

**Name of meeting:** Cabinet

**Date:** 20<sup>th</sup> September 2016

**Title of report:** Freehold Asset Transfer of Holmfirth Civic Hall, Huddersfield Road  
Holmfirth

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| <b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b> | <b>No</b>  |
| <b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>                                    | <b>Key Decision – No<br/>Private Report/Private Appendix – No</b>                  |
| <b>The Decision - Is it eligible for call in by Scrutiny?</b>   | <b>Yes</b>   |
| <b>Date signed off by <u>Director</u> &amp; name</b>  | Jacqui Gedman – 7 September 2016   |
| <b>Is it also signed off by the Director of Resources?</b>  | David Smith – 2 September 2016   |
| <b>Is it also signed off by the Assistant Director (Legal Governance and Monitoring)?</b>   | Julie Muscroft – 5 September 2016  |
| <b>Cabinet member <a href="#">portfolio</a></b>   | <b>Asset Strategy, Resources and Creative Kirklees (Arts) - Cllr Graham Turner</b> |

**Electoral wards affected:** Holme Valley South

**Ward councillors consulted:** Cllr Donald Firth, Cllr Kenneth Sims, Cllr Nigel Patrick

**Public or private:** Public

## 1. Purpose of report

- 1.1. This report sets out the proposal to transfer the land and buildings on a freehold transfer, which currently make up Holmfirth Civic Hall Huddersfield Road, Holmfirth, to the Holme Valley Parish Council (HVPC). The conditions of the freehold transfer will include covenants to ensure that Holmfirth Civic Hall is a building that principally remains available for community use only.

## 2. Summary

- 2.1 Holmfirth Civic Hall is a well-used community facility in Holmfirth which provides a meeting and event space for Holmfirth and the surrounding district. The building is currently managed by Kirklees Council.

HVPC have brought forward plans to seek an asset transfer of the building and surrounding land. This paper sets out the background to this request and the Council's

proposed response to transferring the asset at nil consideration but with restrictive covenants in place to protect community use.

### **3. Information required to take a decision**

#### **Background**

- 3.1. Holmfirth Civic Hall is situated on Huddersfield Road in Holmfirth; the civic hall ("the Hall") is a venue that has been used by the local community since 1947 when the Civic Hall was created following the amalgamation of the former Drill Hall and the former Town Hall. The Hall is currently a managed Hall, in that it is not leased to any one group and the administration and operation of the hall is the responsibility of Kirklees Council. The Hall has seen over the last few years an active interest from members of the community with the aim of development.

More recently members of HVPC and the Community have met with Officers of Kirklees Council with a view to taking ownership of the Hall on a freehold basis.

- 3.2. HVPC have submitted an application form and business plan in line with the requirements of the Asset Transfer Policy, this includes the development of policies and capacity building which have been assessed by the VCS Link Team. It also includes financial planning and risk management which has been assessed by Locality, a third party who is also supporting groups working through Asset Transfer. Corporate Landlord have assessed the building related information provided in the application.

The application and business case is assessed using the Asset Transfer Assessment Tool which assesses 5 main areas: financial, community impact, risk, organisation strength and the asset. This has been designed in line with the Hallmarks of an Effective Charity which is written and supported by the Charity Commission. All assessments are satisfactory.

The assessment identify areas of the business plan which are still in development, but which demonstrate good aspirations e.g. HVPC, who will acquire the freeholder interest, intend to set up and lease the Hall to a Charitable Incorporated Organisation (CIO) responsible for the day to day management and operation of the hall; this CIO has yet to be established. The CIO will also be able to access grants which would otherwise be unavailable to HVPC.

- 3.3. The CIO will have the backing of the HVPC and their intention to underwrite the activities of the CIO over the first 5 years of the planning cycle after which it is intended for the CIO to become financially independent.
- 3.4. The business case HVPC submitted relies on an element of commercial activity to underpin the community function and the operational costs of the Hall. HVPC are currently located within Holmfirth Council Offices and they are the sole occupant of the premises. The application addresses the relocation of the HVPC into the Hall should the transfer be successful.

The business case for the Hall relies on a rent payable by HVPC and Holme Valley Land Charity plus other commercial activities yet to be identified.

- 3.5. The Hall is currently under occupied, however, the HVPC have consulted about potential future uses of the Hall and have developed plans to generate increased footfall.

- 3.6. There are savings allocated against Public/Civic Hall budgets in 2016/2017, therefore discussions regarding the potential transfer of the Civic Hall have been ongoing with interested parties, including HVPC.
- 3.7. The HVPC's occupation of the Holmfirth Council Offices most likely constitutes a business tenancy and therefore under the Landlord & Tenant Act 1954 it will be necessary to give 6 months' notice to terminate their occupation. It is recommended that should the transfer be approved it should also be a condition that the Council should give the HVPC 6 months' notice of termination of the HVPC's occupation of the Holmfirth Council Offices and that this notice should be given on or as soon as possible after 27 September 2016

### **Asset Transfer**

- 3.8. The Councils Asset Advancement Policy was developed in response to the Quirk Review and subsequent localism agenda and was approved by Cabinet in October 2013. The policy allows for assets to be transferred either through a long term lease or a freehold transfer, both options will normally also have covenants that restrict use to community use.

The decision options for this asset transfer are:

- 3.8.1 Refuse the request for transfer. This would mean the HVPC would be unable to deliver the community benefit an asset transfer would bring. Moreover, with the removal of staffing budgets the Hall would have to be closed and a report brought forward to consider the disposal of the Hall and HVPC would remain in the Council Offices.

***Officers are of the opinion that this should not be the recommended option on the grounds that this would prevent HVPC from developing their plans for the Hall and engaging the local community.***

- 3.8.2 Transfer the Civic Hall either freehold or leasehold with restrictive covenants for community use with an exception for up to 30% commercial use in line with previous asset transfers.

Kirklees will then serve notice on HVPC's occupation of Holmfirth Council Offices as outlined in 3.7. This would support the HVPC's Business Case which outlines how they intend to increase the community use to ensure continued sustainability of the Civic Hall. This would align with preceding transfer decisions that have occurred with other asset transfers.

***Officers are of the opinion that freehold asset transfer with restrictive covenants for community use with up to 30% commercial use and notice be served on HVPC's current tenancy should be the recommended option on the grounds that the future use of the Civic Hall would be retained for the community and the Council would achieve revenue savings.***

- 3.8.3 Transfer the Civic Hall without restrictive covenants in place. Whilst this approach has not been adopted before it is recognised that, subject to approval, this option would fit within the current Asset Transfer Policy, however there is a risk that the Civic Halls future use as a community venue could be lost.

***Officers are of the opinion that this should not be the recommended option on the grounds that the future use of the Civic Hall could be lost to the local community.***

## **Costs**

- 3.9. The Hall is in an acceptable state of repair, however, a 2009 Condition Survey identifies works totalling £50,000 were required. The main areas for investment were Roofs (£11k), Walls, Windows and Doors (£19k) and Ceilings and floors (£11k). To bring this information up to date, HVPC commissioned their own fabric condition survey in Jan 2016. The survey identifies remedial repairs required to walls, roofs and joinery to the value of £87,000 which the HVPC plan to undertake Year 1 following asset transfer.

In transferring the Civic Hall, Capital Repayment Costs circa £6,000 p.a. will be avoided by the Council.

- 3.10 HVPC intend to support the Civic Hall until it becomes financially sustainable by contributing from its earmarked reserves and precept. Following consultation the local community has shown willingness for HVPC to increase the precept.
- 3.11 The current building running (not including staffing) costs were £37,500 in 2014/15 and £28,816 in 2015/16. The current annual income generated for 2015/2016 is £35,000.
- 3.12 There is currently no rent received from HVPC for Holmfirth Council Offices, however, once vacated the premises will be available for disposal gaining the Council a Capital Receipt.

## **Valuation**

### **Unrestricted Value**

The unrestricted value is the best price reasonably obtainable for the property and should be expressed in capital terms. It is the market value of the land as currently defined by the RICS Red Book (Practice Statement 3.2), except that it should take into account any additional amount which is or might reasonably be expected to be available from a purchaser with a special interest (a "special purchaser"). When assessing unrestricted value, the valuer must ignore the reduction in value caused by any voluntary condition imposed by the authority. In other words, unrestricted value is the amount that would be paid for the property if the voluntary condition were not imposed (or it is the value of the property subject to a lease without the restriction).

**The unrestricted value of the Civic Hall is: £175,000**

### **Restricted Value**

The restricted value is the market value of the property having regard to the terms of the proposed transaction. It is defined in the same way as unrestricted value except that it should take into account the effect on value of any voluntary condition(s).

**The restricted value of the Civic Hall is: £ Nil**

## **Voluntary Conditions**

A voluntary condition is any term or condition of the proposed transaction which the authority chooses to impose. It does not include any term or condition which the authority is obliged to impose, (for example, as a matter of statute), or which runs with the land. Nor

does it include any term or condition relating to a matter which is a discretionary rather than a statutory duty of the authority.

**The value of voluntary conditions in the proposed transaction is: £ Nil**

#### **Amount of discount given by the Council**

The difference between the unrestricted value of the land to be disposed of and the consideration accepted (the restricted value plus value of any voluntary conditions).

**The amount of discount in the proposed transaction is: £175,000**

In respect of *Local Government Act 1972 general disposal consents (England 2003) disposing of land for less than best consideration that can be reasonably obtained* the transaction does not require the Council to seek specific consent from the Secretary of State as the difference between unrestricted value of land to be disposed of and the consideration accepted is £2,000,000 or less

#### **4. Implications for the Council**

- 4.1. The Local Government Act 1972 General Disposal Consent means that specific consent is not required for the disposal of any interest in land/buildings at less than best consideration which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. Following their assessment, the Council are confident that the Hall meets the economic and social factors for the Holme Valley area.
- 4.2. The transfer of the Hall will support the community and recognises the benefit of these groups in sustaining the economic, health and wellbeing of the local community.

#### **5. Consultees and their opinions**

Holme Valley Parish Council was consulted and the following comments were received:

*The Parish Council is grateful for the opportunity to comment on the draft recommendation regarding the asset transfer of Holmfirth Civic Hall to Holmfirth Parish Council. The Parish Council is fully supportive of the asset transfer and Option 2 (3.8.2 in this report) would be the preferred option.*

*Should the transfer be approved, the Parish Council is of the opinion that a more appropriate notice period to terminate the Parish Council's occupation of Holmfirth Council Offices would be helpful; it suggests three months after legal completion, in case of any unforeseen circumstances during the legal process.*

*Members hope the asset transfer will be looked on favourably and that the alternative notice period can be accommodated.*

Local Ward Councillors were consulted and the following comments were received:

*Cllr Nigel Patrick – All three ward councillors support the freehold transfer of the Holmfirth Civic Hall to the Holme Valley Parish Council.*

## **6. Next steps**

- 6.1. Subject to the decision made by Cabinet, Officers from Physical Resources and Procurement will complete negotiations and agree terms of the transfer.

## **7. Officer recommendations and reasons**

- 7.1. Members are requested to approve the transfer by the Council of the freehold of Holmfirth Civic Hall to Holme Valley Parish Council for nil consideration and to include covenants to ensure that the Civic Hall can be used for Community Use with an exception of up to 30% of commercial use in line with previous asset transfers.
- 7.2. Members are requested to note the Assistant Director of Place and Assistant Director Legal Governance & Monitoring have delegated authority to negotiate and agree the terms and red line boundary of the freehold transfer that relate to the transfer of the Holmfirth Civic Hall to Holme Valley Parish Council.
- 7.3. Subject to the approval of 7.1 and 7.2 Members are requested to make it a condition of the approval of the asset transfer that officers should, on the 27<sup>th</sup> September 2016 or as soon as possible thereafter give 6 months' notice of termination of the HVPC's tenancy at Holmfirth Council Offices.

## **8. Cabinet portfolio holder's recommendations**

- 8.1 The Portfolio Holder, Cllr Graham Turner recommends the freehold transfer of Holmfirth Civic Hall to Holme Valley Parish Council for no premium/nil consideration subject to the restrictive covenants discussed in paragraph 3.8.2 – which states that the proposed asset transfer route, subject to approval is to *Transfer the Civic Hall freehold with restrictive covenants for community use with an exception for up to 30% commercial use in line with previous asset transfers and to serve notice on HVPC's occupation of Holmfirth Council Offices as soon as possible as from 27<sup>th</sup> September 2016.*

## **9. Contact officer**

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## **10. Background Papers and History of Decisions**

- 10.1. Holmfirth Civic Hall Red Line Boundary

## **11. Assistant Director responsible**

Paul Kemp, AD – Place

