

REPORT TO: Town Council – 10th September 2019

REPORT ON: Premises

REPORT BY: Chief Officer

REPORT DATE: 06 September 2019

Daventry Town Council

Business case to purchase 3 New Street, Daventry

1. Introduction

Daventry Town Council is based at leasehold offices at 3 New Street, Daventry. The lessor of the building has advised the Town Council that they will be selling the building and, although the current lease has protected security of tenure via the Landlord and Tenant Act 1954, a new landlord may want to redevelop the premises, which may result in the Town Council being forced to seek new premises.

An iconic and prominent building in the Town (The Moot Hall) has become available to let and the Chief Officer was, therefore, instructed to investigate options and costs to: -

- (a) purchase 3 New Street
- (b) lease The Moot Hall
- (c) purchase 3 New Street and lease The Moot Hall

2. Options

Initial site visits and basic financial projections indicated that the third option was financially feasible, but further research and budget projections have highlighted risks that need to be considered to ensure the Council make the right decision.

2.1 The Purchase of 3 New Street

3 New Street, Daventry has been the location of Daventry Town Council for 9 years. It enjoys a central location and, although it is listed, it is not a prominent historic building in the Town. The total premises budget for the financial year 2019/20 is £48,655 (this includes annual cost to lease of £25,000).

3 New Street has also established itself as the home of Daventry Museum. The Museum shares space with the Town Council and, at present, the budget for the Museum is based on 'expenditure to enhance visitor experience', The total museum budget for financial year 2019/20 is £5,330 and all other expenditure i.e. premises and employee costs are within the main Council budget headings for these costs.

The Town Council has invested £130k (inclusive of £90k grant funding) in 3 New Street to create a shared space for Council meetings and museum exhibition area. The landlord has also invested in the building, by replacing the roof and external painting of the woodwork. Internal repairs have been minimal and the only anticipated major expenditure is the replacement of the heating system.

3 New Street currently offers a reception area for 1 FTE and 1 PTE, a Council chamber/museum exhibition space, a static display area (historic shop scene) 1 x male and 1 x female/disabled toilets. The first floor comprises 2 DTC offices 1 for the Chief Officer, the other for 3 PTEs. It also has a room for museum volunteers to work, the museum storeroom/archive and a kitchen. The second floor has two rooms, which can only be used as 'breakout' rooms due to inaccessibility and restricted egress in case of fire.

The rear of the building has parking for 5 cars including one accessible parking space, which is accessed via a shared gated driveway that can be secured when the building is closed.

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3 New Street, although an old building and inefficient space when compared to a new building, has been adapted it to meet the Town Council's needs and can continue to be adapted to meet the needs of a Council that is seeking to extend its services and be answerable to ensure it meets the needs of its residents in the provision of those key services.

In the event of parliament approving changes in local government for Northamptonshire, there will be the need to accommodate at least 3 more members of staff and although 3 New Street has limited office space, it does have capacity to utilise the existing space more efficiently by accommodating the Chief Officer, RFO + 2 in the front office on the first floor. The museum volunteers in the office to the rear of the building and the larger second front office on the first floor (currently used by museum volunteers) could accommodate 4 members of staff. This may not be the solution for the long term, but it would certainly meet the Council's needs in the short term, whilst it sought out alternative, appropriate accommodation for the future.

Risk: Building no longer meets the needs of the Council and property can't be let or sold.

2.2 Lease the Moot Hall

The Moot Hall is probably the most historic, iconic building in Daventry Town. It is centrally located and has, in the past, been used as a civic office and a museum. The cost to lease the building is not known; it is for the Town Council to make an offer. To date the Clerk has suggested the Town Council would offer no more than £25k per annum. Initial budget estimate that relocation to the Moot Hall would have little difference on the existing lease costs, but cost to heat, light and maintain would inevitably increase due to size, age and new tenancy of the building.

Until Council give a resolved indication of leasing the Moot Hall, details of the lease cannot be confirmed, however it is known that it will be a fully repairing and for a term of 5-7 years (this can be negotiated but as the building is owned by Daventry District Council, leases for longer than 7 years have to be approved by Council).

On recent site visits it is evident that the previous tenant has maintained the building to a high standard and no works would be required to move into the building, although an area on the wall on the ground floor would appear to be damp, so works would potentially need to be carried out to rectify this problem (if this is found to be the case).

The property is best described if split in two, one being the main building and the other, the cottages. The main building has 3 rooms on the ground floor, two on the first, two on second and an attic. The first floor leads to 2 rooms, separated by a wide staircase, and then connects to 2 further rooms above the cottages and stairs that lead down to an area that could be used as a staff room or café area which opens onto green space (which is the only green space that adjoins a public building in the Town). On the ground floor the cottages offer 2 rooms (that were once cells) that could only be used for storage, a kitchen galley and a further room. Although the building has an unusual layout, it does offer plenty of rooms for the Town Council to expand into, but due to the warren like layout, the space is operationally inefficient.

It must also be noted that accessibility is restricted, both to the first floor and the ground floor. Informal enquiries with the conservation officer indicate that discussions can take place in relation to the installation of a lift, but costings and plans would have to be submitted which will incur expenditure and take time.

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In the event of parliament approving changes in local government for Northamptonshire, the Moot Hall would provide more than enough office accommodation for the Council's future staff requirements. The rooms in the main building are of a good size for offices, but on the ground floor they would be too small for a Council meeting room and on the first floor, although able to accommodate 17 members the remaining area, at a full Council meeting, would accommodate no more than 20 members of the public.

The Moot Hall could also accommodate the Museum, however, to relocate the museum would cost in excess of £50,000 to ensure the layout continued to interact with the objects and exhibitions (note: £130 investment in 2012 to create the museum space in 3 New Street). Consideration would also need to be given in relation to moving the archive and although there are many rooms, this may be an issue to find one of a suitable size with easy access.

Risk: Need can't be identified for building and costs are incurred for empty building.

2.3 The Purchase of 3 New Street and lease The Moot Hall

On approval by parliament to changes in local government for Northamptonshire, the transfer of assets and services will commence from DDC to DTC and it is anticipated that at least 1 FTE and 2 PTEs will need to be recruited.

Leasing of the Moot Hall could provide the extra office space needed, but in the short term this would only be a maximum of 4 employees.

Should Council lease the Moot Hall and retain 3 New Street as a Museum and community building, the Council could raise the profile of Daventry Town Council, whilst the Museum retains its established home at 3 New Street. The risk of separating the two organisations is that the budget line for the museum will increase from £5330 to £80k-£100k.

With an increased budget, consideration would need to be given to making the museum more accessible, which would require the recruitment of a PTE to cover the longer opening hours and opening every Saturday. The increase in hours would put pressure on a limited volunteer team, which may mean considering recruiting staff to assist the volunteers, which would incur further costs. Public expectation of the facility may also rise potentially resulting in further investment to reach those expectations and/or justify the expenditure.

The Moot hall could be used as the Town Council office with a meeting room on the ground floor and the remaining staff working in the two offices on the first floor.

At present, the Council has no forward plan that would identify a use for the remaining space. The Council could consider (if the terms of the tenancy allow) enabling the empty office space to be let/licensed to other users and generate income. This is a possibility, however, on researching the marketplace for commercial office lets in Daventry, the demand is low (especially for Town Centre offices in old buildings) and should not be included in any income budget.

The museum and DTC offices could all move to the Moot Hall and 3 New Street could be let as offices, but consideration must be given to the risk of voids in the letting of office space. If the Council fails to generate income via lettings it would have the option to sell the property, which without a tenant only be attractive to investors for residential development.

Risk: High risk due to need to increase precept and justify increase in expenditure to use both buildings for unidentified need.

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3. SWOT analysis on each scenario

Purchase 3 New Street	
Strengths	Weaknesses
Established as home of Town Council and museum and base to grow Infrastructure in place for museum and Town Council business Can be adapted to suit needs Is an investment Car parking	Office space is limited to enable growth Museum space is limited to enable growth
Opportunities	Threats
Secure central location for long term Reduce costs Own building	External repair costs Property prices may fall

Lease Moot Hall	
Strengths	Weaknesses
Become guardians of historic iconic building in Daventry Scope to develop and create a Town building (if accessibility issue resolved)	Inaccessible Grade 2 listed fully repairing lease Building needs constant maintenance Expensive to heat Office space not structured No car parking
Opportunities	Threats
Secure the tenure of a historic town building and create a community building of value in the long term.	Old building and unknown cost to repair both internally and externally. No security of tenure (short lease)

The Purchase of 3 New Street and lease The Moot Hall	
Strengths	Weaknesses
Separate the Museum and Town Council to enable better identification/branding.	Cost to maintain both buildings Cost to manage both buildings
Opportunities	Threats
Ownership and guardians of an historic iconic building within the Town.	Should Government not approve changes in local government for Northamptonshire, the Town Council will be leasing a building with no plans or need for the additional space.

4. Summary

In the current political climate, and the possibility of a general election, the Town Council must make its decision based on its position at this moment in time, which is ‘there is no immediate need to seek further office accommodation’.

The Town Council currently leases 3 New Street at a cost of £25,000 per year and has been given the opportunity to secure a significant tangible asset which will provide future security for the Council. As part of the Council’s short term strategic and financial planning, the rationale detailed above has been identified that the Council needs an office to operate from which suits the needs of employees, museum and the community.

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The property cannot be purchased without a loan. The Council is currently debt free and would be able to obtain a public works loan to cover the estimated purchase price of £365,000 (to be confirmed on receipt of satisfactory surveys and valuations). An additional £10,000 will be required for professional fees, search fees, stamp duty land tax.

Should the Council approve the purchase of the building it will save £7,215 per annum, (a reduction of £0.85p on a Band D property). The Council would also be able to determine what the building was used for and own an asset that could be sold or leased, should the building no longer meet the Town Council's needs and requirements.

Example budget for existing lease costs v costs for PWL to purchase

	2018/2019		2019/2020	2020/2021		
	Last Year	Actual Last	Current	Draft	Variance	NOTES
	Budget	Year	Annual Bud	Budget		
Premises Costs - Current						
Rental	25000	25000	25000	25000	0	
Rent						
Premises Costs - Purchased						
repayment of PWL				17785	-7215	yearly repayment based on 25 year term
Rent	25000	25000	25000	0		
Precept Consideration						
	Precept	Tax Base (2019/20)	Band D (Yearly Rate)			
Rental	48200	8470.97	£ 5.69			
Purchase	40985	8470.97	£ 4.84			
Variance = reduction of	7215	8470.97	£ 0.85			

Also note, lease costs may rise as break clause is due on 1st April 2020.

5. Recommendation

- (i) Daventry Town Council approves expenditure of up to £5000, from General Reserves, for the payment of professional fees for an RICS survey and valuation for the purchase of 3 New Street, Daventry.
- (ii) Daventry Town Council authorises the Chief Officer to initiate a consultation process to evidence public support for this Council to apply for a public works loan to purchase 3 New Street.
- (iii) On receipt of satisfactory survey and valuation and response to consultation, Daventry Town Council authorises the Clerk to advise the landlord of their intention to submit an offer for the purchase of 3 New Street, Daventry.

Notes:

There are specific criteria that the Town Council must meet in order to be able to apply for borrowing approval from the Secretary of State and then apply for funding:

1. Copy of the minute of the full Council meeting with the resolution to seek the Secretary of State's approval for the proposed borrowing;
2. Copy of the Council's budget for the current year, and next year, showing the provision made to meet the loan costs;
3. Full report to the Council including this business case. To include a breakdown of estimated ongoing costs, financial planning to fund the loan repayments and the steps/options the Council has in place to mitigate the risk for not being able to afford the loan repayments;
4. Provide information on how the Council will afford the loan repayments, breakdown of funding resources, amounts to be used from reserves, and any increase of precept to fund the borrowing;
5. If the Council precept is to be increased to cover the loan repayment, confirm the amount and percentage of the planned increase related to the loan only (if possible, how much increase for house holders at Band D);
6. If applicable provide evidence of public support to increase the precept to cover the loan repayment (e.g. the result of any consultation).