

## Agenda Item

**CABINET**

**9 January 2013**

**AW/RP**



### **Multi-Purpose Building (Younghayes Place) - Cranbrook**

#### **Summary**

This paper provides an update in relation to the delivery and transfer of the Multi-Purpose Building at Cranbrook. It outlines the planning position and the proposed transfer of the adjoining car park, Younghayes Place.

#### **Recommendation**

**It is recommended that members:**

- (i) Note that that Multi-Purpose Building is due to be transferred to the Council imminently;**
- (ii) Endorse the transfer of Younghayes Place as part of the transfer of the Multi-Purpose Building;**
- (iii) Note the position in relation to the revenue implications following transfer of the Multi-Purpose Building to the Council;**
- (iv) Note the intention to transfer the Multi-Purpose Building (and potentially Younghayes Place) to the Town Council in due course.**

#### **a) Reasons for Recommendation**

To ensure that requirements of the Cranbrook section 106 agreement to transfer the Multi-Purpose Building to the Council are carried out and that the Council takes on sufficient land to ensure that the Multi-Purpose Building remains attractive to potential occupiers.

#### **b) Alternative Options**

The only realistic alternative option is not to take a transfer of the Multi-Purpose Building. This would be contrary to the requirements of the Cranbrook section 106 agreement. Not to take transfer of Younghayes Place would jeopardise the viability and attractiveness of the Multi-Purpose Building to potential occupiers in that it would not allow sufficient parking to be available in connection with use of the Multi-Purpose Building.

#### **c) Risk Considerations**

The main risk is financial. Although the construction and fit out of the Multi-Purpose Building has been met through a combination of Growth Point grant and developer contributions, once transfer has occurred the running costs will be a liability for the Council until such time as a parish council is formed that would take on responsibility for the asset. This is likely to be around two years away. The extent of this liability is set out below. The risk is that until an agreement is reached with occupiers in relation to the occupation of the Multi-Purpose Building, part or all of the running costs will be the responsibility of the Council.

#### **d) Policy and Budgetary Considerations**

Should additional fit out costs be required for the Multi-Purpose Building, which may be required if not paid for by potential occupiers, these are not provided for in the budget for this financial year. This is also true of any shortfall in coverage of revenue costs.

#### **e) Date for Review of Decision**

Further papers will be brought to cabinet if required in relation to the approval of potential occupiers.

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### **1 Main Body of the Report**

#### 1 Background

1.1 This report follows the report to cabinet of 2 May 2012 updating members on the new community and construction of the Multi-Purpose Building. That building is located opposite the new St Martins Primary School and has now been completed. Detailed planning permission for that building was approved on 3 December 2010 and a section 106 agreement was entered into to, amongst other things, to ensure that the building was built to the appropriate specification and would then be transferred to the Council. That section 106 agreement also identified the minimum requirements of the land to be transferred. Those minimum requirements included the building itself, a plot of 0.22 hectares and the provision of temporary police and ambulance vehicle parking. An indicative red line of the site was shown. As a result of a number of constraints, the developers have proposed that the indicative site is amended. It is now proposed that the land to be transferred to the Council will include the adjoining car park, known as Younghayes Place. Including the car park allows the minimum requirements in the section 106 Agreement to be met and, importantly, it also allows a number of parking spaces to be secured for use in connection with the Multi-Purpose Building. This helps ensure the building is attractive to potential occupiers which, is critical for the Council as the future owner of the building.

1.2 The Developers are aiming to transfer the Multi-Purpose Building and Younghayes Place as soon as possible pursuant to the section 106 agreement. In order to accommodate the transfer of Younghayes Place and to ensure that it is of maximum benefit to the Council, a Deed of Variation to the section 106 agreement is being concluded and separate provisions in the project agreement and transfer, as appropriate, are also being considered and will be put in place as necessary.

1.3 Specifically the Multi-Purpose Building will be transferred as soon as possible after members endorse the approach contained in this report. Younghayes Place will also be transferred with an obligation to lay that out as a car park effectively within three months of transfer of the Multi-Purpose Building. A car parking strategy will be submitted which shows how car parking in the area (i.e. in connection with the Neighbourhood Centre) will be allocated with a number of spaces to be made available without charge for users of the Neighbourhood Centre. A minimum number of spaces will be allocated within Younghayes Place for parking in connection with the Multi-Purpose Building. There will also be a requirement to allow Younghayes Place to be made available for community uses, such as a market, for a specified number of days per year.

1.4 Once transfer of the Multi-Purpose Building and car park takes place then the responsibility for its on-going maintenance will be the Councils. That liability, without any occupants, is estimated as being £74,000 per annum. Obviously as letting arrangements are secured as the building is occupied, some of these costs will be met by the occupiers of the Multi-Purpose Building. Once the building becomes fully occupied it is envisaged that [the rents associated with the building will meet the outgoings and therefore the building will be cost neutral to the Council]. It is fair to say that there are challenges in terms of letting the building in that it was originally anticipated that the building would be used for educational purposes (to provide temporary school provision) and Devon County Council were to use part of the building for library purposes. However, they no longer have a requirement for this. There is now firm interest for the library space, together with an agreement for a lease of some space to a pharmacist. Occupation of space by the PCT, Exeter and East Devon Growth Point and Devon & Cornwall Police is also anticipated.

1.5 Although [the building has been fitted out, it may still require additional fit out costs depending upon the identity and nature of the occupiers]. The cabinet paper of 2 May recognised that there are options that can be explored in terms of securing external funding, but nothing has been identified in the short term and therefore members need to be aware that the revenue costs of running the building will, in the interim period, be required.

## 2 Conclusion

2.1 The Multi-Purpose Building is required to be transferred to the Council under the Cranbrook section 106 agreement. It represents a key community facility in Cranbrook with a potential to deliver a range of services that will help to improve the quality of life of the residents at Cranbrook. However, it is key that in order to ensure that the building remains as attractive as possible, sufficient parking is secured and it is therefore proposed that the adjoining car parking, Younghayes Place, is also transferred. This will include a number of dedicated parking spaces for use in connection with the Multi-Purpose Building. It also allows the Council (and any successor in title such as the Town Council) to use the car park for up to a specified number of days of the year for community uses, such as a market. The remaining spaces will be used in connection with the retail/commercial buildings for use by the public/shoppers visiting those buildings. By taking a transfer of the building the Council will be taking on a revenue liability and that needs to be noted by members. However, as and when the building becomes occupied that liability will reduce with rental payments being used to offset the maintenance and management costs. [There is also a potential for Younghayes Place to generate some revenue in terms of parking charges, but the scope and acceptability of this has yet to be discussed and will in part be formed by the car park strategy yet to be agreed].

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### **Legal Implications**

The use of the building is subject to restrictions in the section 106 agreement, which limit use of the Multi-Purpose Building to community uses. The adjoining car park is also restricted in terms of use although a minimum number of spaces will be dedicated for use in connection with the Multi-Purpose Building. The section 106 agreement will allow for a number of days to be dedicated for community uses should the Council wish to hold events on the car parking area.

## **Financial Implications**

The financial implications are dealt with within the body of this report. On taking on the Multi-Purpose Building there will be revenue implications for the Council in the region of £74,000 whilst it remains empty or a lesser proportion if part occupied. As and when the building becomes occupied then rental payments will reduce that liability. There may be fit out costs incurred in relation to the building depending on the identity of the occupier. There is currently no provision for capital or revenue expenditure. Although the capital costs of the building have been met from the section 106 agreement, the running costs will only be met once the building is rented or occupied.

## **Consultation on Reports to the Executive**

Cabinet has previously been appraised of the potential revenue liability although not the specific amounts. Fit out and management of the Multi-Purpose Building has been considered by the Asset Management Forum.

## **Background Papers**

- Cabinet report dated 2 May 2012

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Richard Cohen  
Deputy Chief Executive

Cabinet  
9 January 2013