

CONCESSIONARY LEASE - SAWTRY YOUTH AND COMMUNITY CENTRE

To: **General Purposes Committee**

Meeting Date: **1st July 2014**

From: **Director of Finance**

Electoral division(s): **Sawtry**

Forward Plan ref: **N/A**

Key Decision: **No**

Purpose: **To consider a request by Sawtry Community College to lease Sawtry Youth and Community Centre at less than best consideration.**

Recommendation: **The County Council grants Sawtry Community College a lease of the site at a peppercorn rent, with provision to break after two years, during which period the site is offered for sale to community-based organisations, and a further report brought to the Committee to determine the future of the site.**

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1. BACKGROUND

- 1.1 Sawtry Youth and Community Centre was declared surplus by the Director of Finance, Property & Procurement on 15 February 2012. A sale of the freehold to Sawtry Community College (SCC) was agreed at market value. As part of the terms of sale it was agreed that the County Council would retain a licence to occupy part of the premises for the provision of youth services.
- 1.2 In 2013 Children, Families and Adults (CFA) agreed to work in partnership with Peterborough City Council on a proposal to establish a new secondary school with sixth form provision which would serve students living in the Cambridgeshire villages of Yaxley and Farcet as well as those living in the Hampton Leys development in Peterborough. This proposal has potential implications for the future size and viability of the sixth form at SCC. As a consequence, SCC decided to withdraw from purchasing the property.

2. MAIN ISSUES

- 2.1 The Council is faced with the prospect of trying to sell the property and the relocation of the youth locality office. SCC proposed leasing the premises at NIL rent and taking on full responsibility for repair and maintenance of the property. SCC do not wish to pay rent as they are not obliged to provide additional services, but the proposal will enable SCC to enhance services for the local community. The proposal would also enable the County Council to retain a licence for the provision of youth locality services from the premises.
- 2.2 Part of the site is subject to a licence agreement to Huntingdonshire District Council (HDC) for leisure centre car parking until 2025. When the licence commenced, HDC undertook improvements to the site in return for a diminishing compensation arrangement. SCC have agreed to replicate the current arrangement with HDC and minimise disruption to leisure centre users. If the site is sold or leased to another party who were unwilling to replicate the arrangement then the County Council would have to pay £24,000 in compensation to HDC. The compensation was initially £40,000 and diminishes at 10% per annum.
- 2.3 The proposed lease could correlate with termination of the licence to HDC and terminate on 8th February 2025, and could also incorporate a break clause that can be exercised by either party to enable termination on 8th February 2020 when the compensation liability expires.
- 2.4 The current proposal incorporates a rolling break clause at two-year intervals to retain the ability to terminate the arrangement. This would enable the Council to thoroughly explore the opportunity to sell the freehold with vacant possession to a partner authority, SCC, any other community group, or on the open market, and allowing the group sufficient time to confirm funding etc.
- 2.5 If no sale has been completed by the date of operation of the break clause, the Council can consider whether a sale at less than best consideration may be justified in balancing local needs against financial pressures. A Community Impact Assessment may be commissioned to support a further report to General Purposes Committee to determine how the site could be sold.

- 2.6 If the break clause were to be exercised it would be appropriate for the Council to meet the cost of compensating HDC if compensation for parking remained payable at the time.
- 2.7 Prior to the proposed sale the market value was independently determined as £185,000 and the market rent was determined as £18,750 per annum. The valuation assumed the property was available with vacant possession. Granting a concessionary lease to SCC would impact on Council savings targets as a receipt foregone.
- 2.8 The site could take considerable time to sell on the open market because it includes a large car park area that has been used informally for a long time by college students, leisure centre users, members of the public and adjoining landowners. The maintenance liability and potential claims of prescriptive rights over the car park are likely to deter potential purchasers. The proposal to grant a concessionary lease would transfer this liability from the Council to SCC; in addition to other potential liabilities such as vandalism, building maintenance, insurance and business rates liability.
- 2.9 A plan showing the property in relation to other public sector property interests can be found at **Appendix A**.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

The following bullet points set out details of implications identified by officers:

- The provision of a youth locality office will enable provision of healthy youth activities through exercise.
- Use of the premises for educational purposes by SCC will benefit young people.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in paragraph 2.2 and 2.6.

4.2 Statutory, Risk and Legal Implications

The following bullet points set out details of implications identified by officers:

- When seeking to dispose of assets for less than best consideration under the provisions of the General Disposals Consent 2003 the local authority must satisfy the following specified circumstances:
 - a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
 - i) the promotion or improvement of economic well-being;
 - ii) the promotion or improvement of social well-being;
 - iii) the promotion or improvement of environmental well-being; and
 - b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).

4.3 Equality and Diversity Implications

There are no significant implications for this priority.

4.4 Engagement and Consultation Implications

There are no significant implications for this priority.

4.5 Localism and Local Member Involvement

The following bullet point sets out details of implications identified by officers:

- Local Member Councillor Bywater has been consulted and supports the proposal to grant SVC a lease at less than best consideration. A letter from him is attached as **Appendix B**.

4.6 Public Health Implications

There are no significant implications for this priority.

Source Documents	Location
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.	Room 318, Shire Hall, Cambridge.

