

# **The Village**

## **Progress report for Overview & Scrutiny Committee**

**6 March 2018**

### **Purpose of Report**

1. This report has been prepared in response to a request by the Overview and Scrutiny Committee for an update on The Village site. The questions to be answered include: the cost of “doing nothing”, feedback on proposals put forward by other operators/organisers, the cost of converting the site to a car park and the income that could be generated from the sale of containers.

### **Background**

2. Overview & Scrutiny received a presentation from the Lead Councillor and officers on the history, finance and future programme for The Village on 14 November 2017. The Committee subsequently recommended that an exit strategy be prepared.
3. Full Council met on 5 December 2017 and concurred with the view of Overview & Scrutiny. It decided that an exit strategy should be developed and that the budget for 2018/19 be removed.
4. The venue closed on the 24 December and the site has remained empty, apart from the Chinese New Year celebration that took place on 25 February 2018.
5. During this period officers have been exploring the options available to the Council. This work has included approaching the market to invite proposals for alternative uses, identifying whether the containers can be sold to generate some income and exploring whether there are alternative sources of funding available.
6. The Council retains the lease on the site and pays a peppercorn rent.
7. A plan of the site is shown at Appendix 1.

### **Third Party Proposals**

8. The Director of Resources and Lead Councillor for Economic Development and Tourism met with third parties who expressed an interest in running the site.

9. The proposals received included:

- A restaurateur who wanted the site cleared and traffic management controls changed so that he could put four restaurants and various market stalls on the site.
- An international trade area (we understand that this was to incorporate start-up businesses looking to develop in the international market).
- An events-led offering providing a connection to technology & sporting showcases.
- A covered market area.

None of the above individuals/organisations proceeded with their proposals. The cost of business rates was a significant factor in reaching these decisions as was a reluctance to commit to operating the whole site.

10. Officers also received proposals from other organisations who might wish to use part of the site and/or offer individual events/activities. These included:

- Letting the five food & beverage units to food delivery operators.
- Retaining six retail units to create business incubation facilities (these units are all serviced, including Wi-Fi).
- Retaining the event space (suggestions received to date include: Persian New Year, Harley Davidson Family Fun Day, Lookers Motor Show Case, May Day celebration).

11. One final option considered was to turn the site (or part of it) into a car park. Whilst there is the potential for additional income there are concerns. These include:

- If this were to be a standard car park it would attract people who park in other car parks and so is not likely to result in additional income to the Council overall, except during peak periods.
- The Council has made a commitment to try to keep cars out of the town centre.
- The landowners would expect a share of the income generated.

An alternative would be to provide a car park for low emission/electric vehicles only. This would be a more environmentally friendly option and could also use all, or part, of the site. Any specialist equipment purchased could be relocated to other car parks once the lease on the site expires. This option would also ensure that income from our other car parks was not adversely affected.

The cost of establishing a standard surface car park across the whole site is estimated to be between £50,000 to £70,000 and the annual running costs would be c. £50,000 (primarily business rates).

12. All of the above proposals would have financial implications for the Council and require further investigation before firm proposals could be put forward.
13. Finally, we have received offers to purchase the containers and remove them from the site. Negotiations are continuing.

### **Business Rates**

14. Whilst the containers remain on site, business rates are payable. As they are unoccupied, the Council has to meet this cost. This amounts to £138,000 per year (if all the containers remain).
15. We currently have an empty premises exemption in place but become liable for the rates on the 1 April 2018 when the exemption expires. We are unable to renew the exemption, as it is time limited.
16. There are certain circumstances under which relief from business rates may apply on a mandatory basis at a rate of 80%. For example, where a charity occupies land and its whole and entire use is for the charitable purpose. Permitting occupation for the purposes of allowing businesses, which in turn produce a return or income to be used for a charitable purpose is not sufficient.
17. Separately to the mandatory basis, a local authority can grant discretionary relief of up to 20% of a business rate liability. Discretionary relief is available where all or part of land is occupied by:
  - a. One or more institutions or other organisations that:
    - i. Are not established or conducted for profit; and,
    - ii. Have objects that are charitable or otherwise philanthropic, religious, or concerned with education, social welfare, science, literature or the fine arts
  - b. A club, society, or other organisation not established or conducted for profit that wholly or mainly uses the property for recreational purposes.
18. It may be that, depending on the nature of the occupation by those on the site, they as occupants are entitled to some other form of relief, such as small business rate relief, or hardship relief – further advice would be needed on this, taking into account the proposed use and occupation of the site.

### **Financial Implications**

19. As stated above, on 5 December 2017 Council decided not to approve the budget request for the Village for 2018-19 and asked officers to prepare an exit strategy. As a result, there is no budget allocated in 2018/2019 for the Village. However, all of the options available, including the 'do nothing' option, will lead to financial implications for the Council during 2018-19 and as a result will require a supplementary estimate to be approved in due course.

20. The potential costs of doing nothing will be £138,000, as we become liable for the business rates on 1 April 2018. There may also be ongoing site security and maintenance costs of leaving the containers on site. However, this option does leave some scope for generating income from events or rentals from using the containers as either food/beverage or business incubation use; this option would need further development and costing before the exact potential can be confirmed.
21. The potential one-off cost of making the entire site safe following the removal of all the containers is £75,000. However, it is anticipated that this cost could be recovered from the sale value of the containers. If the site is left as open space, it is anticipated that on-going costs, will be minimal.
22. Once the site is cleared and made safe, income may be generated from car park use. The use of the site as a car park will require re-negotiation of the lease and income sharing with M&G. In addition, there will be a business rates liability if the site is used as a car park although the amount will be different to the liability on the containers. The business rates liability for car park use can only be confirmed once the site usage is changed and the Valuation Office Agency issues a revised valuation for the site.

### **Legal Implications**

23. There are no specific implications arising from this report, however our lease with M & G expects us to involve them in any decision regarding usage of the site. The lease would need to be examined for express limitations and consenting requirements.
24. Were it decided to further examine the incorporation of a charitable trust, work would be needed to establish:
  - a. Proposed trustees
  - b. Proposed charitable purposes (including an examination of how those purposes were consistent with the proposed use and occupants of the land)
  - c. The potential for mandatory and discretionary business rate relief applying
  - d. Whether a pre-existing charity would be suitable.
25. The process of setting and checking charitable objectives, agreeing purposes, naming the charity, setting the structure, and creating a governing document, then registering as a charity can take time – for example, though the Charity Commission advise that registration can take as little as 40 days, guidance suggests that this may take considerably longer.

### **Human Resources**

26. There are no human resources implications arising from this report.

## **Conclusions**

1. The Village created a unique space in the centre of town that improved a once derelict and unsightly area. However, a decision was taken by the Council that it could not continue in its previous form.
2. The Council is committed to the lease of the site and there will be residual costs even if we do nothing. Some income will however be generated from the sale of the containers.
3. Of the proposals received the most viable seem to be to zone the area and seek a variety of tenants, uses and income streams. This could proceed whilst also investigating the potential to avoid cost of business rates as this is providing a major obstacle.

## **Recommendation**

4. That the members of the Committee provide their views and comments on the work undertaken to date and the options available.
5. That the Committee decide whether it wishes to receive further reports on progress.