

Appendices: 1



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

18th January, 2021

Agenda Status: Public

Chief Executive

Report Title	COMMUNITY GOVERNANCE AND ASSET TRANSFERS
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1. Purpose

- 1.1 The enclosed report from the Corporate Asset Manager [Enclosed as Appendix A] which was presented to the Cross-Party Working Group at its meeting on the 9th December 2020 dealt with recommendations in respect of assets for the new Northampton Town Council, Kingsthorpe Parish Council and Far Cotton and Delapre Community Council and Council is now being asked to both consider and then decide whether to adopt the recommendations set out below with the background information contained in the enclosed report marked as Appendix A:
- 1.2 1.2 Decisions now have to be considered and decided upon by Full Council in order that a number of issues can be moved forward which will assist and support the establishment and successful future of Northampton Town Council, Kingsthorpe Parish Council and Far Cotton and Delapre Community Council. This is part of the ongoing process that will need to take place between now and the 31st. March 2021 and very likely beyond that date in partnership and discussion with the new West Northants Unitary Authority

2. Recommendations

The enclosed report from the Corporate Asset Manager [Enclosed as Appendix A] which was presented to the Cross-Party Working Group at its meeting on the 9th December 2020 dealt with recommendations in respect of assets for the new Northampton Town Council, Kingsthorpe Parish Council and Far Cotton and Delapre Community Council and Council is now being asked to both consider and then decide whether to adopt the recommendations set out below with the background information contained in the enclosed report marked as Appendix A:

1. Guildhall

- The old part of the Guildhall (Town Hall) is the recommended headquarters for Northampton Town Council.
- The tenure recommended is to be a long leasehold let on an internal repairing basis.
- The recommended rent is a peppercorn but the costs for maintenance and services will be recharged based on a fair proportion.
- The lease is subject to detailed negotiations between the Town Council and the West Northampton Unitary Council to agree the exact terms, including for instance defining the common parts, service charge services, any break options, etc.
- Both parties to pay their own professional fees including legal costs.

2. Far Cotton Recreation Centre and Playing Field

- The recommended headquarters for the Parish Council is space in Far Cotton Recreational Centre. • The property is let with rental income generated for Northampton Borough Council; this will pass to West Northamptonshire Unitary Council.
- It is recommended that the Parish enters into negotiations with West Northampton Unitary Council to transfer the recreational centre and playing field from the Unitary to the Parish.
- Any transfer would be subject to detailed negotiations between the Community Council and the West Northampton Unitary Council to agree the exact terms.
- Both parties to pay their own professional fees including legal costs.

3. Kingsthorpe Community Centre and the Pastures Community Centre

- It is recommended that the Parish will use space in both of these Centres, which are let to community organisations on internal leases.
- It is recommended that the Parish enters into negotiations with West Northampton Unitary Council to transfer these community centres from the Unitary to the Parish.
- Any transfer would be subject to detailed negotiations between the Parish Council and the West Northampton Unitary Council to agree the exact terms.
- Both parties to pay their own professional fees including legal costs

4. This is an enabling measure which has to be agreed to allow the transfer of assets, if that is what the Community and Parish Councils of Far Cotton & Delapre and Kingsthorpe and the Northampton Town Council choose. It is not a commitment to transfer. Commitment to transfer will be the second step. This will be the decision of the Community, Parish and Town Councils, whereupon more detailed work will be conducted by them, looking at feasibility, governance and cost.

3 Issues

- 3.1 Council will note that the report enclosed as Appendix A to this present report provides the necessary background information for the recommendations put forward for Full Council's consideration. Council will also appreciate the necessity of entering into discussions with the Shadow Unitary Authority on all the cited asset transfers and that once Council has made its decisions this evening the said discussions should take place as soon as possible. Certainly, the hope is that these matters can be resolved by the 31st. March 2021.
- 3.2 The additional Recommendation in 2.2 above seeks delegated power for the Chief Executive in consultation with the whole of the Cross Party Working Group on any matter that may require a rapid decision except where it is considered that such an issue would better merit a decision by Full Council

4. Implications (including Financial Implications)

- 4.1 The Council's policy is to create three new councils to give greater representation and a stronger voice to all its citizens in the issues and concerns that will arise in our communities in the future.

5 Resources and Risk

- 5.1 The issue of costs is being monitored by the Cross-Party Working Group.

6 Legal

- 6.1 There are no legal implications at this stage except the need to comply with requisite legislation

7 Environmental implications

- 7.1 None at this stage.

8 Other Implications

- 8.1 None at this stage.

9 Background Papers

- 9.1 As enclosed.

George Candler
Chief Executive



Report for the Cross Party Working Group Asset Review for the New Councils

Executive Summary

This information in this report was produced for discussion at the Cross Party Working Group meeting on 2nd December 2020.

Northampton Town Council, Kingsthorpe Parish Council and Far Cotton and Delapre Community Council require a base for their fiduciary and civic functions.

This report considers those properties, the options for tenure with matters of note for each option. Following discussion on these options last week the recommendation is confirmed as below:-

Recommendation

It is recommended that the new Councils when constituted enter into discussions with the West Unitary Northamptonshire Council to take forward the following proposals:-

1 Guildhall

- The old part of the Guildhall (Town Hall) is the recommended headquarters for Northampton Town Council.
- The tenure recommended is to be a long leasehold let on an internal repairing basis.
- The recommended rent is a peppercorn but the costs for maintenance and services will be recharged based on a fair proportion.
- The lease is subject to detailed negotiations between the Town Council and the West Northampton Unitary Council to agree the exact terms, including for instance defining the common parts, service charge services, any break options, etc.
- Both parties to pay their own professional fees including legal costs.

2 Far Cotton Recreational Centre and Playing Field

- * The recommended headquarters for the Parish Council is space in Far Cotton Recreational Centre.
- * The property is let with rental income generated for Northampton Borough Council, this will pass to West Northamptonshire Unitary Council.

- * It is recommended that the Parish enters into negotiations with West Northampton Unitary Council to transfer the recreational centre and playing field from the Unitary to the Parish.
- Any transfer would be subject to detailed negotiations between the Town Council and the West Northampton Unitary Council to agree the exact terms.
- Both parties to pay their own professional fees including legal costs.

3 Kingsthorpe Community Centre and the Pastures Community Centre

- It is recommended that the Parish will use space in both of these Centres, which are let to community organisations on internal leases.
- It is recommended that the Parish enters into negotiations with West Northampton Unitary Council to transfer these community centres from the Unitary to the Parish.
- Any transfer would be subject to detailed negotiations between the Town Council and the West Northampton Unitary Council to agree the exact terms.
- Both parties to pay their own professional fees including legal costs.

Northampton Town Council – The Guildhall (Town Hall)

The oldest part of the Guildhall, was called the Town Hall (although not the original Town Hall for Northampton) and was constructed circa 1860s with the West Wing extended in the same Gothic revival style between 1889 – 92. In 1992 a stone and part brick extension to the Guildhall was built providing additional offices as a back-office function to the Town Hall. The accommodation is over 6 levels with basement car park.

On the 1st April 2021 the property ownership will transfer to the West Northamptonshire Unitary Council (WNUC). The property will remain in public sector ownership, and consideration is therefore given to the use and ownership options available for the Town Council.

To understand the options for the Town Council it is important to fully understand how the Guildhall, both the old part and the newer office addition, are connected, and from there to assess whether they can be disconnected from each other in the short term.

Reports reviewed by the Corporate Asset Manager include historical plans, maps, title plans, construction project records of the 1992 extension and condition surveys. Further information has been obtained from professional surveyors including valuation and building surveyors, and the Guildhall Facilities Manager.

Current Operations

The Guildhall building(s) are adjoined, in 1992 modifications to the fabric of the old part were made to unite it to the new construction, creating one integral unit for Northampton Borough Council to base its operational headquarters.

The old part of the Guildhall, the Town Hall, accommodates Council meetings, Cabinet Offices, Member meeting rooms, and provides space for civic functions, events, weddings, receptions. It includes an area for storage and accommodates the following facilities for the whole of the Guildhall:-

- The central heating boilers, pumps and operating plant, the system heating hot water piped throughout the property.

- Lift operating plant rooms.
- CCTV systems & Security, including operation of the car park, access control, panic alarm monitoring equipment.
- Archived storage material.
- Backup power supply generators.
- IT server equipment accommodated in a server room.
- Fire Alarm detection and egress for emergency purposes.

The historic rooms accommodate Civic services, the County Registrar leases part of the space and the Grand Hall is regularly used for weddings, with bookings committed until 2023. Wedding parties are frequently seen using the Courtyard and use the heritage of the property as a backdrop for photos of the occasion.

The old part of the Guildhall has experienced lots of changes in building trends and did not survive unscathed from the period when liberal use of asbestos was used as an insulating and fire resisting material. There has been some remediation of asbestos over the years, but there remains significant areas of asbestos in this part of the property, encapsulated and managed. The capital project to replace obsolete boilers will see the new boilers placed in a new area of the basement, the existing area unsafe to access and the removal of asbestos costs would be excessive.

Modern day compliance monitoring requires corporate organisations to have Fire Safety Detection equipment as part of the premises safety strategy and the fire safety systems, the fire risk assessment and evacuation strategy are combined across the whole of the Guildhall for the safety of occupants. Water Hygiene regulations for shared water supplies such as the system in the Guildhall, gas safety regulations, electrical standards and energy performance measures, all combined and managed by professional staff. The emergency plan, including egress in the event of a suspicious package, use shared egress staircases.

The Utilities serve the whole premises, and there is one charge for business rates, currently set at £203,383 pa.

Facilities

Discussions with the Facilities Manager of the Guildhall confirm that many of the services provided for the building are under contract with lead in termination clauses which vary in length, for instance catering.

Additionally, a new Building Management System is being procured for the building, to improve zoning and energy efficiency, it is understood that the Museum extension project included a requirement to connect into this new BMS system.

The Facilities Manager also wants the Committee to note that the Marriage Licence and Sale of Alcohol Licences are personal to the Facilities Manager.

At present the Facilities Manager operates the income generating aspects of the Guildhall, the wedding, fairs and events support a balanced budget, and the Service employs the expertise to deliver these services.

Repairs and Maintenance Costs

The repairs and maintenance team manage both project and routine maintenance work to the building and statues. They do this using a team of experts who are procured as part of a maintenance plan and capital project requirements.

A guide to previous maintenance running costs over the recent past and the current works programme is below:-

- Capital Works Programme – Allowance of Roof Old Part £500,000 Boilers £350,000
- Revenue Costs for routine maintenance - April 2018 to Nov 2020 - £46,000.

Two condition surveys are held on file.

In 2011 Faithfull and Gould completed the first condition survey which estimated the cost of works for the building fabric, mechanical and electrical maintenance at £2.457 million over the period of ten years.

Ridge Condition Survey completed a follow up in 2019 and estimated an allowance of £4.498 million for building fabric, mechanical and electrical maintenance over the next 10years,

These figures are a guide, they do not include an allowance for inflation, preliminaries, profits, overheads or professional fees. The works identified are planned maintenance works, there is no allowance for the external statues, reactive works costs or statutory property compliance.

Accommodation Options

The information below explains the potential options for the Guildhall, these have not been discussed with the Shadow Unitary authority and any chosen option would be subject to consultation and conditional of formal approval processes for both Councils.

As outlined above, the Town Hall part of the Guildhall is not a freestanding building; under the current configuration it is unable to be split, therefore the options consider the property as a whole.

- (1) The Town Council could enter into an informal arrangement with West Northamptonshire Unitary Council, such as a licence for use of areas of the Town Hall. This would be a shortterm arrangement while the details of the longer-term agreement are finalised.
- (2) The Town Council may consider an internal repairing lease of the Town Hall part of the Guildhall. The lease would be a head lease, with the Registrar area an undertenant of the Town Council (as their lease falls within the old part of the building).

The lease would be medium to long term, at a peppercorn rent but with a comprehensive service charge schedule setting out the shared services to be provided by WNUC and the fair apportionment of the costs of these shared services recharged across both Councils.

Having the services documented in the lease provides certainty and clarity for both parties for budget purposes. The rules on service charges are regulated, a service charge cannot make a profit, it is a mechanism to pass through costs, but the administration costs can include staff costs and management fees reasonably incurred. The services provided by the landlord would include:-

- Fabric maintenance to structure, roof and common parts including the car park
- Maintenance of mechanical and electrical fixtures and fittings (Lifts, wiring, plumbing)
- Insurance, Utilities and Business rates (where these cannot be apportioned by direct charge)

- Compliance Management (Fire Safety, Water Hygiene, Asbestos, Emergency Plan)
- Cleaning (Waste management, gritting, window cleaning)
- Security (24 hour call out, security staff, alarms)
- Site Management Costs (Post, Printers, IT etc)
- Major Works (Project)
- Major Works (Reserves)

Having a clearly defined service charge would provide comfort to the Town Council that the services will be provided from day one, but it can be varied by agreement between the parties as the functions evolve.

The Service Charge for the Guildhall would be significant due to the type of property it is, below is a guide showing the sums that would be paid for different cost scenarios and is provided for discussion.

Indicative Cost of Services For Building	Town Hall		Guildhall Office	
Total Sum of Costs pa	Size sq ft		Size sq ft	
	25435.1203		43905.99052	100%
	37%	psf	63%	psf
£100,000	£36,681.15	£1.44	£63,318.85	£1.44
£150,000	£55,021.73	£2.16	£94,978.27	£2.16
£250,000	£91,702.89	£3.61	£158,297.11	£3.61
£350,000	£128,384.04	£5.05	£221,615.96	£5.05
£500,000	£183,405.77	£7.21	£316,594.23	£7.21
£1,000,000	£366,811.55	£14.42	£633,188.45	£14.42

Capital Costs

As mentioned above some major works can be paid through a service charge, but others, improvements or significant costs will be outside of the scope of a service charge. WNUC as the landlord would be responsible for the roof and fabric of the building, including the statues. There is potential for grant funding, borrowing or obtaining capital receipts through a phased programme of disposals. If the lease is internal and repairing only, the responsibility for the fabric and structure, M&E and all the retained facilities, will remain with WNUC not the Town Council.

Finance

Accommodation in a Grade II Listed* Building is not cheap. However, if Northampton residents want to keep the Town Hall as a Civic Building then money to do so will need to be paid partly by council tax(s) and partly by the Council's other methods of obtaining income.

The council tax collection of money for accommodation will either be in the WNUC or the Town Council apportionment, if it is in the Town Council apportionment it will be spent in Northampton and the money certain for the property, if it is collected through the WNUC council tax, it may be spent anywhere in the Unitary Boundary.

It is possible by agreement to negotiate a service charge cap, but whoever occupies the Guildhall Office will not expect to pay the Town Hall Service Charge capped costs. If there is a cap between the Councils, then this will be identified in the service charge budget, and any the incoming occupier tenant will not pick up the subsidy.

However, all are asked to note that finances should be looked at in conjunction with the other strategy for the Town Council, there are income opportunities (weddings, events, corporate lettings) and therefore the accommodation costs do not have to be paid just out of the precept, income earned on the facility, can be used to offset operating costs such as accommodation.

- (3) Another option is a freehold transfer of the whole of the property, both parts of the Guildhall transferring to the Town Council. This would resolve the issues of shared services, the Town Council would however as Freeholder be responsible for all costs, maintenance, professional fees, statutory compliance etc., as opposed to just an apportionment of them as suggested through the lease mechanism. But it would have the benefit of being able to sublet the office space for rental purposes to generate income to support some of those costs.

The Town Council would be required to follow the public sector disposal and procurement laws governing disposals (eg lettings over 7 years is defined as a disposal under the LGA 1972 Act), procurement of contracts (such as maintenance), health and safety and property compliance. The Town Council would be responsible for management of the building and all other responsibilities that come with ownership of a corporate building, including insurance, business rates, utilities, energy performance management etc.

The Town Council would need to factor in costs for professional advisors and technical experts for the complex building management system, M&E and Fabric maintenance. A predetermined strategy and operating model for the property in its entirety would be recommended to be agreed before any transfer to facilitate budget setting and operational management.

If the Guildhall freehold is transferred the practical side of delivering this transfer are significant and the costs would fall to both the Town Council and the Unitary to complete the transfer, this would take some time to deliver, it would not be possible for the next financial year.

Matters of consideration would be employment rights (TUPE for the facilities team that work in the building) repositioning of the IT servers that serve NBC staff working remotely, supplier contracts for assignment or termination (many are linked to wider procurement contracts for example water hygiene management) etc.

The costs of the freehold transfer would be considerably more than the option of an internal repairing lease.

West Unitary Northampton Council

A licence to occupy is the simplest and quickest way to accommodate the newly created Town Council.

But if the Town Council do wish to proceed with an internal repairing lease, the Unitary Council as Landlord, will require a resolution to protect their interests in the Guildhall Office, to mitigate costs and ensure that they have flexibility to determine the use of the retained Guildhall Office at reasonable cost. A solution for the Town Hall accommodation should work for both parties and initial discussions with the WUNC confirm they would want to negotiate the lease terms direct with the Town Council and assume that the Town Council would share a business plan as part of these discussions.

Any shared service occupier of the Guildhall Office will want to know the costs they will pay for office accommodation, they will consider the rent quoted and the service charge cost when making their decision. Whilst the building is intrinsically united by the services, it is extremely important for the Unitary to have these figures available for decision making, for instance, when considering accommodation options for letting to partners. The Unitary will require a sustainable solution for the office accommodation. By setting out the terms clearly in a lease, it also promotes a sustainable Town Hall.

If a freehold of the whole of the Guildhall is preferred, then the parties would need to agree the price and practical issues mentioned under option 3 above.

Far Cotton & Delapre Council

The Far Cotton Recreational Centre and the surrounding field are of interest for Council functions. The earlier report on assets gave an overview on the types of assets the Council holds, categorised as community, investment, operational etc.

This property comprises a modern detached two storey building built in the early 2000's. The property provides accommodation for a community library, a doctors surgery, pharmacy, changing rooms and a community hall. Externally there is a tarmac car park with up to 28 parking spaces and 6 disabled spaces.

The property is fully occupied under leasehold interests, it is not classified in NBC accounts as a community asset, the income generated in rent is about £68,000, the capital value circa £375,000. Northampton Borough Council operate a service charge, the Council providing shared services and recharging the costs to the tenants.

The adjacent playing field is maintained by the Council grounds maintenance contract.

The options are:-

- (1) The freehold could be disposed by the WNUC to the Parish Council

The transfer process for an asset would involve a process of:-

- The Unitary Council agreeing the asset is surplus and to dispose of the asset to the Parish Council.
- The value of the sale would be at least the book value but a market valuation would be required.
- The Unitary Council and the Parish Council would need to agree a price and the reasoning for the agreed price if it is less than market value with documented judgement subject to audit.

The income from the asset would be lost to the Unitary and this would need to be considered as part of the ongoing budget management plan.

(2) The Parish Council could use part of the space by agreement with one of the tenant areas.

Northampton Borough Council staff could assist with facilitating these discussions. A licence fee would be paid for use of the area which would be of minimal cost to the Parish Council

Kingsthorpe Parish Council

Kingsthorpe Community Centre

- (1) Kingsthorpe Community Centre (Thornton Hall) is one property of interest to the new Parish Council, it is let to Community Spaces Northampton (CSN). A management agreement between CSN and NBC, and grant funding, supports the delivery of community services in the area. The lease is one of several that forms part of the management agreement with CSN and legal advice would need to be obtained on the mechanisms for transfer of the asset to the Council.
- (2) If ownership of the property transferred to the new Parish Council, they would be responsible for the landlord obligations, which include the external repairs and maintenance of the building, any grounds, and the internal structural walls and replacement of fixtures and fittings.
- (3) Any use of the hall would be by way of negotiation with Community Spaces Northampton.

The Pastures Community Centre

The Centre is also let on a long leasehold, supported by a management agreement to the local community organisation that operate the Centre. The terms are consistent with the CSN lease, the tenant pays rent to the Council who in return granted an internal repairing lease, the Council retaining responsibility for the structure, outside spaces and car park. The car park will require resurfacing in the medium term.

Any transfer would see the Parish taking on the Landlord repairing obligations and any use of the hall would be by way of negotiation with the tenant, the same principles as Kingsthorpe.

The Obelisk, Kingsthorpe, was mentioned, as being of interest, it is not in NBC ownership, the ownership details are not known.

