

## Agenda Item 20

Executive Board

9 February 2011

11/1103



### Site for proposed Honiton Community Centre

#### Exempt Information

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

#### Summary

Following the Executive Board Report on 5<sup>th</sup> January 2011, officers have been working to investigate the possibility of siting the proposed Community Centre on the main Dowell Street long stay car park (adjacent to the magistrate's court). This report sets out the findings and concludes that it is feasible and is in accordance with the comments previously made by members of the Executive.

#### Recommendation

- 1) That the Executive Board confirms that the Dowell Street car park will be made available as the District Council's preferred location for the proposed Honiton Community Centre, subject to a contract for the building being let within 2 years of this resolution; the terms and conditions of transfer to be agreed by the Principal Estates Surveyor in consultation with the Head of Legal, Licensing and Democratic Services
- 2) That, subject to the granting of planning permission and the letting of a building contract, the 0.351 Ha (0.868 acre) site of the Dowell Street car park be transferred to Honiton Town Council at less than 'Best Value' than might reasonably be obtainable in the open market.

#### 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 use of part of the car park and the transfer of this site to Honiton Town Council, but to retain ownership of the land and new community centre, or not to proceed with the construction of a new community centre at this or any other location.

#### 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, if built.

#### 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 transfer of this site will involve the loss of 61 long stay parking spaces and 17 coach parking spaces with the resultant loss of net income of £11,800 per annum (at 2009/10 income figures after deduction of VAT). The 'under value of this transaction is assessed at £184,900 when valued in its existing use as a public car park. If the land was to be offered on the open market without restriction then the site value may be of the order of £435,000 (subject to planning permission being granted for residential development)

In November 2005 the Council gave a commitment to the Honiton Town Council to contribute a capital sum of £333,000 (net sum of £275,796 after deduction of costs to date) towards the build cost and an annual sum of £23,000 towards the running costs of the centre. However, under the current financial constraints this ongoing revenue contribution is unsustainable.

**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

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**1 Main Body of the Report**

- 1.1 The Architect who prepared the original plans and site drawings has carried out a detailed inspection of the Dowell Street site with officers to ascertain the possibility of locating the original designed building on the new site.
- 1.2 It has been found feasible to transfer the building with only minor amendments to the existing layout.
- 1.3 The current design includes for maintaining some 37 of the existing car parking spaces and 5 coach parking spaces, thus limiting the revenue loss that will occur as a result of the building construction. It is anticipated that the car parking revenue from the retained spaces is likely to increase as a result of the community centre being sited on this car park. In addition, the existing car park entrance will be retained, thus minimising the impact on road traffic movement and construction work.
- 1.4 If it is accepted that this site is suitable and that it can be released for development the consideration should be given to its transfer to Honiton Town council.
- 1.5 If it is agreed that the whole car park site is to transferred 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
- 1.6 As the 0.351 Ha (0.868 acre) site is currently operated as a long stay car park the existing use value is assessed at £184,900 (based upon the net annual revenue generated after deduction of VAT and Business Rates)
- 1.7 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 £23,000 towards the running costs of the centre.

However, this agreement stated that the any advance of the grant money would be repayable by Honiton Town Council, if a building

## NOT FOR PUBLICATION

contract has not been let and work not commenced on the construction of the Community Centre by 28<sup>th</sup> July 2010.

As this agreement has expired it will be necessary for the parties to enter into a fresh finance agreement before the building contract can be let.

- 1.8 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.
- 1.9 This Council is currently holding 'Section 106' funding of £500,000 to be used towards the building costs of the Community Centre.
- 1.10 If the whole site were to be offered on the open market for an alternative form of development, such as residential development, then the capital receipt may be appreciably more than the existing use value of £184,900 and, depending upon the form of development permitted, possibly of the order of £435,000.
- 1.11 It is recommended that should the Executive Board agree to the transfer of the whole of the Dowell Street car park to Honiton Town Council, at less than 'Best Value', a condition be attached to the transfer that 'Overage' should apply so that if at any future date (within 80 years from the date of transfer) planning permission should be granted for an alternative (more valuable) use then the benefit of the increased value shall revert to the District Council.

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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 without obtaining a specific Secretary of State consent. The Council may dispose of land under the Consent where the difference between the unrestricted [open market] value of the interest to be disposed of and the consideration accepted ("the undervalue") is £2,000,000 (two million pounds) or less where 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 £184,900 and net revenue of £11,800 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 consultant's fees in 2009/10 and a further 11,000 in 2010/11 leaving a balance of £275,796.

### 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 the proposed community centre site at the Dowell Street long stay car park
  - ❑ 3 dimensional elevations of the new Community Centre
  - ❑ Copy of legal agreement between EDDC & HTC dated 28 July 2005
  - ❑ Executive Board meeting of 27 Nov 2002 (min 119)
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Executive Board  
9 February 2011