer PC meeting to present the report and may be required to attend the Parish Meeting to answer any public questions on viability.**

#### Initial one-off costs related to transfer

The cost/income model identifies operational costs. The following list identifies initial one-off costs of transfer. The list is not necessarily exhaustive, please add any additional costs. These costs are not included in the operational model and will be funded by the year one cash surplus or directly by the council reserves.

- 1. Legal Advice / Consultancy - Conveyancing and interpretation of HoT.**
  - a. BPC to obtain a budget quote for this from BPC solicitors for conveyancing and any additional commentary on HoT
- 2. Financial Advice / Consultancy –**
  - a. BPC auditors to comment on initial cost and operational costs
- 3. Accountants Report**
  - a. BPC auditors to comment on overall impact on council budget
- 4. Administration / Management Costs** - Administration in the operational phase is included in the finance model.
  - a. Property and estates consultant to consider additional administrative burden on the council during the transfer and in the ongoing operational administration.
- 5. Insurance Costs**
  - a. BPC clerk to obtain quote from current insurance company for additional assets and activities
- 6. Finance Costs These to be identified in the cash forecast**
  - a. BPC auditors to comment on any potential cash flow issues
- 7. Statutory Valuation Fees**
  - a. Property and estates consultant to prepare report, it is understood that existing statutory valuations can be obtained from EDDC and these may be used for the first few years.
  - b. BPC request current statutory values for land assets from EDDC
- 8. Conveyancing Fees.**
  - a. BPC to obtain a budget quote for this from BPC solicitors.
- 9. Land Registry Fees**
  - a. BPC to obtain a budget quote for this from BPC solicitors
- 10. Stamp Duty**
  - a. BPC to obtain a budget quote for this from BPC solicitors, since each parcel is identified individually with an individual transfer value it is understood that stamp duty will be charged per parcel and not on the total transaction
- 11. Surveys - including Geological, Ecological, Contamination, Archaeological**
  - a. Property and estates consultant to comment on relevance of this as, since the current use is not going to change and BPC is not looking to dispose of any assets except small parcels this is not necessary.
- 12. SWW Wayleave / Easements**
  - a. Property and estates consultant to prepare report

**Based on each item in the original scope of work the following schedules for tasks to be carried out by a Property and Estates consultant, the BPC auditor, and those items to be researched by BPC**

**Work to be undertaken by Property and Estates consultant.**

- 1. Review responsibilities and liabilities identified in the HoT**
  - a. Property and estates consultant to prepare report
- 2. Review income opportunities and projections in the finance model**
  - a. Property and estates consultant comment on opportunities and income potential over all sites in the cost model
- 3. Identify other potential income opportunities**
  - a. Property and estates consultant to prepare report on alternative opportunities not identified in the model.
- 4. Commentary and future implications to Beer PC and residents of ownership costs and physical liabilities such as natural disasters.**
  - a. Property and estates consultant to prepare report
- 5. Commentary and future implications to Beer PC and residents if assets are not owned by Beer, for example EDDC or another unitary body exercising its right to exploit assets as it sees fit.**
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- 6. Summary and conclusions on overall viability, benefits and liabilities of ownership.**
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- 7. Property and estates consultant will be required to attend Beer PC meeting to present the report and may be required to attend the Parish Meeting to answer any public questions on viability.**
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- 11. SWW Wayleave / Easements**
  - a. Property and estates consultant to prepare report

### **Work to be undertaken by BPC auditors**

- 1. Review 10-year cash projections**
  - a. BPC auditors review cash projections using actual costs obtained in 1
- 2. Financial Advice / Consultancy –**
  - a. BPC auditors to comment on initial cost and operational costs
- 3. Accountants Report**
  - a. BPC auditors to comment on overall impact on council budget
- 4. Finance Costs These to be identified in the cash forecast**
  - a. BPC auditors to comment on any potential cash flow of financing issues

### **Work to be undertaken by BPC**

- 1. Review the operational costs/income model.**
  - a. BPC invite ground maintenance contractors, builders etc to provide commercial quotes for the works identified in the “task allocation tab” of the cost estimate.
  - b. BPC obtain examples of commercial lease, pitch fees and camper van income etc
- 2. Legal Advice / Consultancy - Conveyancing and interpretation of HoT.**
  - a. BPC to obtain a budget quote for this from BPC solicitors for conveyancing and any additional commentary on HoT
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- 6. Stamp Duty**
  - a. BPC to obtain a budget quote for this from BPC solicitors, since each parcel is identified individually with an individual transfer value it is understood that stamp duty will be charged per parcel and not on the total transaction

If council agrees this revised way forward then the three companies already approached will be asked to reconsider a cost submission.

### Documents included

1. Heads of Terms
2. Finance model
3. Service level agreement for EDDC works
4. Service level agreement for car park management (not yet available)