

COURT BUSHES COMMUNITY BUILDING PROPOSED LEASE DISPOSAL

REPORT OF: Head of Corporate Resources
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Wards Affected: Hurstpierpoint and Downs
Key Decision: No
Report to: Cabinet

Purpose of Report

1. To provide Cabinet with an update on the negotiations with Hurstpierpoint and Sayers Common Parish Council (“the Parish Council”) on a proposed lease of the former Ex-Servicemen’s Club (“the Property”) to the Parish Council and to seek authority to grant a lease of the Property to the Parish Council for the purposes of operating it as a community building.

Recommendations

2. ***Cabinet are recommended to:***

- a) ***authorise the Head of Corporate Resources and the Head of Regulatory Services to grant a lease of the land and building at Court Bushes, Hurstpierpoint (shown edged in red on the plan in Appendix A) to Hurstpierpoint and Sayers Common Parish Council for purposes of operating the Property as a Community Building on the terms set out in paragraph 4 of this report and upon such other terms as the Head of Regulatory Services considers appropriate.***
- b) ***award Hurstpierpoint and Sayers Common Parish Council a Revenue Grant of up to £6,200 per annum for the first three years of operation toward the overhead costs***

Background

3. The Council took back control of the Property at Court Bushes, Hurstpierpoint in 2018 and is refurbishing it for future use as a community building. At a meeting of the Council’s Cabinet held on 11th February 2019, Cabinet considered an update report on Community Building Development Projects and awarded £54,071 from Section 106 and increase the capital budget for the proposed Community Building at Court Bushes by £96,650 to enable Estates and Facilities to complete the capital works. The report also referred to ongoing discussions with the Parish Council, who desire to take over the Property and operate it as a community building for the benefit of the local inhabitants and confirmed that a further report to Cabinet on this project would be made.

Court Bushes Lease

4. It is proposed to grant the Parish Council a full repairing lease of the land and building at Court Bushes, Hurstpierpoint for a period of thirty five years in accordance with the drafted Heads of Terms (Appendix B).
5. The Parish Council will contribute £46,000 toward the cost of furniture, equipment, fencing, signage, terracing and external lighting. To offset some of these initial expenses

and start-up costs it is proposed that a rent free period is granted the first three years of the term.

6. The District Valuer has undertaken a valuation of the property and has arrived at an annual rental value of £29,000 p.a. but an affordable rent of £5,000 per annum is proposed to reflect the non-profit making, community focussed nature of the facility.
7. The Parish Council is aiming to install the boundary fence, external lighting and furniture prior to opening the building, with Council approval. A website will go live in April to promote the facility and start taking booking reservations.

Revenue Grant

8. The Parish Council has produced a comprehensive business plan outlining the community benefits and outcomes of the scheme and the practical management arrangements. They have also prepared a raft of operational policies to ensure the facility will be compliant with legislation and managed effectively. The business plan identifies a range of activities that could be provided and potential hirers. A three year income and expenditure budget forecast has been prepared based on this information.
9. The financial projections show an estimated income of £18,722 increasing to £42,380 in year three and running costs of £52,475 to £57,130 per annum, including management charges. This creates an annual budget deficit which is expected to gradually reduce and will be covered by the Parish Council in the long term. The rateable value of the Property has not yet been determined so this may affect the expenditure estimates.
10. During the first three years as the project is being established, the Parish Council is seeking a contribution toward the running costs and a revenue grant of £6,200 per annum is proposed. Payments to be made six monthly in arrears and the arrangement will be reviewed annually against actual expenditure. If outgoings are less than expected the amount of the grant could be reduced accordingly.

Powers and Legal Advice

11. Local authorities are given powers under Section 123 of the Local Government Act 1972 Act (the 1972 Act) to dispose of land in any manner they wish, including sale of their freehold interest, granting a lease or assigning any unexpired term on a lease, and the granting of easements. The only constraint is that a disposal must be for the best consideration reasonably obtainable (except in the case of short tenancies of less than 7 years), unless the Secretary of State consents to the disposal.
12. Section 128(1) of the 1972 Act confers on the Secretary of State power to give a general consent for the purposes of land disposals by local authorities carried out under their powers in Part 7 of the 1972 Act. The Secretary of State's sole statutory function in respect of the exercise by local authorities of these disposal powers is to give or withhold consent to a proposed disposal in cases where his consent is required. General consent to dispose of land that can be disposed of under Section 123 of the 1972 Act is contained in Circular 06/03 Local Government Act 1972 General Disposal Consent (England) 2003.

13. Subject to meeting the criteria, the Consent removes the requirement for authorities to seek specific consent from the Secretary of State for any disposal of land, where the authority considers it will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area and the difference between the unrestricted value of the interest to be disposed of and the consideration accepted ("the undervalue") is £2,000,000 (two million pounds) or less.
14. It has been necessary to undertake a valuation exercise to establish unrestricted value of the property and the restricted value of the property. The Valuation Certificate has determined these as follows:

Unrestricted Value	£160,000
Restricted Value	£36,000
Undervalue	£124,000

The unrestricted value is the best price reasonably obtainable for the property and should be expressed in capital terms and reflects that the building will be let for community purposes. The restricted value is based upon the proposed letting terms

These figures set out the maximum undervalue that could arise, which is within the parameters set by the General Disposal Consent and Cabinet can be assured that this transaction will not trigger the requirement for an application to the Secretary of State for a formal consent to this particular disposal. It is considered that the provision of a new community facility for the benefit of the local community will help to promote the economic and social well-being of the area.

15. The District Council's powers to grant a lease of the Court Bushes Community Building are set out in Section 123 of the Local Government Act 1972 permissive powers and must be exercised strictly in accordance with the provisions of Section 123(2)(A) of the Local Government Act 1972. The Act provides that the District Council cannot dispose of land consisting of or forming part of an area of open space unless prior to making the decision to grant the lease the District Council advertises its intention to do so for two consecutive weeks in a local newspaper circulating in the area in which the land is situated and invites members of the public who may oppose or object to such a disposal to make their views known and for the Council to consider such objections before deciding whether or not to grant the proposed lease.
16. The Court Bushes Recreation Ground constitutes public open space and the District Council is therefore, required to comply with Section 123 of the Local Government Act 1972. On 13 and 20 December the District Council advertised the proposed lease of the Court Bushes Recreation Ground site to Hurstpierpoint and Sayers Common Parish Council and invited members of the public who might object to the proposed lease to make their views known to the District Council by 14 January 2019. No objections were received and consequently the Council is able to grant the lease if the Council is minded to.

Policy Context

17. The Council has had a long standing policy of leasing facilities to sports club and community organisations since the early 1990's. This enables communities to provide space for the uses and needs of the local residents. Support of the Council in delivering this project through funding and the provision of the site is consistent with that long standing policy.

Financial Implications

18. The Council will receive £5,000 rental income from the Property from expiry of the rent free period; will be relieved of the costs of maintaining and insuring the Property in the future and will no longer be responsible for the payment of Business Rates on the Property.
19. The annual Revenue Grant of £6,200 will be funded through the Council's Community & Economic Development Grants budget for a time limited three year period.

20. Risk Management Implications

21. The Council has worked to drive a proposal that best suits the interests of the Council and the local community. The risk of the cost of the operation of the building is proposed to be transferred to Hurstpierpoint and Sayers Common Parish Council. The Parish Council has prepared a detailed business plan, with the support of an Action in Rural Sussex Community Buildings specialist consultant, to ensure the proposal and budget forecasts are realistic. The budget includes a repairs and maintenance fund which will be set aside to cover future costs to protect the Council's asset.

Equality and customer service implications

22. As the Property will be managed by the Parish Council for the benefit of local residents and as the proposed operations manual for the Property includes an Equal Opportunities Policy it is not considered that this proposal will have any adverse equality and customer service implications.