

TRAFFORD COUNCIL

Report to: Executive
Date: 20th February 2023
Report for: Decision
Report of: Executive Member for Economy and Regeneration

Report Title

Altrincham Town Hall – Part 1

Summary

Following the inclusion of Altrincham Town Hall in the 2022 Strategic Land Sales Programme and the nomination of the Town Hall as an Asset of Community Value (ACV), this report provides an update on the ACV process and explains the options to lease or transfer the Town Hall to a third party.

The Town Hall is an underutilised and comparatively expensive asset that is managed as part of the Council's corporate property estate.

In January 2022 the Town Hall was nominated as an Asset of Community Value (ACV). The ACV process provides a moratorium on disposal following service of a notice of intention to dispose giving community groups the opportunity to submit a bid.

An expression of interest (EOI) process has been undertaken. This report explains the outcome of the EOI and ACV process.

Recommendation(s)

The Executive is recommended to:

- i) approve in principle the disposal at best value of the Town Hall by way of a lease subject to the process set out in this report. The Council is not considering sale of the Town Hall, the transfer will be by way of a lease.
- ii) delegate authority to the Corporate Director, Place to negotiate, finalise and agree the terms of the disposal.
- iii) delegate authority to the Director of Legal and Governance to enter into any contracts, agreements or deeds required to implement the above recommendations

Contact person for access to background papers and further information:

Name: Steve Tranter

Implications:

Relationship to Policy Framework/Corporate Priorities	Supporting People out of Poverty and Addressing our Climate Crisis through investment in this key Town Centre asset.
Relationship to GM Policy or Strategy Framework	N/a
Financial	The disposal (via a lease) of the asset will be at best value and this will be independently verified. This will result in revenue savings as set out in this report.
Legal Implications:	As part of this process the Council will need to ensure it achieves best value through the process whilst adhering to the ACV process.
Equality/Diversity Implications	Through the process the Council will consider the extent to which the proposed use provides equality of access for all members of the local community.
Sustainability Implications	The building is currently inefficient, and it is expected that through the process investment in the building will be achieved.
Carbon Reduction	The recommendations will enable investment in an asset which will have a positive net impact on the efficiency of the asset.
Resource Implications e.g. Staffing / ICT / Assets	None, there are no direct Council staff employed at the TH as it is managed through the Amey Facilities Management Contract. There are no TUPE implications as the facilities post will not exist under the new arrangements.
Risk Management Implications	Transfer of the asset will reduce the Council's exposure to the day-to-day risks of asset management. The Council will be exposed to other risks such as the performance of the business/ group and their ability to pay rent.
Health & Wellbeing Implications	The building is currently underused and so the proposal will enable the building to make a more significant contribution towards the Council's objectives including improved Health and Wellbeing
Health and Safety Implications	Through the disposal process the lease arrangements will ensure that the building is operated safely.

1.0 Background

- 1.1 The Town Hall is an underutilised and comparatively expensive asset that is managed as part of the Council's corporate property estate. The current use of the asset is that the ground floor meeting rooms can be booked by the public and local businesses and the civic rooms on the first floor can be booked for weddings and other larger gatherings/ meetings.
- 1.2 In February 2021 the Council adopted the Corporate Operational Estate Strategy. In this Strategy Altrincham Town Hall was identified as an asset that should be reviewed. The review would inform how the asset is used as part of the Council's overall operational estate strategy.
- 1.3 In February 2022 the Council approved that Altrincham Town Hall is included in the Council's Strategic Asset Disposal Schedule list on a leasehold basis, pending the outcome of the EOI and ACV process. The Council is not considering sale of the Town Hall.

- 1.4 The Community Right to Bid (Assets of Community Value in legislation) is one of a range of measures introduced in the Localism Act 2011. The Community Right to Bid allows local voluntary and community groups and parish councils to nominate publicly and privately owned buildings and land for listing by the local authority as Assets of Community Value. An asset can be listed if its main use furthers (or has recently furthered) the social wellbeing or cultural, recreational, or sporting interests of the local community and is likely to do so in the future. Examples could include community centres, libraries, parks, village shops, markets, or pubs.
- 1.5 When a listed asset comes to be sold (or disposed of by way of a lease for a period of 25 years or more), a moratorium on the sale of up to six months may be invoked to enable community groups to raise finance, develop a business plan and make a bid to buy the asset on the open market. A register of the successful nominations and unsuccessful nominations is published on the Council's website.
- 1.6 The Town Hall was originally nominated in 2015 by the Altrincham and Bowdon Civic Society. This nomination was renewed in 2021 (accepted by the Council on 25/01/2022). The Council issued a "Notification of Intention to Sell" on 17/02/2022 following the inclusion of the Town Hall in the Strategic Land Sales list. This notification provided the Civic Society with six weeks to confirm they want to take over the asset, and then a further six months to develop and submit a business case. The Council has used the same six-month period to enable other community groups and interested parties to develop and submit business cases.
- 1.7 This process was aligned with the legislation and as such the moratorium period has now expired and Executive now has the option to either accept one of the bids received, dispose of the property commercially or retain the asset. Any disposal would need to be completed within 18 months of the Notification of Intention to Sell.
- 1.8 The Council provided the community organisations with a pack of information on the costs and condition of the building. This information was to inform groups proposals in order that they were realistic and deliverable. The Council also offered face to face meetings to assist groups to complete the process and to answer any questions about the asset.

2.0 Outcome of EOI and ACV Process

- 2.1 The Council's objective for the EOI process was threefold:
 - a) Sustainability – to protect the Town Hall for future generations
 - b) Utilisation – to ensure that the Town Hall has a positive impact on the local community/ economy
 - c) Financial – to support the Council's financial health by reducing maintenance and running costs.
- 2.2 Following the expiry of the moratorium period, the Council has received two proposals from community organisations. The Council has also received a proposal from a private business. More detail is provided in Part 2 of this report.
- 2.3 The initial assessment of the community proposals is that they do not meet the original objectives of the EOI process. They both fail on the financial objective as it has not been clearly set out how they will reduce the Council's maintenance and running costs. Based on the submissions received, the Council would retain financial

responsibility for the asset. Without a secure financial future, the community bids also do not meet the sustainability criteria.

- 2.4 It is therefore recommended that the Council do not proceed with either of the Community bids for the asset.
- 2.5 The process has identified that there are commercial businesses that would be interested in taking on the building. A detailed analysis of the three submissions is included in the Part 2 report on this agenda.

3.0 Next Steps

- 3.1 It is recommended that the Council concludes the EOI process by formally opening negotiations with the private business. The Council will also continue to work with the community organisations to establish whether proposals can be further developed to meet the Council's objectives, and whether their aspirations can be accommodated elsewhere.
- 3.2 As part of this process the Council will need to ensure it achieves best value through the disposal process and this requires the commercial proposal to be compared with the open market commercial value of the building. The Council has commissioned CBRE's valuation team to advise on the open market value of the asset. Any deal that is concluded following this decision will need to be supported by this valuation and the Council will need to demonstrate through the advice received that the disposal is at best value.
- 3.3 This is the process for undertaking a commercial property transaction. The Council is obliged to demonstrate that it has achieved best or market value for an asset, but is not required to go through a tender process which only applies to a service or management contract.
- 3.4 It is recommended that the Executive approves the in principle disposal of the Town Hall subject to the above process.

4.0 Financial

- 4.1 Altrincham Town Hall currently costs the Council c£60k per annum in running costs. This is inclusive of utilities costs, staffing costs and general facilities management costs incurred through the Amey contract. In the last five years the Council has spent c£79k on repairs.
- 4.2 The proposals in this report provide an opportunity for the Council to avoid these costs, plus generate some additional income through a commercial rent.
- 4.3 In addition to revenue savings the proposals also provide an opportunity to avoid future maintenance costs.
- 4.4 Terms will be subject to negotiation and confirmation that it provides best value for the Council. The disposal will be a market value, which will be independently verified by CBRE. It is likely that as part of any negotiation that the Council is required to fund some up-front maintenance through either repairs to the building or a rent free period.
- 4.5 It is important to note that the assessment in this report is based on the initial submissions and is subject to further discussions and negotiations. There is a risk that

negotiations may not result in a transfer of the asset. In this case the Council would go out to the market to see what alternative commercial interest there is. If the Council disposes of the asset to another commercial party, it will need to demonstrate best value in the same way.

4.6 The Council has appointed CBRE to provide a commercial valuation of the asset. This will ensure that the asset is disposed of in line with best value considerations.

4.7 It is important to note that the Council is not considering selling Altrincham Town Hall. Any transfer will be on the basis of a lease in order to give the Council control over the asset in the future.

5.0 Other Options

5.1 There are two alternative options:

- a) Continue to operate the Town Hall in-house and find additional revenue and capital budget to fund the increasing costs of the asset.
- b) Accept one of the two community proposals and find additional revenue and capital budget to underwrite the business cases of these proposals.

5.2 These options do not meet the Council's agreed objectives however it will continue to work with the community groups to establish whether their proposals can be adapted to meet the objectives.

6.0 Consultation

6.1 There is no requirement for consultation on a commercial transaction, but the EOI process has given the local community groups an opportunity to put forward their ideas for the future of the Town Hall and this was published on the Council's website..

7.0 Reasons for Recommendation

7.1 The recommendation gives the Council the best opportunity to achieve its objectives

- a) Sustainability – to protect the Town Hall for future generations
- b) Utilisation – to ensure that the Town Hall has a positive impact on the local community/ economy
- c) Financial – to support the Council's financial health by reducing maintenance and running costs.

Exempt Information

By virtue of Paragraphs 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by The Local Government (Access to Information) (Variation) Order, the following information has been excluded from Part 1 of this report and included in Part 2 of the report:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Finance Officer Clearance *(type in initials) TR*
Legal Officer Clearance *(type in initials) PC*

DIRECTOR'S SIGNATURE 

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.