



Report of the Director of Development

Executive Board

Date: 24 January 2007

Subject: Otley Civic Centre

Electoral Wards Affected:

Otley & Yeadon

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

This report seeks approval to the terms of a formal proposal to be made to Otley Town Council (OTC) in respect of the future of the Otley Civic Centre.

There is considerable public controversy in Otley over this issue and a petition, signed by 3,300 people, has been gathered by a local interest group, the Save Otley Civic Centre Campaign. The population of Otley is some 17,000.

The Town Council remains in occupation of the centre, which is a listed building, holding over under the terms of an expired lease with the responsibility for external repairs lying with this Council and the responsibility for internal repairs lying with the Town Council.

A number of alternatives for addressing the future of the Civic Centre have been evaluated and the recommendation from officers is that a formal approach should be made to the Town Council offering to either transfer the freehold in the building to the Town Council, at nil consideration accompanied by a financial sum to be determined, or to grant a new lease under the same terms as the previous lease and for the City Council to undertake the repairs required to the external fabric of the building.

The Town Council has already responded to the approach from officers which outlined the recommendations of this report. The resolution of the Town Council is to restate that its policy is to support the full refurbishment of the building and goes on to say that an offer of the transfer of the ownership and a financial contribution of £1,000,000 would be wholly inadequate

1.0 Purpose Of This Report

- 1.1 To advise Members of the alternatives that may be available in addressing the future of the Otley Civic Centre and to make recommendations as to which of these would represent prudent options for the Council

2.0 Background Information

- 2.1 Under local government reorganisation in 1974, the ownership of the Otley Civic Centre passed to the City Council.
- 2.2 Although, at that time the Council had no direct operational interest in the building, it was agreed that the Town Council should be granted a 25-year lease, at a peppercorn rent, with the Council liable for external repairs and the Town Council responsible for internal repairs.
- 2.3 On the expiry of that lease, attempts were made to agree a new lease but no result was achieved, largely because of the costs that would be involved in repairing the building both internally and externally and in meeting, within the building, the requirements of legislation introduced since 1974. The Town Council continued to hold over under the terms of the 1974 lease.
- 2.4 The Town Council did serve notice in June 2003 that it would not seek to renew the lease and this was confirmed in February 2004. However, in July 2006, the Town Council advised that it was no longer its policy to abandon the Civic Centre and that, further, the policy of the Town Council was that its preferred and only preferred Option from the feasibility study (see below) is Option 2.
- 2.5 This lack of certainty regarding the future occupancy and use of the Civic Centre has prevented any progress on the planning for the commissioning of works to the external fabric. It would not have been sensible to proceed with such works whilst there was no commitment from the Town Council to remain in the building and to carry out works for which it is responsible under the 1974 lease.
- 2.6 In 2005, the Council commissioned a feasibility study, from an independent architect, into the cost of five options for the refurbishment of the civic centre or its replacement on a new site. The cost of these options, including fees and allowances, and, at 2005 prices, ranged from £1,945,000 to £4,343,000 but it is important to note that many items such as temporary accommodation, if required, underpinning of the building, if required, and specialist fittings and equipment, were excluded from these costs. The cost of that feasibility study, £15,000, was met entirely by the Council but the brief was prepared and agreed in consultation with the Town Council and many of the groups using the civic centre.
- 2.7 The Town Council resolved, in July 2006, that its preferred and only preferred option was option 2 of that feasibility study which, at that time, was expected to cost £2,311,000, again exclusive of those items identified in 2.5 above and at 2005 prices. This option proposed the full refurbishment of the civic centre together with some re-modelling to maximise its capacity through the installation of a mezzanine floor to part of building.
- 2.8 It should be noted that any works will now cost significantly more once allowance is made for two, or more, years of building industry cost inflation. Updating the costs to

a start on site in Quarter 3 of 2007 is expected to add over 14% to the basic costs identified in the feasibility study.

2.9 The Town Council has, in principle, offered to contribute £500,000 towards the cost implementation of this option. The Town Council has also agreed in principle that it would meet the full running costs of any new or refurbished centre, including the liability for external repairs.

2.10 There is a well-supported campaign with the town to preserve the civic centre and its use for its present purpose. Some 3,300 signatures were obtained in 2004 to a petition organised by the Save Otley Civic Centre Campaign calling for the refurbishment of the centre. It is understood that the number of signatures has now risen to 3,500.

3.0 Main Issues

3.1 The implementation of the refurbishment option preferred by the Town Council would cost more than the £2,311,000 mentioned above in 2.6. The cost of dealing with the items excluded from that estimate, building industry inflation and the uncertainties that come, inevitably, from work within a listed building of this type and age mean that the total cost would be at least £2,500,000 and could exceed £3,000,000.

3.2 The in-principle offer of a contribution of £500,000 from the Town Council would require the City Council to contribute at least £2,000,000 and possibly more than £2,500,000 towards the overall cost. It would also expose this Council to major uncertainties during the refurbishment programme.

3.3 There has been no discussion with the Town Council as to the nature of the title in the building subsequent to such a refurbishment but officers would advise that, if this alternative were to be selected and implemented, the ownership of the freehold of the building should remain with the City Council. The Town Council has indicated that it would be prepared to take on the full running costs of the building subsequent to the refurbishment.

3.4 In the light of the very high cost of such a full-scale refurbishment and the limited financial contribution that the Town Council feels able to make towards this cost, officers have examined two other alternatives. These are:

- i. the offer to the Town Council of the freehold of the building together with a financial contribution, the extent of which would be determined by Executive Board. This contribution might exceed the cost of the external repairs which are required but should be less than the sum required for the full remodelling scheme after allowing for the contribution that the Town Council has already indicated it could make
- ii. the offer to the Town Council of a new lease under the same terms as the previous lease, that is a 25-year term, a peppercorn rent, the liability for internal repairs to lie with the Town Council and the liability for external repairs to lie with the City Council. It is suggested that, in these circumstances, the City Council should undertake the outstanding external repairs (which are currently estimated at £560,000 at Q3 2007) but make no additional financial contribution to the cost of the internal repairs as it would be exposed to further costs, for external repairs, during the lease period. Essentially, this proposal would require each of the Councils to meet the liabilities expressed in the 1974 lease.

- 3.5 The Town Council has been advised that the three alternatives outlined in 3.1 and 3.4 above would be reported to Executive Board together with the recommendation that officers would be making which that is that only 3.4.i or 3.4.ii would represent a prudent course of action for the City Council. The letter from the Asset Management Unit to the Town Council is attached as Appendix 1. The consequences of this are set out in 3.1 and 3.2 above.
- 3.6 The Town Council was invited to respond to this officer advice and that response is attached as Appendix 2. Essentially, the Town Council is seeking that the Council should meet the whole cost, over and above its suggested contribution of £500,000, of the full refurbishment of the building.
- 3.7 As was the case in 1974, the City Council has no direct operational interest which requires accommodation in the Civic Centre for its own purposes.
- 3.8 The total recent capital support from the City Council for community and cultural activities in Otley exceeds £1,700,000, comprising the construction of the new library and tourist information centre (£1,300,000), the release of the former Magistrates Court premises to the Otley Courthouse Project (foregoing a potential capital receipt of £170,000 at 2001 values) and the refurbishment works at the Cross Green Community Centre (£250,000). Other expenditure will be incurred under the Town & District Centres Regeneration scheme.

4.0 Implications For Council Policy And Governance

- 4.1 The Council's Financial Plan requires that all spending plans are subjected to rigorous review to ensure that they are aligned to identified need and provide value for money. There is no identified operational requirement from any department for accommodation in the Civic Centre.
- 4.2 The Financial Plan also requires that all efforts are made to maximise the availability of external sources of funding. The in principle offer from the Town Council of a contribution of £500,000 towards the full refurbishment of the Civic Centre represents only around one-fifth of the total cost.
- 4.3 The Financial Plan requires that all spending should be supported with a risk management approach. The estimated costs of the refurbishment of the Civic Centre have been subject to external appraisal but exclude various items such as specialist stage theatre equipment, any underpinning of the building that may be required and the cost of decanting and accommodating the building occupiers during any works. The costs contained in this report do, therefore, represent a best case situation and should be recognised as such.
- 4.4 The Council has a strategic outcome theme of ensuring that all communities are thriving and harmonious places where people are happy to live. The recommendations to support the refurbishment of the Civic Centre through transferring the ownership of the building and making a additional financial contribution or offering a new lease and undertaking the repairs to the external fabric are made because of the strength of local opinion that the building should be retained in civic use.

5.0 Legal And Resource Implications

- 5.1 The Town Council does have a right to a new lease on the same terms as the 1974 lease (although it would be open to the City Council to offer such a lease at a real rent rather than the peppercorn rent due under that former lease). All other terms would remain the same with the City Council being responsible for external repairs and the Town Council responsible for internal repairs. This is the basis of the alternative outlined at 3.4.ii and, essentially, maintains the present position but would move forward with the repairs to the external fabric. It would require the City Council to inject the cost of the external repairs into the Capital Programme.
- 5.2 The City Council could, if it wished to exercise its “well being” powers transfer the freehold title to the building to the Town Council and, through an injection into the Capital Programme accompany this with a grant to the Town Council. It would be appropriate to include a condition in the conveyance giving the City Council the right to pre-empt any disposal by the Town Council within a given period of time, that right to re-acquire the building also at nil consideration. The terms of the grant should require the Town Council to undertake the repairs to the external fabric of the building, as a priority, with any balance being committed to necessary internal repairs and refurbishment. An external valuation of the Civic Centre was undertaken in early 2004 and, at that time, the value was estimated at £390,000. A more recent internal estimate of the market value is in the region of £350,000 to £400,000. but this estimate would increase to between £435,000 and £535,000 in the event of planning approval being given for the construction of mezzanine accommodation This is the freehold value that the Council would be foregoing if the building were to be transferred at nil consideration to the Town Council.
- 5.3 The Council does have powers, where land is not held for housing accommodation purposes (as in this instance), to dispose of land and buildings at less than best consideration under the 2003 General Consent.
- 5.4 Legal advice has been obtained in connection with this. There are strict limitations on the application of this General Consent. In particular, the purpose for which the property is being sold must be likely to contribute to the achievement of the promotion/improvement of the economic, social or environmental well-being of its area, subject to not allowing a “discount” of more than £2 million. The “discount” in this instance would be well within that limit.
- 5.5 If a new lease were to be granted with the liability for internal repairs to be with the Town Council, as was the case under the now-expired lease, it would be appropriate to grant a rent-free period to reflect the cost of those works. As the lowest estimate of that cost is well over £1 million, that rent-free period could cover the whole of the term of a 25 year lease particularly as the building would be restricted to its current use. The rental value of such a use would be less than £40,000 per annum.
- 5.6 The current Capital Programme contains no resources for either a full remodelling/refurbishment of the Civic Centre or for the less costly landlord works for which the City Council is responsible under the lease. Therefore, any decision by Executive Board to carry out works to the building, or to offer a financial sum to the Town Council, will require the Council to identify additional capital resources

6.0 Conclusions

- 6.1 Although the Council has no direct operational interest in the civic centre, it is felt appropriate that some financial support should be provided towards the ambition from the Town Council (and those in the town supportive of the Save Otley Civic Centre campaign) to retain the building in civic use and to ensure that its fabric is preserved.
- 6.2 However, officers do not feel that it would be prudent or appropriate for the City Council to make what would be an open-ended financial commitment to a high risk remodelling/refurbishment project. The offer of £500,000 from the Town Council is regarded as insufficient when the total cost will, at the least, exceed £2,500,000.
- 6.3 Officers have outlined two alternatives that they could recommend as prudent, being the offer of either the transfer of the freehold title in the building together with an additional, capped, financial contribution or the offer of a new lease on the same terms as the previous lease together with the commissioning of works to address the external repairs.
- 6.4 It should be noted that, from preliminary comments reported in the local press, it is felt that neither the Town Council nor the Save Otley Civic Centre Campaign will regard the officers' recommendations as sufficient. It is unlikely that any more detailed response from the Town Council, other than that contained in Appendix 2 which is a resolution of the Town Council's Executive Committee from 18 December, will be available by the date of the Executive Board meeting. The Town Council has indicated that it would require more time to assess its response to any formal proposal from the City Council. The Town Council has been consistent in saying that the in-principle offer of £500,000 towards the cost of refurbishment is, from its point of view, a substantial offer representing the maximum that it could contribute.
- 6.5 It is not clear what other ways forward exist should the Town Council decline either of the alternatives that are recommended.

7.0 Recommendations

- 7.1 Members are recommended to instruct officers to make a formal approach to Otley Town Council with an offer from this Council to either transfer the ownership of the freehold of the Civic Centre, accompanied by a grant of a sum to be determined by the Executive Board or to grant a new lease on the same terms as the 1974 lease with the City Council to undertake the repairs to the external fabric.



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13 December 2006

Dear Mr Plumtree

The Future of Otley Civic Centre

I write to advise you that officers intend to submit a report to the Council's Executive Board on 24 January 2007 outlining the position in respect of the Civic Centre.

This letter invites the Town Council to respond to the alternatives that are set out and to comment upon the recommendations that officers will make to the Executive Board.

The report will advise Members of the recent history of the Centre, details of the current occupancy by the Town Council and of the results of the feasibility study undertaken last year by the independent architect.

In particular, the report will mention the decision reached by the Town Council June 2003 to advise this Council of the concern regarding the cost of bringing the Centre to even the most basic of acceptable standards. It will also advise of the decision reached by the Town Council in July 2006 that it no longer had a policy to abandon the current Civic Centre buildings and that its policy is now that its preferred and only preferred Option from the feasibility study is Option 2.

The report will then go on to set out the three alternatives that officers believe are available. In brief, these are:

1. For the two Councils to undertake, at joint expense, the refurbishment of the Civic Centre. It is noted that the Town Council has indicated that, in principle, it would be prepared to take responsibility for the running costs of the building once refurbished and that it would be able to contribute £500,000 towards the costs that would be incurred in undertaking the refurbishment proposed in Option 2 of the feasibility study. This would meet the full aspirations of the Town Council and the other users of the building. However, it would be drawn to the attention of the Executive Board that the limited nature of the contribution to be made by the Town Council would represent somewhere between one fifth and one sixth of the total cost of a refurbishment programme once due provision had been made for those items excluded from the feasibility study proposals and that the full risk of capital cost overrun on this listed building would lie with the City Council



2. For the City Council to offer the freehold interest in the building to the Town Council at nil consideration along with an as yet unspecified financial contribution towards the cost of a refurbishment scheme. The City Council would retain the right of pre-emption, also at nil consideration, should the Town Council determine, at any time within a fixed period, possibly seven years, to dispose of the building. The financial contribution to be made by the City Council would exceed the cost of addressing the external repairs and would, thus, make a contribution towards the cost of the internal refurbishment also to be undertaken. This would permit the future of the building to be determined by the Town Council and the people of Otley and would allow the refurbishment to be phased over a period of time. However, the financial sum offered is unlikely to allow for a full extension and refurbishment scheme as described in the consultant's report.
3. For the City Council to offer a new 25-year lease of the building to the Town Council under the same terms as the previous and now-expired lease. The City Council would undertake the external repairs now required and would continue to have responsibility for any further external repairs needed during the term of the lease. The City Council would require that the Town Council should undertake any internal repairs now needed but would not insist that the full refurbishment should be undertaken. The external repairs, to be undertaken in the near future, would protect the fabric of the building and, as in alternative 2 above, allow the Town Council, if it so wished, to undertake a phased programme of works to the interior over and above those required to simply repair the building.

Officers will be recommending to the Executive Board that, although alternatives 2 and 3 fall some way short of the aspirations of the Town Council, they do represent a prudent approach, so far as this Council is concerned.

The City Council's Ward Members and the Area Management Committee have been advised of this letter.

I will be grateful if you can advise your Members of the contents of this letter and reply to me prior to 31 December so that the response from the Town Council can be included in the report.

Yours sincerely

R B Lawless
Group Manager
Projects

OTLEY TOWN COUNCIL**Resolution of Executive Committee Monday 18th December 2006****Otley Civic Centre**

The Executive Committee of Otley Town Council restates the Council's position (and therefore policy) in relation to the future of Otley Civic Centre. Otley Town Council supports the proposals outlined in Mr Witherick's architectural report of March 2005 for full refurbishment of the existing building (outlined in the report as option 2)

The Executive Committee therefore fully supports alternative 1 as outlined in the letter of 13th December 2006 from the Asset Management Unit of Leeds City Council.

The Executive Committee is concerned by the tone of the letter and by the extremely tight deadline given to respond. Furthermore, the Committee believes that there is insufficient information provided by Leeds City Council on which to reach a decision on alternatives 2 and 3.

However, the Executive Committee believe that, if the offer of £1m plus the transfer of the building as recorded in the press is accurate, that this would be a wholly inadequate resolution, and would potentially place Otley's Council taxpayers with a large debt for years to come. This would also be seen as Leeds City Council attempting to transfer its liability and responsibility to the Town Council, and would demonstrate a complete disparity in the way Leeds City Council treats Otley Town Council compared with other Town and Parish Councils.

