

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

18th December 2018

**REPORT AUTHOR: County Councillor Phyl Davies
Portfolio Holder for Property Services**

SUBJECT: Various Property related Issues at Hay-on-Wye

REPORT FOR: Decision

1. Summary

1.1 On 24th March 2016 Cabinet resolved as follows:

- a. To transfer the Council's freehold ownership of the public toilets situated at Oxford Road and the Clock Tower, Hay on Wye to Hay on Wye Town Council by means of community asset transfer and subject to the terms of the Council's current policy on such disposals.
- b. To transfer the Council's freehold ownership of the recreation ground and sports pavilion situated at Hay on Wye to the Hay on Wye Town Council by means of community asset transfer and subject to the terms of the Council's current policy on disposals.
- c. To transfer the Council's freehold interest of the Council Building, Hay on Wye to the Hay on Wye Town Council by means of community asset transfer with the imposition of a restriction on the future disposal of either the freehold or a leasehold interest in the property without the consent of the Council save for disposal for community use. The transfer is also subject to the terms of the Council's current policy on disposal.
- d. That in consideration of the Hay on Wye Town Council providing public toilet provision from the two locations and maintaining the recreation ground and sports pavilion the Council will pay to the Hay on Wye Town Council on an annual basis a sum amounting to 20% of the net car park income (i.e. minus running costs & VAT costs) from the Council's two car parks situated within Hay on Wye for the preceding financial year.
- e. That the Council advance the Hay on Wye Town Council the sum of £70,000 from the Hay Community Hall Reserve by way of interest free loan for a period of 7 years to be repaid until further notice at the rate of £10,000 per annum. The loan is to be used solely for the purpose of the refurbishment of the public toilets within Hay on Wye.

1.2 Since March 2016 there has been a substantial review of a number of property issues relating to Hay on Wye by various Portfolio Holders and Officers for years and the purpose of this report is to bring all the issues together for decision by Cabinet (with the exception of Hay Cemetery which will be the subject of a separate report).

- 1.3 Discussions have taken place with Hay Town Council (“HTC”) and the proposals set out in the remainder of the report have largely been agreed.

2. The Toilets at Oxford Road and the Clock Tower, Broad Street.

- 2.1 On 22nd September 2015 Powys County Council provided Hay Town Council (“HTC”) with an interest free loan of £70,000 to enable HTC to refurbish these toilets. The loan was to be repaid in instalments of £10,000 per annum with the first instalment to be paid on 22nd September 2016. It was initially proposed that the freehold to the toilets would be CAT transferred to HTC and to assist HTC with the running costs for the toilets, that Powys County Council would provide them with an annual grant equivalent to 20% of the net car parking fees generated at the Oxford Road Car Park, provided that certain conditions were met.

These proposals have been met with strong criticism by other Town & Community Council’s as being overly generous to HTC in circumstances where the financial climate has made it impossible for similar arrangements to be introduced in other communities.

To date, HTC has not repaid any of the loan and the Council has not transferred the freehold of the toilets to HTC and neither has the Council paid HTC an annual grant.

2.2 Options

- 2.2.1 All options have been considered including all permutations of freehold and leasehold CAT transfers of the toilets together with payment or non –payment of an annual grant and with any arrangement for continuance or termination of the loan agreement.

2.3. Proposal

- 2.3.1 To terminate the loan agreement with HTC not being required to repay the loan on the basis that Council’s non-payment of any grant will offset the loan monies provided to HTC; and

- 2.3.2 To give HTC the option either:-

(a) to take a long CAT lease of both toilets on the basis that they will be solely responsible for all running costs without any grant subsidy from the Council; or

(b) to hand back both toilets to the Council on the understanding that the Council provides no guarantee that it will be able to kept either or both toilets open given the financial climate that now exists.

3. Hay Recreation Ground and Sports Pavillion

- 3.1 It was initially decided by Cabinet in March 2016 that there should be a transfer the Council’s freehold ownership of the recreation ground and sports pavilion to the HTC by means of community asset transfer. Since that date the Council’s policy on CAT freehold transfers has changed and now only long leasehold CAT transfers are considered.

3.2 Options

3.2.2 The decision whether or not to allow CAT freehold transfer or a long leasehold CAT transfer of the land and buildings has been fully considered.

3.3 Proposal

3.3.1 That there be a leasehold CAT transfer of the land and buildings on a fully repairing lease with a term of 99 years. The provisions of the Landlord and Tenant 1954 would be excluded so that HTC would not have the automatic right to a new lease at the end of the term unless the terms of a new lease is agreed; and

3.3.2 HTC be allowed to sub lease part of the land to Hay Bowls Club to enable them to build a new pavilion provided that (a) the plans for the new pavilion are approved by Powys County Council; and (b) HTC remains fully responsible for the maintenance and repairs for any new pavilion that is built.

4. Rural District Council Offices, Broad Street

4.1 It was initially decided by Cabinet in March 2016 that there should be a transfer the Council's freehold ownership of the RDC office building to the HTC by means of community asset transfer. Since that date the Council's policy on CAT freehold transfers has changed and now only long leasehold CAT transfers are considered.

4.2 Options

4.2.1 The decision whether or not to allow CAT freehold transfer or a long leasehold CAT transfer of the land and buildings has been fully considered.

4.3 Proposal

4.3.1 To give HTC 12 months notice to terminate the existing lease on the property so as to allow Powys County Council to determine the best future use of the property as a valuable asset.

5. Impact Assessment

5.1 Is an impact assessment required? No

6. Corporate Improvement Plan

6.1 It is envisaged that the proposals fits many of the key priorities within the Powys Vision 2025, which looks at new ways of working and delivering services.

7. Local Member(s)

7.1 The Local Member has been fully engaged in discussions with HTC

8. Other Front Line Services

Does the recommendation impact on other services run by the Council or on behalf of the Council? No

9. Communications

Have Communications seen a copy of this report? No

10. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

10.1 Legal; The recommendations can be supported from a legal point of view

10.2 Finance : The write off of the loan will require the value of the loan to be recognised within the revenue accounts, i.e. a charge to the General Fund of £70k. £20k of this was accrued for in 2017-18, the remaining £50k would be charged to revenue in 2018-19. The value of the write off is funded from the 20% of the income at the Oxford Road and Market Street car parks that has not been paid as grant over the three financial years from 2015-16. The remaining proposals are supported by finance as there is minimal cost to the Authority in each.

10.3 Corporate Property (if appropriate)

11. Scrutiny

Has this report been scrutinised? No

13. Statutory Officers

13.1 The Solicitor to the Council (Monitoring Officer) commented as follows : “ I note the legal comments and have nothing to add to the report.”

13.2 The Head of Financial Services (Deputy Section 151 Officer) notes the comments from Finance.

14. Members’ Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
1. To accept and approve the proposals set out in paragraphs 2.3; 3.3 and 4.3 of the report.	To finalise the longstanding property issues in Hay and to allow the Council to deal with its property assets in Hay on Wye on a more strategic basis.
2. To instruct the Strategic Property Team and the Solicitor to the Council to implement	

recommendation 1 above at the earliest opportunity	
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Relevant Policy (ies):	Capital Asset Policy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Cllr Gareth Ratcliffe
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Person(s) To Implement Decision:	Professional Lead - Strategic Property (Environment) and Solicitor to the Council
Date By When Decision To Be Implemented:	As soon as possible

Is a review of the impact of the decision required?	N
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Background Papers used to prepare Report: