

Agenda Item

Executive Board

14 July 2010

10/0006



Transfer of land at Lace Walk car park, Honiton to Honiton Town Council for a Community Centre

Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

Summary

The proposal is for EDDC to transfer the freehold title of 0.114 Ha (0.28 acre) site at Lace Walk car park, Honiton to Honiton Town Council to facilitate the construction of a new community centre by EDDC, in partnership with Devon County Council and the Honiton Town Council.

Recommendation

To agree to the transfer of 0.114 Ha of land at Lace Walk car park, Honiton to Honiton Town Council at less than 'Best Value' than might reasonably be obtainable in the open market, subject to the Honiton Community Centre project proceeding

a) Reasons for Recommendation

To facilitate the construction of a new community centre to serve the Honiton community

b) Alternative Options

Not to agree to the transfer of this site to Honiton Town Council, but to retain ownership of the land and new community centre.

c) Risk Considerations

If the land is not transferred at nil consideration then it is likely that the community centre will not be built, and it is also unlikely that this Council will wish to retain responsibility for managing the facility.

d) Policy and Budgetary Considerations

A policy that audits the transfer of property assets to Town and Parish Councils at nil consideration is established with delegated powers granted to the Chief Executive Officer and Portfolio Holder for Resources.

The 'under value' of this transaction is assessed at £101,000. The transfer of this site will involve the loss of 39 long stay parking spaces with the resultant loss of revenue of £9,705 per annum (at 2008/9 income figures).

The Council has given a commitment to the Honiton Town Council to contribute a capital sum of £333,000 towards the build cost and an annual sum of £20,000 towards the running costs of the centre.

Positive Impact Overall

Young People.

Meeting our Diversity and Equality duties.

Providing more service at same cost.

e) Date for Review of Decision

Not applicable

1 Main Body of the Report

- 1.1 Funding has been made available for the construction of a new community centre on EDDC owned land at Lace Walk car park, Honiton, partly through a capital contribution of £333,000 from the District Council, Sect 106 funding, and funding from Honiton Town Council.
 - 1.2 It is proposed that the site will be transferred, freehold at nil consideration, to Honiton Town Council (as authorised by the Executive Board at its meeting of 27 November 2002 – min 119 (2))
 - 1.3 As the proposal is to transfer the land at **nil** consideration it is a requirement (under the provisions of the Local Government Act 1970) that land subject to a transfer at '**less than Best Value**' than might reasonably be obtained if offered for sale on the open market', be considered by the Council
 - 1.4 As the 0.114 Ha (0.28 acre) site is currently operated as a long stay car park the existing use value is assessed at £101,000 (based upon the net annual revenue generated)
 - 1.5 As this sum is below the £250,000 threshold for SDLT (stamp duty land tax) no tax will be payable, however SDLT would be payable if the land and community centre building were to be transferred in one transaction.
 - 1.6 On 22 November 2005 EDDC entered into a contractual arrangement with Honiton Town Council which committed this Council to contributing a capital sum, by way of grant, of £333,333 towards the cost of constructing the community centre (to include architects fees) together with an annual contribution of £20,000 towards the running costs of the centre..
 - 1.7 Minute 119 (2) of the Executive Board meeting of 27 November 2002 stated that the £333,333 building grant was to be made in addition to the transfer of the land.
 - 1.8 The loss of the 39 car parking spaces could be alleviated by undertaking a re-modeling of the Lace Walk short stay car park to provide an additional 7 spaces although this has not been costed and there is no budget provision for this.
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Legal Implications

It was originally envisaged that the Community Centre would be developed by a voluntary organisation in which case the land would have been let under a 125 year lease. As the development is now being taken over by the Town Council, and substantially developed with loan money it would seem reasonable that the freehold should be transferred, and also consistent with the proposed community centre development at Sidmouth. The Transfer would not be completed until the Building contract has been let and work about to start. It should also contain appropriate restrictive covenants.

Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 disposal of land for less than the best consideration that can reasonably be obtained sets out the framework under which the council may agree to dispose at less than market value. The body of the report identifies the undervalue at £101,000. The terms of the Consent mean that specific consent by the Secretary of State is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. Where applicable, authorities should also have regard to their community strategy.

Financial Implications

The loss of capital receipt of £101,000, and revenue of £9,705 pa. needs to be weighed against the positive impact of a community centre in Honiton.

Of the £333,333 approved in EDDC capital programme, £34,000 was transferred to HTC during 2005 with additional expenditure of £12,203 on consultants fees in 2009/10 leaving a balance of £287,130.

Consultation on Reports to the Executive

This matter has been the subject of wide consultation and various committee reports. A detailed planning application is currently under consideration.

Background Papers

- ❑ Plan of community centre site at Lace Walk
- ❑ Copy of legal agreement between EDDC & HTC dated 28 July 2005
- ❑ Executive Board meeting of 27 Nov 2002 (min 119)

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