


## THE CABINET

### AGENDA

**Meeting to be held in the Civic Centre (Committee Room No. 1) on Wednesday, 6<sup>th</sup> April, 2011 at 2.00 p.m.**

#### Part I

ITEM		PAGE
1.	<b>Minutes of the Meeting of the Cabinet held on 9 March 2011, Part I</b>  (Copy herewith).	1
2.	<b>Receipt of Declarations of Interest (if any)</b>	
3.	<b>Apologies for Absence</b>	
4.	<b>Report of the Meeting of the Personnel Committee held on 31 March 2011, Part I</b>  (Copy to follow).	
5.	<b>Audit Commission Annual Audit Letter 2009/10 – March 2011</b>  Joint report of the Chief Executive and the Executive Director of Commercial and Corporate Services (copy herewith).	11


6. **Update to the Constitution** 31  
Report of the Head of Law and Governance (copy herewith).
7.  **Surplus Building Policy (Community Benefit)** 35  
Joint report of the Deputy Chief Executive and the Executive Director of City Services (copy herewith).

### **Local Government (Access to Information) (Variation) Order 2006**

The reports contained in Part II of the Agenda are not for publication as the Cabinet is considered likely to exclude the public during consideration thereof as they contain information relating to any individual, which is likely to reveal the identity of an individual, the financial or business affairs of any particular person (including the Authority holding that information) or to consultations or negotiations in connection with labour relations matters arising between the Authority and employees of the Authority (Local Government Act 1972, Schedule 12A, Part I, Paragraphs 1, 2, 3 and 4).

### **Part II**

8. **Minutes of the Meeting of the Cabinet held on 9 March 2011, Part II** 69  
(Copy herewith).
9. **Report of the Meeting of the Personnel Committee held on 31 March 2011, Part II**  
(Copy to follow).  
(For approval of the recommendations on executive functions and to note the remaining decisions).

10. **Equal Pay Claims** 75  
Joint report of the Chief Executive, the Executive Director of Commercial and Corporate Services and the Director of Human Resources and Organisational Development (copy herewith).
11.  **New Deal for Communities – Funding Arrangements** 79  
\*  
Report of the Executive Director of Commercial and Corporate Services (copy herewith).
12. **Disposal of Premises within Athenaeum Buildings, Fawcett Street, Sunderland** 85  
Report of the Deputy Chief Executive (copy herewith).

 **Denotes Key Decision.**

\* **Denotes Rule 15 Notice issues – item which is a key decision which is not included in the Forward Plan.**

ELAINE WAUGH  
Head of Law and Governance

Civic Centre  
SUNDERLAND

29 March 2011.

**CABINET MEETING – 6 APRIL 2011**  
**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

MINUTES, PART I

**Author(s):**

Head of Law and Governance

**Purpose of Report:**

Presents the minutes of the last meeting held on 9 March 2011 Part I.

**Action Required:**

To confirm the minutes as a correct record.



**At a meeting of the CABINET held in the CIVIC CENTRE (COMMITTEE ROOM NO. 1) on Wednesday 9 March 2011 at 2.00 p.m.**

**Present:-**

Councillor P. Watson in the Chair

Councillors Allan, Anderson, Blackburn, Charlton, Gofton, P. Smith, Speding, Trueman and D. Wilson.

**Part I**

**Minutes**

The minutes of the meeting of the Cabinet held on 16 February 2011, Part I (copy circulated) were submitted.

(For copy report - see original minutes).

1. RESOLVED that the minutes of the last meeting be confirmed and signed as a correct record.

**Receipt of Declarations of Interest**

Councillors Allan, Anderson, Blackburn, Charlton, Gofton, P. Smith, Speding, Trueman and D. Wilson declared personal interests in Item 9, "School Admission Arrangements – September 2012," as Governors of Primary and Secondary Schools in the City,

**Apologies for Absence**

There were no apologies for absence.

## **Report of the Meeting of the Personnel Committee**

The report of the meeting of the Personnel Committee held on 24 February 2011, Part I (copy circulated) was submitted and consideration was given thereto.

(For copy report – see original minutes).

2. RESOLVED that the report of the meeting of the Personnel Committee held on 24 February 2011, Part I, be noted.

## **Green Infrastructure Strategy Framework**

The Deputy Chief Executive submitted a report (copy circulated) to inform of the preparation by the Attractive and Inclusive City Partnership of the Green Infrastructure Strategy Framework and to seek endorsement of its proposals.

(For copy report – see original minutes).

Councillor Charlton highlighted that the Green Infrastructure, or 'GI' was the network of open spaces and countryside that surrounded towns and villages and permeated through built areas and connecting to adjacent local authority areas. He reported that national planning policy encouraged green infrastructure as necessary to ensure the delivery of sustainable communities that the development of a GI strategy was recommended in the Sunderland Strategy 2008-2025, the Economic Masterplan (2010) and, as requested by the Homes and Communities Agency, in support of the emerging 'Sunderland's Housing Priorities Plan'.

Councillor Charlton advised that the Attractive and Inclusive City Partnership agreed that production of a green infrastructure strategy for the city would be included in the Sunderland Partnership's delivery plan and that a 'Framework' for a local strategy would encompass 6 main elements that set out key actions and dates as well as main responsibilities and cost implications. He added that agreement to the Green Infrastructure Strategy Framework would confirm the basic principles for the development of a full Strategy for a network of green infrastructure within Sunderland and other related strategies and policies, complying with national and local requirements.

Cabinet Members were advised that comments made by the Environment and Attractive Scrutiny Committee and the Planning and Highways Committee had shaped the document presented before Cabinet.

Consideration having been given to the report, it was:-

3. RESOLVED that:-

- (i) the Green Infrastructure Strategy Framework be endorsed as the basis for the production of a GI Strategy for Sunderland; and

- (ii) the provisional 'Vision' and 'Principles' included in the framework be adopted for interim use, pending the final strategy, in preparing the Local Development Framework, green-space related schemes and as a material consideration in spatial planning and other planning decisions.

### **Market Square Public Realm Improvements – Appointment of Contractor**

The Deputy Chief Executive submitted a report (copy circulated) to seek authority to award the contract for the Market Square Public realm Improvements.

(For copy report – see original minutes).

Councillor Charlton reminded Cabinet Members of the release of the previously allocated funding in January last year to be supplemented by additional funding from the 2010/11 City Centre Capital Programme Provision. He reported that the budget for the overall scheme has £1.04 million and the first phase of works in Union Street (South) had been completed before Christmas. There had been advance purchase of materials including selected paving and lighting materials which would enable the timely delivery of the next phase.

Councillor Charlton explained that for the main contract of the Public Realm Improvements, excluding seating, expressions of interest were sought from contractors in May 2010 and 20 expressions of interest had been received from which 7 contractors had been shortlisted to submit tenders. He drew attention to the tender received from Bardon Construction Ltd. which had not been the lowest tender but scored the highest overall from a scoring assessment matrix based upon a combination of value and quality. The value of the contract was £574,251.40 and the works were programmed to start on site in April 2011.

Consideration having been given to the report, it was:-

4. RESOLVED that the Deputy Chief Executive be authorised to award the main works contract for the Market Square Public Realm Improvements to Bardon Construction, following a competitive tender process.

### **Sunderland City Council Local Development Framework: Annual Monitoring Report 2009/10**

The Deputy Chief Executive submitted a report (copy circulated) on the Council's Local Development Framework Annual Monitoring Report (AMR) for 2009/10.

(For copy report – see original minutes).



Councillor Charlton highlighted that this was the Council's sixth Annual Monitoring Report (AMR) and covered the 2009/2010 financial year. He explained that this year, given the new Government's proposal to close all regional Government Offices, there had been uncertainty as to whether an AMR would be required. Following late clarification from Government Office for the North East, a streamlined AMR which only reported on the regulatory requirements was prepared and given the need for an end-of-calendar-year submission, a draft AMR was submitted to GONE on 23 December 2010.

Cabinet Members were advised that the AMR had two main functions, namely outlining progress on bringing forward the City's Local Development Framework as set out in the Local Development Scheme, the LDF project plan, adopted in March 2009 and assessing whether policies use effective in achieving their intended aims and objectives by reporting on changes in key land use quantities.

Councillor Charlton reported that work had progressed on the LDF Core Strategy and progress on the Area Action Plan for Hetton Downs had been affected by issues arising from the School Place Planning process and further consideration was now to be given as to how best to take this plan forward.

The attention of Cabinet Members was drawn to some significant developments that had taken place over the course of 2009/10 which included:-

- Business Development and Town Centres – Some 22,500m<sup>2</sup> of new employment floorspace was built, primarily for office and general industrial uses;
- Housing – Net additions to the housing stock – gross completions less demolitions and changes of use out of housing – totalled 384 houses being the third highest net gain since 2000;
- 99.7% of all new dwellings were built on brownfield land which is in excess of the national target of 60% and the highest since 1995;
- Waste – 27% of the city's municipal waste was recycled or composted, which shows a steady rise year on year since 2006/07;
- Renewable Energy – in total, some 9.8MW of renewable energy capacity were installed taking the total installed capacity in the city 17.2MW; and

Councillor Charlton reported that these were impressive facts, particularly in the context of the current unfavourable economic climate and they indicated that the City continued to develop within a strong and sustainable manner. He added that whilst the draft AMR had been submitted to the Secretary of State in order to comply with the requirements of the 2004 Planning Act, he requested Cabinet to approve the AMR as set out in the report and forward it to GONE as the finalised document.

Consideration having been given to the report, it was:-

5. RESOLVED that the Annual Monitoring Report be endorsed as the basis for measuring how policies in the LDF are performing in terms of both its implementation and effectiveness.

### **Children and Young People's Plan (CYPP) Annual Report 2010**

The Executive Director of Children's Services submitted a report (copy circulated) on the Annual Report of the Children and Young People's Plan (CYPP) (2009-2010).

(For copy report – see original minutes).

Councillor Smith reported that the CYPP 2009-2010 was endorsed by Cabinet in April 2009. She explained that the CYPP 2009/10 was an extension of the previous CYPP, which ran from 2007-2009 and that it was a statutory requirement of a Local Authority, on behalf of Children's Trusts.

Cabinet Members were advised that every year an annual report was prepared on the CYPP to set out what had been achieved during the year and what actions had been taken to help realise these achievements. All of the priorities and actions in the annual report had now either been completed or changed and progressed as a result of changes in national policy and/or local delivery.

Councillor Smith drew attention to paragraph 4.3 of the report which highlighted several key achievements, particularly that school attainment levels continued to improve.

Consideration having been given to the report, it was:-

6. RESOLVED that the CYPP Annual Report (2010) be approved.

### **School Admission Arrangements - September 2012**

The Executive Director of Children's Services submitted a report (copy circulated) to seek approval of the school admission arrangements for September 2012.

(For copy report – see original minutes).

Councillor Smith reported that all Local Authorities must consult, determine and publish their admission arrangements, in accordance with the School Admissions Code. She explained that this report sought approval of the school admission arrangements for September 2012 which was required prior to submission to DfE and publication for parents making application for school places for September 2012. She highlighted that the report included the arrangements for processing admissions and the timescales that would be applied to applications for school places as follows:-

- the deadline for applications for secondary schools to be received by 31 October 2011 and a national offer day of 1st March 2012, and
- the deadline for applications for primary schools to be received by 15 January 2012 and parents notified of place offered on 1 April 2012.

Cabinet Members were advised that the report also set out the published admission numbers (PANs) for each school and the criteria that would be applied if there were more applications than there were places available. In addition the report set out the following proposed changes to PANs from last year, for approval namely for:-

Hylton Castle Primary School to reduce the PAN from 45 to 30 to reflect the admissions trend,

Hasting Hill Primary to increase the PAN to 50 to reflect the oversubscription and successful appeals trend of the previous three years

Farringdon Primary to increase the PAN to 55 to reflect the oversubscription and successful appeals trend of the previous three years

Councillor Smith advised that since the submission of the report, the governing body of Houghton Kepier Sports College had indicated that they would like to reduce their PAN from 225 to 210, as a result of falling pupil rolls.

Consideration having been given to the report, it was:-

7. RESOLVED that approval be given to:-
  - (i) the admission policy and procedures,
  - (ii) details of the oversubscription criteria, and
  - (iii) published admission numbers (PANS)

### **Housing Financial Assistance Policy (FAP) 2011-14**

The Executive Director of Health, Housing and Adult Services submitted a report (copy circulated) to seek approval to the Housing Financial Assistance Policy (FAP) 2011-14 which provided the policy framework for the range of assistance available through the Council's strategic housing functions.

(For copy report – see original minutes).

Councillor Trueman highlighted that the current policy, which was approved by Cabinet in December 2007, expired at the end of March 2011 and as such it needed to be renewed. He explained that the Regulatory Reform Order was the legislation that outlined the requirements for a FAP and whilst it only stipulated that the powers of the Order such as private housing renewal, need to be publicised, Sunderland's policy covered all forms of assistance offered by the council. He added that this made a more complete set of information accessible to customers to help them to make informed decisions. He highlighted that as a consequence the whilst the following products, the Rent Deposit Scheme, the Mortgage Rescue Scheme and the Repossession Prevention Fund were now included within the Policy, were new to the FAP they were, however, not new products to the council.

Councillor Trueman reported that one change had been introduced was an increase of fees associated with the delivery of Disabled Facilities Grants and Housing Assistance from 11% to 12%. He added that the work associated with the support given verified that the cost of this service was appropriate and the fee level would be in line with other councils in the region. He was pleased to report that the council's policy was recognised as the most robust in the region and with the additions mentioned above the Financial Assistance Policy would represent best practice and be more accessible for its customers.

Councillor Anderson having congratulated the Portfolio Holder and the Executive Directorate on the policy framework which had been developed enquired if the Mortgage Rescue Scheme would be used to rescue eligible customers by providing loans or helping out with mortgage payments to prevent house repossessions. Councillor Trueman advised that the whole package of advice and assistance under the policy was all about preventing homelessness and reiterated that it had been viewed by other local authorities as being the robust policy.

Consideration having been given to the report, it was:-

8. RESOLVED that the Housing Financial Assistance Policy (FAP) 2011-14, appended to the report, be approved.

### **Local Government (Access to Information) (Variation) Order 2006**

At the instance of the Chairman, it was:-

9. RESOLVED that in accordance with the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during consideration of the remaining business as it was considered to involve a likely disclosure of information relating to any individual, which is likely to reveal the identity of an individual, the financial or business affairs of any particular person (including the Authority holding that information) or to consultations or negotiations in connection with labour relations matters arising between the Authority and employees of the Authority (Local Government Act 1972, Schedule 12A, Part 1, Paragraphs 1, 2, 3 and 4).

(Signed) P. WATSON,  
Chairman.

**Note:-**

The above minutes comprise only those relating to items during which the meeting was open to the public.

Additional minutes in respect of other items are included in Part II.

**CABINET MEETING – 6<sup>TH</sup> APRIL 2011**

**EXECUTIVE SUMMARY SHEET – PART I**

**Title of Report:**

Report of the meeting of the Personnel Committee, Part I held on 31<sup>st</sup> March 2011

**Author(s):**

Head of Law and Governance

**Purpose of Report:**

Presents the report of the meeting of Personnel Committee, Part I

**Action Required:**

The Cabinet is requested to note the report of the meeting held on 31<sup>st</sup> March 2011



**At a meeting of the PERSONNEL COMMITTEE held in the CIVIC CENTRE on THURSDAY, 31<sup>ST</sup> MARCH, 2011 at 5.30 p.m.**

**Present:-**

Councillor D. Errington in the Chair

Councillors Gofton, M. Forbes, P. Watson and A. Wilson.

**Part I**

**Apologies for Absence**

Apologies for absence were submitted to the meeting on behalf of Councillors Allan, D. Trueman, H. Trueman, S. Watson and A. Wright.

**Receipt of Declarations of Interest**

There were no declarations of interest.

**Report of the Meeting of the Personnel Committee, Part I**

The report of the meeting of the Personnel Committee held on 24<sup>th</sup> February, 2011, Part I (copy circulated) was submitted and consideration given thereto.

(For copy report – see original minutes).

1. RESOLVED that the report of the meeting be noted, confirmed and signed as a correct record.

**Reports of the Meetings of the Appeals Panel, Part I**

The reports of the meetings of the Appeals Panel held on 2<sup>nd</sup> and 8<sup>th</sup> March, 2011, Part I (copies circulated) were submitted and consideration given thereto.

(For copy report – see original minutes).

2. RESOLVED that the reports of the meetings be noted for information.



## **Local Government (Access to Information) (Variation Order) 2006**

At the instance of the Chairman, it was:-

3. RESOLVED that in accordance with Section 100(A)4 of the Local Government Act 1972, the public be excluded during consideration of the remaining business as it is considered to involve a likely disclosure of exempt information relating to an individual or information which is likely to reveal the identity of an individual or information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matters arising between the Authority and its employees (Local Government Act 1972, Schedule 12A, Part I, Paragraphs 1, 2 and 4).

(Signed) D. ERRINGTON,  
Chairman.

### **Note:-**

The above minutes comprise only those relating to items during which the meeting was open to the public.

Additional minutes in respect of other items are included in Part II.

<p><b>CABINET MEETING – 6 APRIL 2011</b></p> <p><b>EXECUTIVE SUMMARY SHEET – PART I</b></p>	
<p><b>Title of Report:</b></p> <p>Audit Commission Annual Audit Letter 2009/10 – March 2011</p>	
<p><b>Author(s):</b></p> <p>Chief Executive and Executive Director of Commercial &amp; Corporate Services</p>	
<p><b>Purpose of Report:</b></p> <p>To report to Cabinet the Audit Commission’s Annual Audit Letter</p>	
<p><b>Description of Decision:</b></p> <p>Cabinet is recommended to:</p> <ul style="list-style-type: none"> <li>• Note the contents and receive a presentation from the Audit Commission regarding the Annual Audit Letter;</li> <li>• Refer the report to Council for its consideration.</li> </ul>	
<p><b>Is the decision consistent with the Budget/Policy Framework?</b>      Yes/No</p>	
<p><b>If not, Council approval is required to change the Budget/Policy Framework</b></p>	
<p><b>Suggested reason(s) for Decision:</b></p> <p>To ensure that the Council acknowledges the very positive Annual Audit Letter for 2009/10 and the progress made, and takes appropriate action in relation to those areas requiring further development, as described within the Audit Commission’s Annual Audit Letter.</p>	
<p><b>Alternative options to be considered and recommended to be rejected:</b></p> <p>Consideration of the Annual Audit Letter by Members and its publication are statutory requirements and therefore no alternative options are proposed.</p>	
<p><b>Is this a “Key Decision” as defined in the Constitution?</b>      Yes / No</p>	<p><b>Relevant Scrutiny Committee:</b></p> <p>Management</p>
<p><b>Is it included in the Forward Plan?</b>      Yes / No</p>	



## **CABINET – 6 APRIL 2011**

### **AUDIT COMMISSION ANNUAL AUDIT LETTER 2009/10 – MARCH 2011**

#### **Report of the Chief Executive and Executive Director of Commercial & Corporate Services**

##### **1.0 Purpose of the report**

- 1.1 This report details the Audit Commission's (AC) Annual Audit Letter (AAL) covering the year 2009/2010. The letter includes issues arising from the audit of the council's financial statements and the results of the AC's work undertaken as part of the assessment of the council's arrangements to securing value for money.
- 1.2 Gavin Barker, Audit Manager, will attend Cabinet to present a summary of the AC's findings and address any questions Members may have.

##### **2.0 Description of Decision**

- 2.1 Cabinet is recommended to:
  - Note the contents of this report and receive a presentation from the AC regarding the AAL;
  - Refer the report to Council for its consideration.

##### **3.0 Introduction / Background**

- 3.1 The Audit Commission's Code of Audit Practice requires auditors to prepare an AAL and issue it to each audited body. The purpose of preparing and issuing AALs is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from the auditors' work, which auditors consider should be brought to the attention of the audited body.
- 3.2 Despite the abolition of Comprehensive Area Assessment (CAA) and its use of resources assessment in May 2010, the Code of Audit Practice still requires the District Auditor (DA) to issue a value for money conclusion. For the AAL 2009/10, it was agreed that the work undertaken to date on the use of resources assessment would be used to inform the value for money conclusion.
- 3.3 The AAL summarises the findings of the 2009/10 audit, which therefore comprises two elements:
  - An audit of the council's financial statements
  - An assessment of the council's arrangements to achieve value for money.

##### **4.0 Current position**

- 4.1 The council did not receive the AAL for 2009/10 until March 2011. The reason for the delay was that during the audit, the Director of Financial Resources advised the DA that the Council was unable to proceed with the public inspection process because of legal uncertainty about disclosure of commercially sensitive information. As a consequence, it was agreed that the audit would be 'called' again when the

council was able to meet the requirements of the public inspection period. The position was clarified following the Court of Appeal decision in the Veolia ES v Nottinghamshire County Council case, and the audit was re-advertised for 4 January 2011. No additional issues were raised following the public inspection period. The DA was therefore able to issue an opinion on the financial statements and provide their value for money conclusion on 11 February 2011.

4.2 The DA has been unable to issue a final certificate for the 2009/10 accounts as outstanding objections to the council's accounts for 2007/08 and 2008/09 have yet to be decided. Progress had been made on the objections, however a legal issue has arisen recently which is likely to lead to further delays in issuing the final certificates for the three accounting years.

4.3 The AAL is very positive overall and the key issues identified in the AAL are set out below.

#### **4.4 Financial Statements and Annual Governance Statement**

4.4.1 The DA issued an unqualified opinion on the council's financial statements on 11 February 2011.

4.4.2 The audit identified a number of relatively minor errors in the statements, which have been amended by officers. The DA has made recommendations which should enable further streamlining of the financial statements and reduce overall pressure on officers and on the audit.

#### **4.5 Value for Money**

4.5.1 The DA issued an unqualified conclusion stating that the council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources on 11 February 2011.

4.5.2 The DA reported that the council continues to demonstrate particular strengths, including:

- The successful integration of service and financial planning which has secured significant efficiency savings in recent years, whilst at the same time investing in corporate priorities and improvements for local people
- Well established and effective processes for good governance and internal control

4.5.3 The DA found that there had been further improvements in the council's arrangements, highlighting the following examples:

- The development of a single investment plan with the Local Strategic Partnership
- Delivery of major projects but also improved outcomes at an area level in reduced crime, increased youth provision, and improvements in local environmental services
- Better procurement arrangements that saved money

- 4.5.4 The DA has also reported areas that the council has identified as having scope for further improvement, as follows:
- Extending effective commissioning and procurement arrangements
  - Making efficiencies and savings through better asset management
  - Enhanced workforce management

## **4.6 Current and future challenges**

- 4.6.1 Within the AAL the DA has highlighted the challenges the council faces due to the significant front loading of government grant reductions confirmed within the local government finance settlements for 2011/12 and 2012/13. However he considers that strengths in the council's governance arrangements, its history of good financial management and the ongoing preparations through the Sunderland Way of Working will help the council to respond to these challenges.
- 4.6.2 He also states that the council will need to ensure the successful adoption and compliance with International Financial Reporting Standards (IFRS) in producing the 2010/11 financial statements.

## **5.0 Reasons for the decision**

- 5.1 To ensure that the Council acknowledges the very positive AAL for 2009/10 and the progress made, and takes appropriate action in relation to those areas requiring further development as described within the AC's AAL.

## **6.0 Alternative options**

- 6.1 Consideration of the AAL by Members and its publication are statutory requirements and therefore no alternative options are proposed.

## **7.0 Relevant considerations / consultations**

- 7.1 Government regulations require the AAL to be published. In addition to publication as part of the Cabinet, Management Scrutiny Committee and Council Agendas, and its publication on the AC website it is proposed to place the full report on the council's website.

## **8.0 Glossary**

AAL	Annual Audit Letter
AC	Audit Commission
DA	District Auditor

## **9.0 List of appendices**

1. Audit Commission Annual Audit Letter 2009/10



# Annual Audit Letter

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**Sunderland City Council**

**Audit 2009/10**



**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

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# Key messages

**This report summarises my findings from the 2009/10 audit. My audit comprises two elements:**

- **the audit of your financial statements (pages 4 to 5); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 6 to 8).**

## Audit opinion and financial statements

**1** I issued an unqualified opinion on the financial statements on 11 February 2011, which was well beyond the deadline for audit completion of 30 September 2010.

**2** The reason for the delay was that during the audit, the Director of Financial Resources advised me that the Council was unable to proceed with the public inspection process because of legal uncertainty about disclosure of commercially confidential information. As a consequence, I agreed to arrange for the audit to be 'called' again when the Council was able to meet the requirements of the public inspection period. The position was clarified following the Court of Appeal decision in the Veolia case, and the audit was re-advertised for 4 January 2011. No additional issues were raised following the public inspection period.

## Value for money

**3** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources on 11 February 2011.

## 2007/08 and 2008/09 Objections

**4** Members will be aware that there are outstanding objections to the Council's accounts for 2007/08 and 2008/09. This has meant that I have been unable to issue my certificate for those accounts and that I will be unable to issue my final certificate for the 2009/10 accounts until the objection is decided.

**5** Progress had been made on the objections and I was recently able to share my preliminary views with both the Objector and with the Council's Officers.

6 Subsequently, however, legal issues have arisen which are likely to lead to further delays. I will continue to keep officers informed of developments.

## Current and future challenges

7 The public sector is facing major operational and financial challenges. The Treasury announced £6.2 billion of in-year savings from government spending on 24 May 2010. The Communities and Local Government department made the biggest proportionate contribution of 12.5 per cent (£780 million).

8 The Government's October spending review set out further cuts in funding across all of the public sector. Central government revenue grants to local government (excluding schools) will be reduced by 28 per cent over the period 2011/12 to 2014/15 (more than 7 per cent a year in real terms, with the majority impacting in the first two years).

9 The impact of this on individual local authorities was revealed in the local government finance settlement in December 2010. In March 2011, the Council approved a budget that reflected the impact of the settlement on Sunderland. The Council had not fared well from the settlement, and the budget reflected a reduction in central government funding of £39.2 million in 2011/12, and a further reduction of £11.2 million is expected for 2012/13.

10 Strengths in the Council's governance arrangements have helped it to respond to these major operational and financial challenges in 2010/11 and 2011/12. The Council has a history of good financial management and the Council has been preparing for these challenges through its Sunderland Way of Working programme. This provides the framework for the organisation as a whole to review services and take decisions about changes as part of a structured approach.

11 However, it seems likely that the future will be extremely challenging and Members may be asked to consider some very difficult decisions.

12 In relation to future financial reporting, the Council will need to ensure the successful implementation of International Financial Reporting Standards (IFRS) for the production of its 2010/11 financial statements.

# Financial statements and annual governance statement

**The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.**

**I issued an unqualified opinion on the financial statements on 11 February 2011.**

## **Overall conclusion from the audit**

**13** I issued an unqualified opinion on the financial statements on 11 February 2011, which was well beyond the deadline for audit completion of 30 September 2010.

**14** The reason for the delay was that during the audit, the Director of Financial Resources advised me that the Council was unable to proceed with the public inspection process because of legal uncertainty about disclosure of commercially confidential information. As a consequence, I agreed to arrange for the audit to be 'called' again when the Council was able to meet the requirements of the public inspection period. The position was clarified following the Court of Appeal decision in the Veolia case, and the audit was re-advertised for 4 January 2011. No additional issues were raised following the public inspection period.

**15** My audit identified a number of relatively minor errors in the statements, which have been amended by officers.

**16** I have identified a need to review working papers supporting the financial statements in future years, and I have also identified the scope for the Council to streamline the financial statements that it produces. It is hoped that both of these measures will improve the quality of the financial statements and reduce overall pressure on officers and on the audit.

# Value for money

**I considered whether the Council is managing and using its money, time and people to deliver value for money.**

**I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.**

## **2009/10 use of resources assessments**

**17** At the end of May 2010, the Commission wrote to all chief executives to inform them that following the government's announcement, work on CAA would cease with immediate effect and the Commission would no longer issue scores for its use of resources assessments.

**18** However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I have therefore used the results of the work completed on the use of resources assessment up to the end of May to inform my 2009/10 conclusion.

**19** I report the significant findings from the work I have carried out to support the vfm conclusion.

## **VFM conclusion**

**20** I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

**21** My conclusions on each of the areas are set out in the following table.

Criteria	Adequate arrangements?
<b>Managing finances</b>	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
<b>Governing the business</b>	
Commissioning and procurement	Yes
Use of information	Yes
Risk management and internal control	Yes
<b>Managing resources</b>	
Natural Resources	n/a
Strategic asset management	Yes
Workforce	Yes

**22** My findings are that the Council has managed its finances effectively, and has delivered efficiencies and improved outcomes.

**23** The Council continues to demonstrate particular strengths, including:

- the successful integration of service and financial planning which has secured significant efficiency savings in recent years, whilst at the same time investing in corporate priorities and improvements for local people; and
- well established and effective processes for good governance and internal control.

**24** There have been further improvements in the Council's arrangements. These include:

- the development of a single investment plan with the Local Strategic Partnership;
- delivery of major projects but also improved outcomes at an area level in reduced crime, increased youth provision, and improvements in local environmental services; and
- better procurement arrangements that saved money.

**25** The Council has also identified scope for further improvement, including:

- extending effective commissioning and procurement arrangements;
- making efficiencies and savings through better asset management; and
- enhanced workforce management.

**26** The Council recognises that the financial pressures it faces demand more far reaching measures. It is working on transformational change through its overarching Sunderland Way of Working programme. This sets out how the Council does things now, how it is going to operate in the future and promises further significant change over the next few years.

**27** The Council is relatively well placed to meet the future challenges. However, the pressures on public spending are so great that Members will inevitably be faced with difficult choices in relation to future service provision.

**28** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources on 11 February 2011.

### **Approach to local value for money work from 2010/11**

**29** Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders of possible options for a new approach to local value for money (VFM) audit work. The Commission has now introduced a new, more targeted and better value approach to our local VFM audit work.

**30** My work for the 2010/11 audit will be based on a reduced number of reporting criteria, specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

**31** I will determine a local programme of VFM audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer be required to provide an annual scored judgement relating to my local VFM audit work. Instead I will report the results of all my local VFM audit work and the key messages for the Council in my annual report to those charged with governance and in my annual audit letter.



## Current and future challenges

**32** The public sector is facing major operational and financial challenges. The Treasury announced £6.2 billion of in-year savings from government spending on 24 May 2010. The Communities and Local Government department made the biggest proportionate contribution of 12.5 per cent (£780 million).

**33** The Government's October spending review set out further cuts in funding across all of the public sector. Central government revenue grants to local government (excluding schools) will be reduced by 28 per cent over the period 2011/12 to 2014/15 (more than 7 per cent a year in real terms, with the majority impacting in the first two years).

**34** The impact of this on individual local authorities was revealed in the local government finance settlement in December 2010. In March 2011, the Council approved a budget that reflected the impact of the settlement on Sunderland. The Council had not fared well from the settlement, and the budget reflected a reduction in central government funding of £39.2 million in 2011/12, and a further reduction of £11.2 million is expected for 2012/13.

**35** Strengths in the Council's governance arrangements have helped it to respond to these major operational and financial challenges in 2010/11 and 2011/12. The Council has a history of good financial management and the Council has been preparing for these challenges through its Sunderland Way of Working programme. This provides the framework for the organisation as a whole to review services and take decisions about changes as part of a structured approach.

**36** However, it seems likely that the future will be extremely challenging and Members may be asked to consider some very difficult decisions.

**37** In relation to future financial reporting, the Council will need to ensure the successful implementation of International Financial Reporting Standards (IFRS) for the production of its 2010/11 financial statements.

## Closing remarks

**38** I have discussed and agreed this letter with the Chief Executive and the new Executive Director of Commercial and Corporate Services. I will present this letter to the Cabinet and copies will be provided to all Council members.

**39** Full detailed findings, conclusions and recommendations in the areas covered by our audit were included in the reports I issued to the Council during the year.

Report	Date issued
Audit fee letter	April 2009
Opinion audit plan	June 2010
Interim opinion audit	September 2010
Interim annual governance report	September 2010
Annual governance report	February 2011
Annual Audit Letter	March 2011

**40** The Council has taken a positive and helpful approach to our audit. I wish to thank the Council and its officers for their support and cooperation during the audit.

Steve Nicklin  
District Auditor

March 2011

## Appendix 1 Audit fees

	Actual	Proposed	Variance
Financial statements and annual governance statement	211,760	211,760	0
Value for money	101,940	101,940	0
<b>Total audit fees</b>	<b>313,700</b>	<b>313,700</b>	<b>0</b>
Grant claims and returns	40,250 *	40,250	
Non-audit work	0	0	0
<b>Total</b>	<b>353,950</b>	<b>353,950</b>	<b>0</b>

*\* This is the best estimate of the final fee.*

## Appendix 2 Glossary

### **Annual governance statement**

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

### **Audit opinion**

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question; and
- whether they have been prepared properly, following the relevant accounting rules.

### **Financial statements**

The annual accounts and accompanying notes.

### **Qualified**

The auditor has some reservations or concerns.

### **Unqualified**

The auditor does not have any reservations.

### **Value for money conclusion**

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

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- any director/member or officer in their individual capacity; or
- any third party.



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March 2011

<p><b>CABINET MEETING – 6 APRIL 2011</b></p> <p><b>EXECUTIVE SUMMARY SHEET – PART I</b></p>	
<p><b>Title of Report:</b> Update to the Constitution</p>	
<p><b>Author(s):</b> Executive Director of Commercial and Corporate Services</p>	
<p><b>Purpose of Report:</b> To update the delegations to the Head of Law and Governance as set out in Part 3 of the Constitution.</p>	
<p><b>Description of Decision</b> That Council be recommended to note and endorse:</p> <p>(i) the amendment of paragraph 4.1(a) to (c) of the delegations to the Head of Law and Governance as set out in Part 3 of the Constitution to read as follows:-</p> <p style="padding-left: 40px;">"4.1 (a) To institute, defend or participate in all proceedings, including appeals, in any Court or Tribunal. Where proceedings are instituted on behalf of the Council in the Court of Appeal or the Supreme Court, a report on the institution of such proceedings pursuant to this paragraph shall be submitted to Cabinet for information." and</p> <p>(ii) the re-lettering of the remaining sub-paragraphs of 4.1 accordingly.</p>	
<p><b>Is the decision consistent with the Budget/Policy Framework?                    *Yes/No</b></p>	
<p><b>If not, Council approval is required to change the Budget/Policy Framework</b></p>	
<p><b>Suggested reason(s) for Decision:</b> To ensure that the delegations to the Head of Law and Governance are up to date.</p>	
<p><b>Alternative options to be considered and recommended to be rejected:</b> There are no alternative options to consider.</p>	
<p><b>Is this a "Key Decision" as defined in the Constitution?                    Yes/No</b></p>	<p><b>Relevant Scrutiny Committee:</b>  Management</p>
<p><b>Is it included in the Forward Plan?                    Yes/No</b></p>	



**UPDATE TO THE CONSTITUTION**

**Report of Executive Director of Commercial and Corporate Services**

**1. PURPOSE OF REPORT**

- 1.1 To update the delegations to the Head of Law and Governance as set out in Part 3 of the Constitution.

**2. DESCRIPTION OF DECISION**

- 2.1 That Council be recommended to note and endorse:

- (i) the amendment of paragraph 4.1(a) to (c) of the delegations to the Head of Law and Governance as set out in Part 3 of the Constitution to read as follows:-

"4.1 (a) To institute, defend or participate in all proceedings, including appeals, in any Court or Tribunal. Where proceedings are instituted on behalf of the Council in the Court of Appeal or the Supreme Court, a report on the institution of such proceedings pursuant to this paragraph shall be submitted to Cabinet for information." and

- (ii) the re-lettering of the remaining sub-paragraphs of 4.1 accordingly.

**3. CURRENT POSITION**

- 3.1 The delegations to the Head of Law and Governance require updating to reflect that the Supreme Court has replaced the Appellate Committee of the House of Lords as the final court of appeal for all UK civil cases and criminal cases from England, Wales and Northern Ireland. This is also an opportunity to consolidate and simplify the delegations in respect of the conduct of proceedings in the various Courts and Tribunals which are currently contained in paragraph 4.1(a) to (c) of Part 3 of the Constitution.

**4. REASON FOR THE DECISION**

- 4.1 To ensure that the delegations to the Head of Law and Governance are up to date.



5. **ALTERNATIVE OPTIONS**

5.1 There are no alternative options to consider.

6. **RELEVANT CONSIDERATIONS / CONSULTATIONS**

6.1 The views of the Head of Law and Governance have been incorporated in this report.

7. **BACKGROUND PAPERS**

Constitution of Sunderland City Council.

<p><b>CABINET MEETING – 6<sup>th</sup> APRIL 2011</b></p> <p><b>EXECUTIVE SUMMARY SHEET – PART I</b></p>	
<p><b>Title of Report:</b> Surplus Building Policy (Community Benefit)</p>	
<p><b>Author(s):</b> Deputy Chief Executive and Executive Director of City Services</p>	
<p><b>Purpose of Report:</b> The report seeks Cabinet approval and adoption of a Sunderland City Council Surplus Building Policy (Community Benefit) in order to establish a consistent approach to Voluntary and Community Sector (VCS) occupancy of council owned assets and to provide a clear framework to consider all requests for community asset transfers.</p>	
<p><b>Description of Decision:</b> To request Cabinet approval and adoption of the Surplus Building Policy (Community Benefit)</p>	
<p><b>Is the decision consistent with the Budget/Policy Framework?</b> <span style="float: right;">Yes</span></p>	
<p><b>If not, Council approval is required to change the Budget/Policy Framework</b></p>	
<p><b>Suggested reason(s) for Decision:</b>  The Surplus Building Policy (Community Benefit) will support the development of an efficient and effective portfolio of Council assets which are utilised by the VCS organisations, establish a consistent approach to occupancy and consider all requests for community assets that seek to support community related activity in Council assets.</p>	
<p><b>Alternative options to be considered and recommended to be rejected:</b>  There are no alternative options proposed.</p>	
<p><b>Is this a “Key Decision” as defined in the Constitution?</b> Yes</p>	<p><b>Relevant Scrutiny Committee:</b> Management</p>
<p><b>Is it included in the Forward Plan?</b> Yes</p>	



**SURPLUS BUILDING POLICY (COMMUNITY BENEFIT)**

**REPORT OF THE DEPUTY CHIEF EXECUTIVE AND EXECUTIVE  
DIRECTOR OF CITY SERVICES**

**1.0 PURPOSE OF THE REPORT**

- 1.1 The report seeks Cabinet approval and adoption of a Sunderland City Council Surplus Building Policy (Community Benefit) in order to establish a consistent approach to Voluntary and Community Sector (VCS) occupancy of Council owned assets and to provide a clear framework to consider all requests for transfers.

**2.0 DESCRIPTION OF THE DECISION**

- 2.1 To request Cabinet approval for the adoption of the Surplus Building Policy (Community Benefit).

**3.0 BACKGROUND**

- 3.1 A Working Group (reporting to the Capital Strategy Group) was established to formulate a Policy to:
- Support the development of an efficient and effective portfolio of Council assets which are utilised by VCS organisations, ensuring a systematic approach that maximises the delivery of key outcomes for the community consistent with the key priorities of the Sunderland Strategy and Local Area Plans.
  - Establish a consistent approach to occupancy (including rental arrangements and asset transfer where appropriate) and to consider all requests for community assets that seek to support community related activity in Council assets.
- 3.2 The Council has 85 assets occupied by VCS organisations. The following information has been collated in respect of all of these community assets:
- Location of the premises at a ward and area level, lease and rent arrangements, sustainability and utilisation
  - Governance arrangements and the contribution of the current programme to the Local Area Plans
  - Asset Management

- 3.3 The information collated provides an overview of existing Council owned VCS occupied assets across the City. The analysis highlights potential opportunities for co-location of VCS organisations.
- 3.4 The information will be used as the core data for considering asset rationalisation and potential transfers and also as a reference tool for the council in identifying services delivered in localities.
- 3.5 The Surplus Building Policy (Community Benefit) takes into account National and Local Policy Frameworks. It provides a clear framework to ensure VCS organisations are provided with the clearest guidelines possible and additionally establishes the decision making processes associated with the transfer of an asset.
- 3.6 Cabinet agreed on 21 July 2010 that the VCS should be consulted on the draft Policy and the formal consultation period was completed on 26 November 2010.
- 3.7 The draft Policy has subsequently been considered by Area Committees and responses from both the VCS and Elected Members have informed this final draft.
- 3.8 Specifically the following areas of the Policy have been updated to reflect feedback received during the consultation:
- Ward Councillors will be consulted in relation to establishing evidence of local need
  - The position with regard to covenants has been clarified in relation to community use
  - Support from City Council and VCS infrastructure organisations to VCS organisations considering an asset transfer has been highlighted
  - Compliance with legislation regarding safeguarding has been highlighted
  - Where there may be opportunities for short-term/time-limited usage of buildings by the VCS, it has been acknowledged that a full business plan need not be submitted and that a risk based approach be undertaken proportionate to the circumstances
- 3.9 The draft Policy was considered by Management Scrutiny Committee on 20 January 2011. Members welcomed and supported the Policy as well as the opportunity to receive feedback on the consultation which many had been involved in. Members queried the capacity of volunteers and small VCS organisations to manage assets and were advised that the Policy aims to support organisations through this process.

3.10 On 4 February 2011 the Department for Communities and Local Government issued the consultation paper 'Proposals to Introduce a Community Right to Buy – Assets of Community Value'. This follows on from the recent publication of the Decentralisation and Localism Bill which proposes a new right for local people to identify assets of community value and a moratorium on their sale to give community groups the time to prepare a viable bid.

3.11 The Community Right to Buy builds on existing local authority asset transfer arrangements under the Local Government Act 1972 (General Disposal Consent 2003) and includes:

- Extending the scope to private as well as public assets
- Giving communities the right to identify property which they see as being of vital local importance, including local shops and public houses,
- Local authorities will be required to maintain a list of assets in their area which have community value, and communities will be able to nominate assets which they believe should be included.
- Delaying the sale of these assets on the open market for period of time to enable community groups to put together a bid, prepare a business plan and raise the necessary funds.

The Council is in a favourable position with respect to the introduction of the Community Right to Buy in that the draft Policy sets out the framework for managing the transfer of Council property to a formally constituted VCS organisation. In addition the surplus assets procedure detailed in the draft Policy sets out clear criteria for assessing community need.

#### **4.0 IMPLICATIONS FOR THE CITY COUNCIL**

4.1 The City Council, by agreeing a Surplus Building Policy (Community Benefit), will ensure that it has in place a fit for purpose policy framework which supports the Council and the VCS by ensuring a consistent approach to occupancy and assessing a request to transfer a community asset.

#### **5.0 PROPOSED NEXT STEPS**

5.1 Following approval of the Policy by Cabinet, it is proposed that the implementation arrangements associated with the Policy will be established within the Office of the Chief Executive and City Services Directorate.

## **6.0 REASON FOR THE DECISION**

- 6.1 The Surplus Building Policy (Community Benefit) will support the development of an efficient and effective portfolio of Council buildings which are utilised by the VCS organisations, establish a consistent approach to occupancy and consider all requests that seek to support community related activity in Council buildings.

## **7.0 ALTERNATIVE OPTIONS**

- 7.1 There are no alternative options proposed.

## **8.0 RELEVANT CONSIDERATIONS/CONSULTATIONS**

- 8.1 City Services Directorate and the Office of the Chief Executive have led the work to produce the Policy.

- 8.2 The formal consultation period involved:

- All Area Committees
- Sunderland Community Matters
- National Community Matters
- Sunderland Partnership's online Consultation Calendar
- All Area VCS Networks
- Voluntary & Community Action Sunderland (formerly Sunderland CVS) membership
- Volunteer Centre Sunderland membership
- Sunderland Community Network membership
- All Community Associations
- Sunderland City Council Community Development website
- Management Scrutiny Committee

- 8.3 The Council's Capital Strategy Group will be involved in the implementation of the Policy.

- 8.4 Financial implications – The approach does not imply a need for additional resource but will impact on the ways in which the Council works with the VCS and therefore how existing resources are utilised and maximised for the benefit of the community.

- 8.5 A Sustainability Impact Assessment (SIA) has been carried out for the Policy; however, it had a less significant score and therefore no need for a full SIA.

## **9.0 GLOSSARY**

VCS – Voluntary and Community Sector  
CVS – Centre for Voluntary Services

## **Sunderland City Council Surplus Building Policy (Community Benefit)**

### **1.0 Introduction**

In May 2007, the Department for Communities and Local Government (CLG) published 'Making Assets Work', the report of an independent review led by Barry Quirk, the Chief Executive of Lewisham Council. The review focused on the transfer of asset ownership and management to community groups. It identified the need for transparent community asset transfer policies to be implemented.

Sunderland City Council is responding to this by formulating a Policy to:

- Support the development of an efficient and effective portfolio of Council assets which are utilised by Voluntary and Community Sector (VCS) organisations, ensuring a systematic approach that maximises the delivery of key outcomes for the community consistent with the key priorities of the Sunderland Strategy, and Local Area Plans.
- Establish a consistent approach to occupancy (including rental arrangements and asset transfer where appropriate) and to consider all related requests that seek to support community related activity in Council assets.

The Council currently has 85 buildings that are utilised and managed by the VCS. The majority of these have been transferred as leasehold interests on varying lease lengths and associated responsibilities

On occasion, expressions of interest are made by VCS organisations as vacant properties become available. The existing assessment process involves the VCS organisation submitting a business plan to Property Services which then consults with those Directorates that may have an interest – for example, Children's Services if the proposal includes youth provision – on the sustainability of the organisation and the commercial viability of the building in question.

The transfer of community assets has both a national and local context which provides for the development of a framework to consider the potential for the transfer of an asset.

This Policy describes how the Council can work with VCS organisations to consider the case to support successful transfer of Council owned buildings for the benefit of the community, giving local people greater control over service provision in their neighbourhood



and enhancing the independence and self-sufficiency of our communities.

The policy provides a clear framework for considering the leasehold transfer of buildings to formally constituted VCS organisations. Organisations that take on the transfer and management of a Council owned building will be required to work to core standards set by the Council, which are communicated prior to the transfer of the building and are built into the monitoring of the lease process within current staff roles.

In addition the Policy provides a corporate review of community buildings currently utilised by the VCS and establishes a policy framework to manage these arrangements.

[Disposals or changes in use of school playing fields are covered by a legislative framework and any disposal would first need approval under Section 77 of Schools Standards and Framework Act 1998. School playing fields are not therefore considered under this policy.

## 2.0 **National Policy Framework**

The Local Government White Paper 'Strong and Prosperous Communities', published in October 2006, set out a new relationship between local authorities and its communities. The paper confirmed the Government's intention to increase opportunities for community asset ownership and management, and promoted asset transfer as part of a local authority 'place shaping' role. It aims to establish a relationship that promotes social cohesion and the revitalisation of communities through effective engagement and participation, an area based focus and community empowerment.

As part of this agenda, Lewisham Council's Chief Executive Barry Quirk led an independent review which looked at the transfer of asset ownership and management to community groups. The report of the Quirk Review, 'Making Assets Work', was published in May 2007. The Review found that:

- A managed increase in the community's stake in an asset can bring a wide range of additional benefits for the community, the organisations receiving the asset, and the local authority facilitating the transfer.
- Any sale or transfer of public assets to community ownership and management needs to realise social or community benefits without risking wider public interest concerns and without community purposes becoming overly burdened by operational considerations.
- The benefits of community management and ownership of public assets can outweigh the risks and opportunity costs in appropriate circumstances.

- There are risks, but they can be minimised and managed.

In relation to risk management, the Quirk Review advised that transfers do not necessarily have to be a transfer to one organisation. It is recommended that if a VCS organisation does not have the capacity to manage a building then the transfer can be made to a larger organisation that holds a portfolio of assets and can provide support to smaller community based organisations.

Both the Local Government White Paper 'Strong and Prosperous Communities' and the Quirk Review looked at the importance and methods of stimulating community empowerment through improved community welfare, harmony, cohesion and the capacity for self management. Whilst the primary objective is community empowerment, the purpose of the Quirk Review was to examine and to provide advice on how to optimise the community benefit of publicly owned assets by considering greater opportunities for asset ownership and management to community groups. The Review identified the need for transparent community asset transfer policies to be implemented.

In July 2008 the Local Government White Paper 'Communities in Control: real people real power' confirmed ongoing support for the Quirk Review and announced the establishment of a national Asset Transfer Unit.

The Asset Transfer Unit was set up in 2009. Funded by CLG, the Unit is led and managed by the Development Trusts Association in association with Community Matters and the Local Government Association.

Further key government legislation and policies that influence and impact upon community transfer include:

- The Decentralisation and Localism Bill was introduced to Parliament in December 2010 and gives residents and community groups 'first refusal' on the purchase and management of local community assets. The Community Right to Buy requires local authorities to maintain a list of public or private assets of community value put forward for consideration by communities. When listed assets come up for disposal (either the freehold or a long leasehold), communities will be given the chance to develop a bid and raise the capital to buy the asset when it comes on the open market. This will help local communities to save sites that are important to their particular neighbourhood.
- On 4 February 2011 the Department for Communities and Local Government issued the consultation paper 'Proposals to Introduce a Community Right to Buy – Assets of Community Value'. The Community Right to Buy scheme is intended to run alongside the

existing local authority asset transfer procedure under the Local Government Act 1972 (General Disposal Consent 2003) and includes:

- Extending the scope to private as well as public assets
  - Giving communities the right to identify property which they see as being of vital local importance, including local shops and public houses
  - Local authorities will be required to maintain a list of assets in their area which have community value, and communities will be able to nominate assets which they believe should be included.
  - Delaying the sale of these assets on the open market for a set amount of time to enable community groups to put together a bid, prepare a business plan and raise the necessary funds.
- 
- The Local Government and Public Involvement in Health Act (2007) provides a legal framework for social cohesion and community empowerment promoting the involvement of local representatives in decision making.
  - The Sustainable Communities Act (2007) reinforces the principle that local people know how best to promote the sustainability of their area and provides a simple process where ideas generated by local communities are fed through their local authority.
  - Local Government Act (2000) empowers local authorities to undertake activities that enhance, or contribute to the economic, social or environmental well being of the area. The power does not permit the Council to do anything that it is prohibited or restricted from doing under other legislation. The well-being power should be exercised with regard to the Council's community strategy and must be used rationally and lawfully. The well-being power provides a legal basis for an asset transfer but each proposed asset transfer will need to be judged on it's own merits.
  - Section 123 of the Local Government Act (1972) allows local authorities to dispose of land and buildings at best consideration. Under the General Disposal Consent (England) 2003 the Council has the ability to dispose of land and buildings at less than best consideration up to an undervalue of £2 million subject to the Council considering that the purpose for which the land is to be disposed is likely to contribute to the achievement of the promotion or improvement of the economic well-being, social well-being and environmental well-being, or any one of them, in respect of the whole or any part of it's area, or all or any persons resident or present in it's area.
  - Section 32 of the Housing Act 1985 provides that the Council may not dispose of any land held for housing purposes under Part II of the Act without the consent of the Secretary of State. The

Secretary of State has issued General Consent E3.1 which permits local authorities to dispose of any land held for housing purposes for the best consideration that can reasonably be obtained, provided that any dwelling house included in the disposal is vacant and will be demolished without being used again as housing accommodation. Where a community-based asset transfer of housing land is taking place at less than market value, a specific Ministerial Consent will be necessary for the disposal.

- The Public Request to Order Disposal (PROD) enables any member of the public to request the Secretary of State to direct a local authority under section 98 of the Local Government, Planning and Land Act (1980) to dispose of a building or piece of land in its ownership that is unused or underused in meeting the public body's function.
- Members have a fiduciary duty to local people to act prudently when disposing of Council owned assets. Consideration will need to be given to whether the non-financial benefits arising out of any community based asset transfer will outweigh the capital receipt or rent that is being waived.

### **3.0 Local Policy Framework**

The Sunderland Strategy (2008-2025) identifies five strategic priorities for the City that should be considered in any community asset transfer. These strategic priorities are:

- Prosperous City
- Healthy City
- Safe City
- Learning City
- Attractive and Inclusive City

Underpinning the Sunderland Strategy are the Local Area Plans (LAPs) for each of the five areas. The LAPs support the delivery of the above strategic priorities and also focus activity and resources on key issues identified by local people in relation to the immediate area in which they live. Delivery of the LAPs is allowing both the Council and its partners to continue to make a demonstrable difference in the quality of people's lives within their own community.

The Sunderland Compact is an agreement between the organisations of the Sunderland Partnership and the VCS to improve their relationship for mutual advantage and community gain. The recent refresh of the Sunderland Compact has seen significant involvement from local VCS organisations alongside representatives from the Council and Sunderland Partnership organisations. This has resulted in the development of a local agreement in line with national policy guidance reflecting local requirements. The Sunderland Compact

provides the basis to improve partnership working between the Council/other Sunderland Partnership organisations and Sunderland based VCS organisations.

#### **4.0 Property**

When a Council owned property is declared surplus to operational requirements by an individual directorate, a corporate approach is currently taken to identify the options available, using an options appraisal process in order to determine, for example, its re-use, retention, or disposal. This approach is guided by the Strategy for Surplus Assets and the process followed is set out in Appendix A.

When carrying out an option appraisal, if an internal use is not identified then a valuation exercise is carried out whereby alternative uses are considered for the property. This valuation provides both a rental and capital receipt value as well as the likelihood of either being realised. Options are considered and a recommendation is made. The potential future strategic requirement for this property is considered as part of this process. Any needs identified will have an impact on the future use or disposal of the property.

Within the valuation process it will be possible to identify properties that have no commercial value, properties that will create a financial liability for the Council or properties that are surplus to current operational requirements but that need to be retained for a future use and can therefore be used in the short-term, perhaps for a time-limited project delivered by the VCS (providing it doesn't jeopardise or affect a disposal opportunity/future use). In this situation, community use of the properties could meet the financial and efficiency requirements of the Council as well as the needs of the community. It may be possible to streamline the application and assessment process short term use (under six months). A full business plan will not be appropriate in these circumstances, and an application could be submitted if a building was readily available.

On declaration by a directorate that a property is surplus to operational requirements, consultation is undertaken with other directorates to determine whether there is any other Council interest. As part of this consultation, City Services (Community Development) will also carry out an assessment as to whether there is community need (see section 5.1 for detail). This will be assessed against strategic priorities and will draw on the relevant database, as well as existing provision offered in the area, either from the VCS, Council, other public or private sector organisations. This will assist in identifying where there are gaps or an existing community need. Where such uses or needs are identified, it may be that the benefit of the community use can be valued and this

may match or exceed the purely financial aspects of the property, thereby making a transfer possible.

Considering this Policy at the option appraisal stage will allow the Council to be more proactive in disposal or utilisation, rather than reacting to individual requests. Such an approach will allow cohesion amongst proposed uses for the assets.

In considering the need for a community transfer, it will be essential to consider the tenure, length, rent, user and repairing responsibility in relation to the asset, as well as insurance and liability issues should the organisation fold and not have maintained the land and/or the building.

## **5.0 Framework for Transfer in Sunderland**

A clear framework is essential to ensuring that fair and transparent consideration is given to a transfer in Sunderland. VCS organisations must be provided with the clearest guidelines possible in order to move forward, and a framework for ensuring this takes place is detailed in the sections below. A flowchart for the framework is also attached (Appendix B).

### **5.1 Evidence of Need**

The evidence of need is the first stage, when consideration must be made of the following:

- Are there existing programmes and services in the area (either the VCS, Council, other public or private sector) that meet the proposal?
- Have Ward councillors been consulted in relation to their knowledge of need in their local area?
- Taking account of existing provision, is there an identified need for this use?
- Does the proposal meet with strategic and Council priorities, namely:
  - Sunderland Strategy?
  - Local Area Plans?
  - National Performance Indicators
  - Other identified Council priorities?
- Does the proposal allow for co-location of services and as such can the remaining asset be sold?
- Does the proposal require a specific facility or can this be supported in an existing facility?
- Is there evidence of working with existing VCS organisations in the area and/or evidence of investigating the possibility of using an existing facility?
- Identification of partnerships i.e. with statutory organisations, council directorates or other VCS organisation?
- Identification of financial/non-financial support including external funding and volunteer time?

By using the data on the existing facilities owned by the Council or other public/private sector in the area, it will be possible to not only assess the level of **need** in the area in light of the proposed use, but also to promote co-location of under-utilised buildings.

VCS organisations that require additional governance support and funding advice to enable the successful transfer of an asset will be supported by the Community Development Team.

## 5.2 Community Asset Readiness Assessment Tool (CARAT)

The second stage is the use of Sunderland's CARAT which has been developed to provide an assessment or "Fit for Purpose" ranking of the building and the governance capacity of the VCS organisation. Utilising this tool has the potential to inform the decision making process in relation to resourcing community buildings and organisations.

The CARAT considers the following key areas:

- Building status
- Status of the organisation
- Current level of council support both financial and in kind (rentable value) and external funding support
- Use of building

**Stage 1** comprises a full evaluation of asset management information i.e. condition survey including Disability Discrimination Act (DDA) compliance, market value, potential rental value and compliance with statute. Template attached at Appendix C.

This approach ensures full cognisance is taken of the quality of both the organisation and the building.

The contents of the condition survey will be shared with the successful VCS organisation to aid the business planning process

**Stage 2** of the CARAT considers the governance status and capacity of the VCS organisation. Template attached at Appendix D

This stage has been developed using guidelines from the Charity Commission and considers a range of indicators including an assessment of staff and volunteer policies, assessment of management committee skills, legal and financial probity, marketing and promotions and legislation compliance. The experience of the staff and volunteers in terms of premises management experience will be considered at this stage

It is apparent that some VCS occupiers take on lease agreements without fully understanding the legal responsibilities of holding a lease and also of managing a property. It is important that premises management and legal responsibilities are understood fully by the VCS organisation. Owing to potential conflicts of interests, it is not possible for the Council's internal legal services department to offer support around an organisations' legal responsibilities; however, it would be possible to signpost to leading organisations in the VCS who can offer this support, and receipt of such support will be evidenced within the subsequent business plans submitted by the VCS organisations. The Council will carry out regular lease compliance inspections at rent review and lease renewal to ensure lease covenants are being observed.

A tenant's handbook will be developed by Property Services and will detail responsibilities required for operating a property. This will include:

- Health & Safety information
- Contact details for the relevant Council departments
- Guides on applying for and when to apply for Landlords consent
- Log books for testing
- Energy Performance Certificate

Sunderland City Council recognises that there may be specific legislation and criteria associated with the delivery of particular services – for example, sports project or children and young people or vulnerable adults service delivery; in these circumstances, specific additional criteria will need to be applied.

### 5.3 Decision Making

Following evidence of need and CARAT assessment, there will be a requirement for the Head of Land and Property to consider the options below in-depth, in consultation with:

- City Services (Community Development)
- Corporate Capital Strategy Group
- Portfolio Holder for Resources
- Portfolio Holder for Responsive Services and Customer Care
- Ward Councillors
- Commercial and Corporate Services
- Relevant Area Committee

These options are:

- **Tenure:** The Council has a long history of leasehold transfer; in doing so, the Council retains some control over the asset. There may, however, be cases whereby there is no strategic need to



retain an asset or a need to retain ownership of the asset. A strategic need is one where the asset is required to meet the strategic aims of the Sunderland Strategy 2008-2025, the Corporate Improvement Objectives of the Council and the Economic Masterplan. Consideration of a freehold transfer will be beneficial only where the property has been identified as a financial liability or when such transfer will better meet the Council's strategic priorities. In these cases the VCS organisation would need to evidence the longevity and certainty of community benefits.

Any freehold transfer would require restrictive covenants and financial claw back to restrict the use of the site to a community use within the legal documentation. This is to ensure that no profit can be made from the site and it would continue to be for community use only.

In the majority of circumstances a leasehold interest will be offered. This will protect the future of the building and ensure that the Council can veto any future changes in use and occupation of the facilities during the lifetime of the lease.

- **Length of Term:** VCS organisations generally require long-term lease agreements in order to be able to access funding. These terms will be considered on an individual basis depending upon each circumstance.

The length of term offered will depend on whether any potential future uses have been identified for the site and the sustainability of the organisation and the proposal.

- **Rent:** If a building were to be let on a commercial basis it would be let on a fully repairing basis and at a market rent. This would mean that the Council as Landlord would receive a financial return on the asset with no maintenance or financial responsibilities. To let a building on a reduced rent while retaining repairing responsibility is a significant decision as it results in a loss of rent for the Council and potentially a repairing responsibility.

When assessing a transfer, a rent review or lease renewal of an existing building, a valuation exercise must be carried out on the basis of the market rent in order to assess the potential financial cost of transferring or renewing the lease of an asset at less than best consideration. The market rent is assessed by a Royal Institution of Chartered Surveyors (RICS) professional in accordance with the RICS Valuation Standards and considers, but is not limited to, such factors as planning consents, property defects, market conditions, comparable evidence of recent market transactions for the type of property and location. However, if the community benefits are tangible and can be measured against

Council strategic objectives, and a value can be attributed to them – either through reduction of service delivery costs as a direct result of VCS use or through the meeting of a community need – this value may exceed the financial loss of a reduced rental. The decision to grant a lease at less than market rent is justifiable under the Council's power of well being (Local Government Act 2000) and is permitted subject to compliance with the terms of the General Disposal Consent (England) 2003. The community benefit will be jointly assessed by City Services (Community Development), Office of the Chief Executive (Area Officers) and the directorate responsible for the strategic priorities / sponsoring the VCS organisation. All financial assessments must include Finance staff to ensure the calculation is correct and that the appropriate basis has been used and applied correctly.

- **Maintenance:** Buildings which are declared surplus in terms of built environment are generally those that are at the end of their useful life and, as with the majority of Council owned property, come with considerable backlog maintenance. Accordingly the buildings can be expensive to run and maintain, which has led to groups asking the Council to put buildings into repair prior to letting, to continually maintain the properties and to accept the buildings back in a poor state of repair if they cannot be maintained.

A building survey will be undertaken by the Council prior to any consideration of transfer. Unless there are exceptional circumstances, buildings will be transferred in their current state of repair and on a fully repairing basis. This will ensure that funding for repairs is not diverted from essential maintenance on operational buildings, such as a building occupied by the Council to deliver services, including back of house staff. Assistance should be provided by the Council to support community groups to access funding (for repairs for example) but also to provide an understanding of the repairing responsibilities that a transfer creates.

- **Lease Terms:** It is proposed that the majority of all new leasehold transfers will benefit from a standard lease agreement ensuring all relevant buildings have the same lease agreement with standardised lease terms and responsibilities. This will ensure cohesion and transparency across arrangements.

A rent review clause will be contained within the standard terms, which will allow the Council as Landlord to review the rent payable on the property at regular intervals. This reflects good estate management practice. The rent review will comprise the same valuation process that took place at the commencement of the lease; if the VCS organisation still meets the needs of the Council, then the rent will remain at the reduced level. Should the organisation revert to a commercial entity at any point in the lease,

the market rent will be implemented or the council will look to reclaim the premises. The timing of the rent review will depend on the length of term of the lease for example a five year rent review on a ten year lease.

All new leasehold transfers will also allow for Council monitoring of the VCS organisations to review usage, the programme offered and to ensure that the community is being adequately served from the facility. This monitoring process will impact the outcome of the rent review and lease renewal in terms of the rent that is applied.

#### 5.4 Business Plan

The final stage of the framework is the requirement for any VCS organisation applying for a transfer to submit a full and sustainable business plan. It is expected that this will detail:

- Financial Sustainability
  - Funding in place for revenue to support the building and an ongoing maintenance plan
- Programme Sustainability
  - Degree of local support and identified need for proposed programme to be delivered
  - Clear outcomes identified from programme delivery
- Governance Capacity of Organisation
  - Skills of volunteers and management committee
  - Premises management experience
  - Track record of managing similar projects
- Partnership Work
  - Evidence of partners who will be supporting the project – including letters of support
- Identification of Community Need
  - Evidence of community consultation
  - Link to Council consultation identifying need
- Links to Sunderland strategic priorities
  - Programme delivery showing meeting Sunderland Partnership and Sunderland City Council strategic objectives
- Compact Compliance
  - Organisation signed up to Sunderland Compact.

#### 5.5 Cabinet

Where the consideration is more than £100,000 in the case of freehold transfers or where the annual rental is more than £50,000 in the case of leasehold transfers, the decision on the Community Asset transfer will need to be made by Cabinet.

## 6.0 Building Transfer – Risk Analysis

### 6.1 Benefits

It is essential that both Council and VCS benefits of the transfer are identifiable, tangible and measurable in order to make an appropriate case for the transfer of assets, whether it is on a licence, leasehold or freehold transfer.

Potential benefits of a transfer include:

- A business plan that is sustainable and seeks to ensure the delivery of priorities contributing to the Sunderland Strategy and Local Area Plans. In doing so the delivery of the business plan should increase/improve service provision and enhance the ability of VCS organisations to deliver the outcomes that the Council and local communities consider important.
- A more productive use of buildings by addressing evidence of need and developing partnerships and the opportunity to co-locate in facilities with the VCS and other local partners.

### 6.2 Risks

Whilst there are benefits, it is also important to understand the risks of such transfers and to identify ways in which the Council can manage these risks, which may include:

- Loss of Potential Capital Receipt and potential market rent
  - Transfer will be assessed within the corporate approach to the management of buildings deemed surplus to requirements as detailed in Section 4 of this Policy.
  - Not transferring may leave the Council with security and/or maintenance costs and in addition to the wider impacts of social cohesion and inward investment from external funders.
- Transfer of a building in its current state of repair may place additional responsibilities on the VCS organisation
  - Provide a full building survey prior to a VCS organisation agreeing to pursue transfer.
  - Transfer on a long lease will give the receiving organisation more opportunities to raise grants and investment funding to support improvements.
  - **Ensure VCS organisation has access to financial expertise and advice via Community Development Team which will include signposting organisations to wider third sector infrastructure support – for example Voluntary and Community Action Sunderland (VCAS, formerly Sunderland Centre for Voluntary Services).**
  - **Property Services will provide a tenants handbook which will detail responsibilities required for operating a property.**

- Do the VCS organisations, particularly community groups have the skills, expertise and financial capacity to run and maintain the property?
  - The organisation taking on the building must demonstrate the requisite skills and capacity to manage it. This could be demonstrated through a skills audit supported via the CARAT process in Section 5.2.
  - **The VCS organisation needs access to ongoing expertise and advice via the Community Development Team.**
- Will the VCS organisation be sustainable?
  - A full and sustainable business plan will be required from any VCS organisation requesting a transfer.
- Is there a possibility of the building coming back to the Council?
  - This will be managed via the lease process and property services carrying out monitoring of the VCS organisations usage within the rent review process which will assess continued community usage and entitlement to discounted community rental.
  - The business plan and the lease agreement will clearly state that the Council is not responsible to deliver the service provided by the VCS organisation if the building returns to the Council.
  - If the organisation does fold, the building will return to the Council and will be dealt with via the Surplus Assets Policy.

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## Appendix A

### Surplus Assets Procedure

At its meeting on the 2<sup>nd</sup> December 2009 Cabinet agreed a procedure for the disposal of surplus land and property. This procedure provides the steps to be undertaken when a Directorate declares an Asset as surplus.

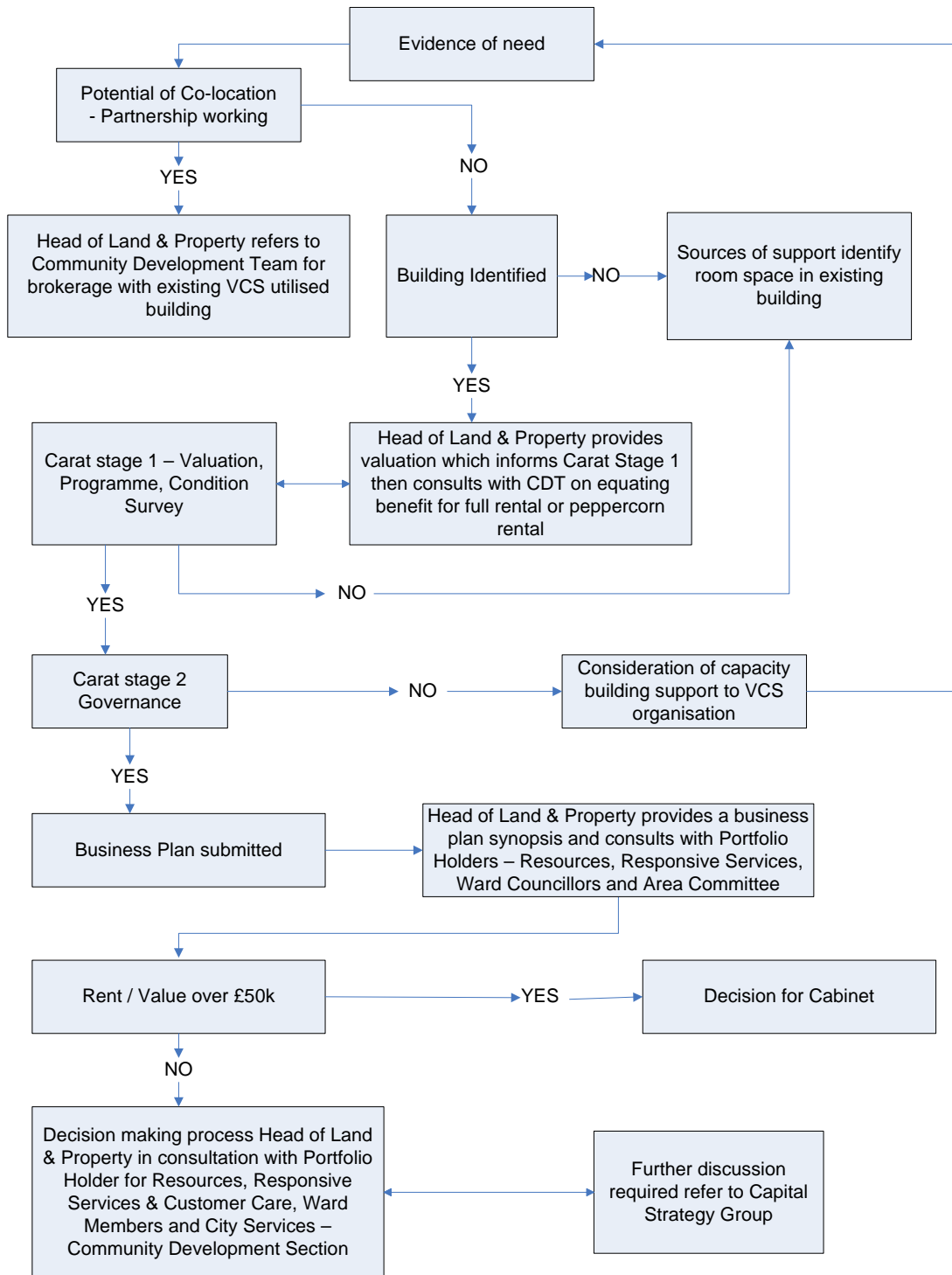
The main steps are as follows:

- Step 1: The occupying service declares the asset as surplus to operational requirements and acknowledges this to the Head of Land and Property.
- Step 2: Property Services as Corporate Landlord will circulate a consultation memorandum to all services to determine if there is an alternative operational need for the surplus asset.
- Step 3: Should no alternative operational use be apparent at this time then the Council will make a judgement on whether it is in its best interests to dispose of or retain property that is no longer required for service delivery purposes based on the criteria set out in the Surplus Land and Property policy which is:
  - Strategic Needs of the Council
  - Financial Risk
  - Regeneration Requirements
  - Partnership Working
  - Heritage
- Step 4: Property Services undertake investigations with the Chief Solicitor, Head of Planning and Environment, Head of Street Scene Services and City Services (Transportation). At this stage City Services (Community Development) and ward councillors will advise if there is a Community need.
- Step 5: Property Services collate the above information into an options paper detailing the various options for the property including valuations and the recommended option for the asset.
- Step 6: Options paper is passed to the Capital Strategy Group to consider and select the option for the property.
- Step 7: Recommendations from Capital Strategy Group consulted on with Portfolio Holder for Resources and Ward Members



**Sunderland City Council  
Framework for Asset Transfer  
Flowchart**

Appendix B







Community Asset Readiness Assessment Tool (CARAT): Stage 1

<u>Centre:</u>		
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Description/Commentary:

Category:

<b>Service Level Agreement (Community Associations only)</b>		
<b>Self-supporting (Community Associations Only)</b>		
<b>VCS Organisation – Peppercorn Rental</b>		
<b>Open Market Valuation:</b>		
<b>a) Notional Rental</b>		
<b>b) Asset Valuation</b>		

Legal Status:

<b>Incorporated Body (limited by Guarantee)</b>	
<b>Community Interest Company</b>	
<b>Charity</b>	

Lease

Lease formally completed	Term	Expiry Notice	
		Expiry Date	Notice required by



Community Asset Readiness Assessment Tool (CARAT): Stage 1

CATEGORY	CONDITION	PRIORITY 1	PRIORITY 2	PRIORITY 3	PRIORITY 4
Roof					
External Wall					
External Window					
Chimney Stacks					
Glazing					
Doors					
Floors & staircases					
Ceilings					
Internal Walls					
Sanitary Services					
Redecorations					
Kitchen Fittings					
Fixed furniture & fittings					
Mechanical Services					
Electrical Services					

Community Asset Readiness Assessment Tool (CARAT): Stage 1

CATEGORY	CONDITION	PRIORITY 1	PRIORITY 2	PRIORITY 3	PRIORITY 4
External Areas					
Asbestos Need survey					
DDA					
<b>TOTAL</b>					

PRIORITY KEY

- PRIORITY 1      Urgent work that will prevent immediate closure of the premises and/or address an immediate high risk to health and safety of occupants and/or remedy a serious breach in health and safety of the occupants and/or remedy a serious breach of legislation
  
- PRIORITY 2      Essential works required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to health and safety of occupants and/or remedy a minor breach of legislation
  
- PRIORITY 3      Desirable works required within three to five years that will prevent serious deterioration of the fabric or service and/or address a low risk health and safety of occupants and/or remedy a minor breach of legislation
  
- PRIORITY 4      Long term work required outside the five year planning period that will prevent deterioration of the fabric of the building.

**Community Asset Readiness Assessment Tool (CARAT): Stage 2**

**Centre:**

**Date of Assessment:**

**Assessment Carried out with Management Committee and supported by Community Development Team**

Scoring (unless stated):

0 = Non-existent

1 = Poor

2 = Fair

3 = Good

4 = Ideal

No.	Characteristic	Sub Characteristic	Evidence Required	Score	Comment
<b>Category A: Governance and Capacity</b>					
A1	Staff	FTE staff employed / equivalent dedicated volunteers (no staff=0; 1 point per FTE of staff/volunteers, max 4 points)			
A2	Staff	Staff have current job descriptions (see standard scoring)			
A3	Staff	Staff inductions and training (see standard scoring)			
A4	Management Committee	Volunteers for at least 2 hours per week (0-5 volunteers= 1 point, 6-15=2, 16-30=3 and 31+=			

		4)			
A5	Management Committee	Volunteers have current role descriptions (see standard scoring)			
A6	Management Committee	Volunteer inductions, training and development (1 point for each, maximum 3 points)			
A7	Management Committee	Status of the Management Committee (2 points if a Charity, and further 2 points if incorporated)			
A8	Management Committee	Management Committee constitution in line with Charity Commission guidelines (no=0, yes=4)			
A9	Management Committee	Management Committee representative of social demographics i.e. diversity in age, gender, race and drawn from the locality (one point each – maximum 4 points)			
A10	Management Committee	Management Committee meetings with delegated actions (no=0, yes = 4)			
A11	Management Committee	Management Committee meetings take place regularly, in line with constitution (no=0, yes = 4)			
A12	Management Committee	Management Committee meetings take place regularly and AGM takes place (2 points each – maximum 4)			
A13	Management Committee	Annual Report produced (see standard scoring – points based on quality)			
A14	Management Committee	Appropriate business planning process in place (see standard scoring – points based on quality)			
A15	Management Committee	Lettings Policy in place (no=0, yes = 2) Lettings Policy pricing structure (yes = 2 further			

		points)			
A16	Management Committee	Premises Management experience (no = 0, yes = 4)			
A17	Budget Management	Legal compliance / financial probity (no=0, yes = 4)			
A18	Budget Management	Externally audited accounts (no=0, yes=4)			
A19	Budget Management	Level of income generation – sustaining the organisation. (See standard scoring)			
A20	Marketing & Promotion	Appropriate marketing, communications, advertising and website arrangements in place (1 point each – max. 4)			
A21	Marketing & Promotion	Public acknowledgement of partner support (no=0, yes=4)			
A22	Legislation Compliance	If incorporated, annual Company Law returns completed (no=0, yes=4)			
A23	Legislation Compliance	Charity Commission annual returns completed (no=0, yes=4)			
A24	Legislation Compliance	Health and Safety policy (no=0, yes=2) Health and Safety risk assessments (no=0, yes=2)			
A25	Legislation Compliance	Awareness and adherence to building management legislation including asbestos, legionella, electricity at work			
A26	Legislation Compliance	Employment policy (no=0, yes=2) Public / Employee liability insurance (no=0, yes=2)			
A27	Legislation Compliance	Equality Standards Strands compliance – race, sexuality, disability, gender, age and religion (1 point			



		each – 6 max.)			
A28	Legislation Compliance	Data Protection policy (no=0, yes=4)			
A29	Legislation Compliance	Freedom of Information (no=0, yes=4)			
A30	Legislation Compliance	Children or Vulnerable Adults Policy compliant with Sunderland SSCB/SSAB Policies and Procedures including the requirement that any group hiring also comply with the policy where they provide services for such groups (no=0, yes=4)			
A31	Legislation Compliance	Criminal Records Bureau (none=0, bank signatories of chair (1) & treasurer (1), and all those with levels of access to young people and vulnerable adults – management committee (1) and service providers and section leaders (1) – Max. 4 points			
A32	Legislation Compliance	If applicable specific legislation requirements relating to delivery of services i.e. sports project would be required to be registered with relevant national governing body, registered with Active Sunderland Network, Sports Development Plan in place on how Increasing Participation, Club Mark Status.			
A33	Quality	Charity Commission Hallmark, VISIBLE Standards, Pre VISIBLE Standards, PQASSO No = 0, yes = 4			
A34	Delivery Capacity	Working in partnership with other local VCS organisations (no=0, yes=2) Working in partnership with public sector			

		organisations e.g. Council, Gento, Police, Sure Start, Health, Schools, Libraries (no=0, yes=2)				
		<b>TOTAL SCORE</b>				

