

## PROPERTY ACQUISITION FOR POTENTIAL RELOCATION OF GODALMING TOWN COUNCIL ADMINISTRATIVE OFFICES

### Introduction

Godalming Town Councils wishes to consult with residents on whether it should apply for borrowing approval of £430,000 to fund the purchase of a property to house the Council's administrative offices.

This report explains the issues relating to the limitations of the current Godalming Town Council administrative operating premises, and why it is considering an opportunity that has arisen to purchase the reversionary lease of a property of which Godalming Town Council is the Freeholder and which could house the Town Council's administrative offices.

### Background

In August 2010, Godalming Town Council received a report indicating that it lacked suitable office accommodation to meet its needs, this situation has not improved since that time. Indeed, if anything, as the level of service delivery from the council has expanded, the issue of suitable accommodation has become more acute.

In February 2017, the workstation provision at Municipal Buildings increased from 4 full-time workstations to 5, resulting in the loss of a private office for the Town Clerk, which in turn means that there are a significant number of occasions when the co-worker in the Town Clerk's office is displaced in order to facilitate meetings. The provision of the 5<sup>th</sup> workstation in Municipal Buildings has resulted in the available office accommodation being utilised at full capacity.

### Limitations of Current Premises

Godalming Town Council is well regarded within the community; likewise is the Godalming Joint Burial Committee, for whom Godalming Town Council provides a bereavement service. However, the many residents who visit the council's premises, irrespective of whether they are wishing to access a town council service or the bereavement service, are faced with a number of challenges in accessing the Town Council's administrative offices including the fact that the current premises are not DDA compliant or even mobility friendly. It is not uncommon for staff to have to meet residents, especially wheelchair users, at the front door and transact business in the foyer, which is neither professional, nor dignified. This is especially unpleasant for both staff and customer when the customer is wishing to access bereavement advice and services.

As Godalming Town Council increases the range of services it delivers, the number of residents who visit the Council's offices also increased. The lack of a reception area or dedicated private space in which to meet and interact with customers, means it is near impossible when dealing with an enquiry or transaction for it easily to be managed on a confidential or one-to-one basis without disturbing other staff members who are co-located in the same office.

### Town Council Services

For many years Godalming Town Council's main function was limited to delivery of its statutory duties such as allotments, observations as a statutory consultee on planning matters and the management of the town's cemeteries. Other functions and services in the Godalming area being predominantly provided by Waverley Borough Council. However, as both Godalming Town Council and the local council sector as a whole have evolved, Godalming Town Council has provided a more extensive range of public services as well as increasing activities involved in supporting the community.

Godalming Town Council's increased service provision has not only introduced it to a wider cross section of the community, it has also raised its profile and the public's awareness of the Town Council as a separate and independent corporate public body which serves and represents the residents of Godalming. This in turn means that increasing numbers of residents wish to interact with the Town Council, which in turn increasingly highlights the limitation of the current premises.

### Benefits of Co-location

Although the benefits of co-location through the ease of access and interaction between Godalming and Waverley Officers cannot be denied, within the wider borough the other towns and parishes interact well with Waverley without the advantage of direct access. Therefore this should not be seen as a barrier to Godalming Town Council moving its administrative hub.

### The Burys and Municipal Buildings

It is not within the scope of this paper to determine the future development of The Burys and Municipal Buildings site, but it should be noted that, as tenants, Godalming Town Council does not have the same security of tenure available as it would under a freehold arrangement.

### Expansion of Services

Whilst, over a number of years, Godalming Town Council has increased its service provision to the community, it has also expanded its staffing provision to facilitate this growth. If the Town Council were to further increase its service provision by providing either new services or taking on the management of devolved services from other authorities, it would also need to expand its capacity to deliver, which would predominantly be in the form of additional staff.

This then leads back to the challenges posed by the limitations of the current premises.

### Options

Having identified the issues outlined above, the Council's Asset & Property Working Group (APWG), considered a number of options regarding the availability, suitability and affordability of potential alternative accommodation. A number of factors became apparent during the APWG's investigations; the first being a lack of suitable premises within the central area, with the second issue being the cost of potential options.

The APWG considered a number of requirements, including location, accessibility, and tenure and concluded that in relation to tenure, only those properties for which the freehold (or virtual freehold ie. 999-year lease) could be secured would be viable options. This point was reinforced by the fact that rents sought for leasehold properties of a suitable size and in the correct location were in excess of the repayment costs to support a £1M loan to purchase a suitable freehold property.

### Potential Opportunity for Alternative Godalming Town Council Premises

In mid-March, the Town Clerk was contacted to discuss whether the Town Council would wish to acquire the lease of a property for which the Town Council owns the freehold. With elections due in May 2019, it was recognised by Officers and Members alike that whilst the timing of the offer posed challenges, these should not prevent proper consideration of the options or the necessary enabling work to proceed in order for the arrangements to be put in place, but not executed, until approved by the new administration post 2 May 2019 local elections.

### The Property

The property in question is a property being subject to a 999 year reversionary lease of which Godalming Town Council holds the freehold. However, as the lease was granted on a peppercorn rent, Godalming Town Council, as the Freeholder, derives no income from it.

The exact property is not currently being disclosed due to the commercial sensitivities involved in negotiations. However, it is affirmed that the acquisition of this property has a number of potential benefits for both Godalming Town Council and the town:

- firstly, it marries together the 999-year lease with the freehold, thus increasing the overall asset value of the land and building;
- it provides an opportunity for Godalming Town Council to establish itself in a self-contained, centrally located premises, which is accessible from street level and which would, on fit out for Godalming Town Council use become DDA compliant and resolve the other accessibility and operational limitations;

- the proposed property has 71% more useable desk space than is available at Municipal Buildings, therefore allowing for a more suitable layout and the capacity to expand service offer (see accommodation comparison below);
- the location of the property allows for an efficient use of the Town Council's assets;
- with 20% of all retail business transacted online, as the High Street floor space requirement reduces, High Streets are becoming more service focussed. Godalming Town Council's occupation of this unit would prevent another High Street property from becoming empty;
- the acquisition would allow for the sustainable long-term presence of Godalming Town Council within the town centre;
- occupation of suitable freehold premises provides best value for taxpayers as a public asset, which avoids the liability of rental and lease payments, along with the associated uncertainty of tenure; and
- if, for unforeseen reasons, GTC subsequently decided not to self-occupy the premises, the potential rent income could cover the debt repayment with a revenue surplus.

### Comparative Area of Property

	Municipal Buildings	High Street Property	
Foyer	7.48m <sup>2</sup>		
Storage & Utility	18.76m <sup>2</sup>	27.2m <sup>2</sup>	
Available Desk Space	36.77m <sup>2</sup>	72.90m <sup>2</sup>	Assuming 10m <sup>2</sup> to be designated as reception area office space increases by 71%
Total	63.01m <sup>2</sup>	100.10m <sup>2</sup>	

### Parameters of Negotiations

In order to support negotiations, Godalming Town Council is seeking an independent property purchase and market rental valuations, alongside a condition survey conducted by Town Council appointed surveyors.

### Funding

In order to fund the purchase of the lease and the required works to allow occupancy by Godalming Town Council, the Council would need to borrow £430,000 from the Public Works Loan Board (PWLB). Borrowing from the PWLB for property & land purchases and building works can be for up to 50 years, but should not be longer than the anticipated benefit of the purchase. It is believed that the benefit to Godalming Town Council and the community of the purchase would be for a period in excess of 50 years and therefore the period of borrowing should be 50 years in order to minimise the repayment costs to existing residents.

The cost of borrowing from the PWLB would, at current rates<sup>1</sup>, be £15,520 per annum. The running costs of the Town Council's administrative premises (including the cost of continued use of the Council Chamber/ WNC for council meetings) are prudently estimated at £25,040 for a full year; these are offset by £15,620, the sum currently paid for the use of Municipal Buildings.

These figures are shown in the table below and initial estimates indicate that the net annual cost to the revenue account is likely to be £98 in 2019/20 and £21,130 in 20120/21. It is anticipated that the indicated Band D increase of 3.30% (4.4p per week) will be reduced by savings from the scrapping of Non-domestic rate payments for public toilets and an increase in the tax base due to additional

<sup>1</sup> Correct as of 4 April 2019

sale completions of recent housing developments As such it is anticipated that the resulting percentage increase required of the precept to support an accessible administrative hub for Godalming Town Council would reduce to 1.65% equating to 2.2 pence per week.

**It should be noted that any borrowing approval would only be used if negotiations result in agreed terms.**

	Year 1 - 2019/20	Year 2 - 2020/21	
	£	£	
<b>Base Budget (net) i.e. Precept</b>	<b>643,778</b>	<b>643,876</b>	
<b>Potential Adjustments for High Street Office</b>			
Variations from Base Budget:			
1 Less 6 months rental	-11,500		
2 Add Debt Charges to PWLB	7,760	15,520	
3 Add Electricity	800	3,200	
4 Add Water	75	300	
5 Add Cleaning		5,800	
6 Add Waste Removal		650	
7 Add NNDR	2,963	11,850	
8 Less WBC Recharge		-15,620	
9 Add Cost of Hiring Council Chambers		3,240	
10 Less Increased JBC office contribution		-3,810	
<b>Budget Requirement including High Street Office</b>	<b>643,876</b>	<b>665,006</b>	
Total cash increase required	98	21,130	
% increase in cash required	0.02%	3.28%	
Tax base 2019/20 (Band D Equivalent figure)	9240.7		
Actual Precept per Band D property (Annual Baseline)	£69.67		
Tax base (Band D Equivalent figure)		9240.7	
Precept per Band D property with Purchase		£71.96	3.30%
<b>Budget allowing for anticipated budget savings</b>			
Initial Budget Requirement		<b>665,006</b>	
Less NNDR for Public Conveniences		-3,600	
Requirement		<b>661,406</b>	
Total cash increase required		17,531	
% increase in cash required		2.72%	
Anticipated Increase of Tax base		9340.0	
Precept per Band D property with Purchase		£70.81	1.65%

**Notes:**

- 1 Current tenant to stay until December 2019
- 2 Based on borrowings of £430,000 which includes element for fitout
- 3 Based on Godalming Museum who is also an electricity only user
- 4 Used half of BWP usage
- 5 Based on one window clean per month and weekly clean at £100pw
- 6 Based on BWP usage
- 7 Rateable value of 23,500 @ £0.504p
- 8 Cost of current premises
- 9 NNDR for Public Conveniences is due to cease April 2020

### Applying to the Public Works Loan Board

In order to apply for the required borrowing the decision to borrow must be taken by the Full Council (the date of the decision is required on the application form); thereafter the process is as follows:

1. application for borrowing approval should be made by the Council's Responsible Finance Officer on Form LC1;
2. when the form is completed and signed, the original application should be sent to the Surrey Association of Local Councils (SALC) which will check details and forward it to the Department for Communities and Local Government (DCLG) for Secretary of State approval;
3. if the application is agreed, DCLG will send the Council a borrowing approval letter (including a reference number to be noted on the PWLB application form); and
4. the application form, along with a blank cancelled cheque (to verify bank account details), then to be sent to the Public Work Loans Board.

### Consultation

A public notice, informing residents of the consultation and inviting them to attend one of three consultation events held at the Wilfrid Noyce Centre and the Godalming Museum was published on 3<sup>rd</sup> May 2019 in the local press and on all public notice boards located throughout the town and surrounding residential areas (11 in total with at least one noticeboard in each of the town's electoral wards). Additionally, the public notice was also posted on Godalming Town Councils website.

Residents were asked to indicate whether or not they agreed that the council should apply for borrowing approval of £430,000 to fund the purchase of the lease and make required alterations to ensure DDA compliant access. .

This report was published on the Town Council's website, with hard copies being made available at the Council's Offices, The Godalming Museum and the Wilfrid Noyce Centre.

The decision on whether to apply for borrowing will be considered by the Full Council of Godalming Town Council at its Annual Council meeting to be held at 7.00pm on Thursday 16 May 2019 in the Council Chamber at the Burys. **Members of the public are invited to attend this meeting.**

If residents have any questions concerning this issue they can contact the Town Clerk (Andy Jeffery) by email; [townclerk@godalming-tc.gov.uk](mailto:townclerk@godalming-tc.gov.uk) or by calling 01483 523575