

## Cabinet (Resources) Panel

23 February 2022

<b>Report title</b>	Community Asset Transfer – Former Tettenhall Railway Goods Depot	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Bhupinder Gakhal City Assets and Housing	
<b>Key decision</b>	No	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	Tettenhall Wightwick	
<b>Accountable Director</b>	Julia Nock, Deputy Director Assets	
<b>Originating service</b>	Assets	
<b>Accountable employee</b>	Luke Dove Tel Email	Strategic Asset Manager, Assets 01902 557121 Luke.Dove@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	City Assets Leadership Team Asset Management Board	15 December 2021 12 January 2022

### Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the Community Asset Transfer of the Former Tettenhall Railway Goods Depot, WV6 8NZ to Tettenhall Transport Heritage Centre for a term of 35 years subject to terms.
2. Delegate authority to the Cabinet Member for City Assets and Housing in consultation with the Deputy Director Assets to approve the terms of the Community Asset Transfer and execution of the lease.

## **1.0 Purpose**

- 1.1 To propose that the Former Tettenhall Railway Goods Depot, WV6 8NZ be leased to Tettenhall Transport Heritage Centre on a 35-year lease on the basis of a Community Asset Transfer.

## **2.0 Background**

- 2.1 In November 2020 Cabinet agreed the revised Community Asset Transfer (CAT) Strategy in relation to all property transactions between the Council and Voluntary and Community Organisations (VCOs).
- 2.2 The CAT Strategy aims to achieve a fair and transparent process for asset transfer between the City of Wolverhampton Council and local community groups. The Strategy assists communities to measure their state of preparedness in taking on greater management responsibility of assets. This Strategy reflects recent experience with the Voluntary Sector to make it more responsive to the needs of the Sector and also risk manage the Landlord position of the Council should a Charity have difficulties in sourcing grant funding during the early stages of its development.
- 2.3 Community Asset Transfers are essentially the transfer of public land to a community organisation (such as a Development Trust, a Community Interest Company or a social enterprise) for less than market value – to achieve a local social, economic or environmental benefit.
- 2.4 The Former Tettenhall Railway Goods Depot is located at the former Tettenhall Railway Station within the Tettenhall Wightwick ward. It is a two-storey, detached property currently occupied and utilised as a transport heritage museum.

## **3.0 Tettenhall Transport Heritage Centre**

- 3.1 Tettenhall Transport Heritage Centre (TTHC) is a registered charity based in Wolverhampton run by volunteers to operate a museum to inform and educate people on the transport and industrial heritage of the City.
- 3.2 The building also currently provides the base for the Tettenhall Engine Club, The Heritage Model Club and The Boulton Paul Association and regularly displays historic artefacts.
- 3.3 In addition to the museum, TTHC also undertake guided walks to highlight the important transport heritage of the Smestow Valley alongside linking up with other local organisations.
- 3.4 The governance of TTHC is overseen by an Executive Committee who oversee the management of the organisation in line with the Tettenhall Transport Heritage Centre Constitution.

- 3.5 TTHC is currently operating from the site under a Tenancy at Will at a peppercorn rent. This is following expiration of their lease at a peppercorn rent being granted by the Council when the organisation formed and started their operation in 2014.
- 3.6 TTHC operate on a not-for-profit basis with any surpluses generated being reinvested back into the museum and building with over £45,000 invested to date. They have generated a surplus in every year they have operated to date including during periods of lockdown during 2020-2022. As part of the CAT, it would be a requirement of the lease that any future surpluses are reinvested moving forward. This would be monitored through periodic submission of accounts by the tenant for review by the Council. A further Individual Executive Decision Notice (IEDN) will be sought prior to completion of the proposed lease and the parties are to agree heads of terms for the lease in the event this IEDN is approved.

#### **4.0 Proposed Development**

- 4.1 TTHC are proposing to continue developing the museum through building on its current success with this being the only industrial museum located within the City.
- 4.2 Following consideration of the business case as received from TTHC, it provides a robust structure both operationally and financially that would ensure the property is correctly maintained in future and provides a valuable asset within the community that will continue to bring excellent benefits to the local economy.
- 4.3 TTHC will oversee the management of the property along with the central services and will ensure that the building and all associated Health and Safety regulations and legal requirements are adhered to at all times.
- 4.4 To allow TTHC the opportunity to successfully secure grant funding and to support the continued delivery of their museum and community involvement, a long lease would be required with a minimum term of 35 years at nil consideration.

#### **5.0 Benefits of Proposed Community Asset Transfer**

- 5.1 The proposed CAT and future development of the Former Tettenhall Railway Station Goods Depot will offer a valuable and unique offering in allowing the Transport Heritage Museum to successfully continue.
- 5.2 It will assist in increasing the number of local people utilising the Smestow Valley Local Nature Reserve to support the local economy.
- 5.3 TTHC will also look to adjust their focus based on feedback to align with and support local educational curriculums by providing details around Wolverhampton's role in the Second World War.
- 5.4 The proposed CAT will allow TTHC to secure the grant funding required to allow development of the property internally to ensure inclusive access for both floors of the museum. Currently there is only provision for wheelchair access to the upper level externally.

- 5.5 The proposed CAT will assist TTHC as they look to become an Accredited Museum with the West Midlands Museum Service.
- 5.6 As part of the CAT process the Council will continue to provide ongoing support to the Tennant to assist in their continued successful service delivery and management of the asset.

## **6.0 Supporting Delivery of the Strategic Asset Plan**

- 6.1 City Assets have developed a Strategic Asset Plan that was completed and approved by Cabinet on 17 October 2018. This provides the structure and management of the Council's land and property portfolio over the following five years, to 2023, and incorporates the Our Assets principle. The plan is structured into three parts:
- Asset Management Policy
  - Asset Management Strategy
  - Asset Management Action Plan
- 6.2 The Asset Management Policy establishes a clear mission with supporting principles for the management of land and buildings, ensuring it is fit for purpose and benefits the people of the City of Wolverhampton and to use land and buildings following rationalisation and disposal of land and buildings, that will enable a financial return to stimulate development and growth, support and encourage local businesses and promote joint-working.
- 6.3 The transfer of The Former Tettenhall Railway Goods Depot supports the policy as outlined and in particular delivery of items A3, A5 and A9 of the Action Plan.

## **7.0 Evaluation of alternative options**

- 7.1 Should the Community Asset Transfer not be approved TTHC will not have a long-term solution for the development of the transport heritage museum as proposed
- 7.2 The Council could continue with the current Tenancy at Will, but this will not provide the security of tenure required by TTHC to secure grant funding and continue to invest in and develop the asset.
- 7.3 The Council could look to end the tenancy with TTHC which would result in the loss of the museum being the only one of its kind in Wolverhampton. The Council could then look to lease the property at market value currently estimated at £11,500 per annum.

## **8.0 Reasons for decision**

- 8.1 The transfer of the asset provides TTHC with the opportunity to enhance the building and service delivery of their very unique organisation improving the local community and environment and serving the City of Wolverhampton.

## **9.0 Financial implications**

- 9.1 The granting of a full repairing lease transfers the future responsibility for maintenance costs, running costs and future investment costs to TTHC. The current Tenancy at Will arrangement involves a similar arrangement with regard to liability for these costs so there is no direct impact on related revenue expenditure budgets arising from the report recommendations.
- 9.2 The potential market rent is £11,500 per annum although the current Tenancy at Will arrangement is for the asset to be provided at a peppercorn rent. Disposal of the asset via a community asset transfer will therefore have no direct impact on revenue income budgets. A freehold capital valuation is deemed inappropriate for this type of asset.
- 9.3 Whilst the recommendations in the report have no direct impact on Council budgets, the proposal would provide TTHC with greater certainty and more appropriate property management arrangements to encourage future investment and bring greater benefits to the local economy and communities.  
[RT/04012022/G]

## **10.0 Legal implications**

- 10.1 The terms of the proposed lease must comply with S.123 Local Government Act 1972 as leases of more than seven years are deemed a disposal and local authorities are obliged to obtain the best consideration reasonably available for such disposals unless Secretary of State consent is obtained. Under this legislation there is a General Consent that authorises disposals at an undervalue provided that the undervalue is for a sum of less than £2.0 million and it can be demonstrated that the disposal will promote the social, economic or environmental wellbeing of the area.
- 10.2 Unless Secretary of State consent is obtained for the proposed leasehold disposal the Council must be able to demonstrate the disposal satisfies the terms of the General Consent described above and therefore the undervalue must not exceed the statutory limit of £2.0 million; and the Council must be able to demonstrate that the proposed disposal will promote the economic, social or environmental wellbeing of the area. On this basis the Council's Estates Team has undertaken an evaluation of the leasehold value of the property in its current condition and determined that it would likely achieve a market rent of £11,500 per annum. When this is projected over the proposed 35-year term of the lease to TTHC it is considered the disposal would not exceed the statutory limit of £2.0 million for a disposal at an undervalue; and the Council is satisfied that it can demonstrate the proposed disposal will promote social, economic or environmental wellbeing in the area for the reasons described above.  
[HAF/22.12.21/CW]

## **11.0 Equalities implications**

- 11.1 All development plans will consider and meet the needs of all people within the local community and an all-inclusive approach will be taken by Wolverhampton City Council. As reported in paragraph 5.4 above grant funding will enable development of the internal parts of the property that will improve wheelchair access to the upper level.

## **12.0 All other implications**

- 12.1 The approval of a Community Asset Transfer of the asset listed in this report will prevent it falling into disrepair and avoid anti-social behaviour.
- 12.2 The transfer of the asset will provide an inclusive and positive impact on health and wellbeing within the local community.

## **13.0 Schedule of Background Papers**

- 13.1 [Strategic Asset Plan 2018-2023](#) – Report to Cabinet on 17 October 2018 including:
- Asset Management Policy 2018-2023
  - Asset Management Strategy 2018-2023
  - Asset Management Action Plan

## **14.0 Appendices**

- 14.1 Appendix 1 – Former Tettenhall Railway Station Location Plan