

CYNGOR SIR POWYS COUNTY COUNCIL

**CABINET EXECUTIVE
26th January 2016**

REPORT AUTHOR: County Council Avril York, Portfolio Holder for
Regeneration and Planning and County Councillor
Darren Mayor, Portfolio Holder for Property, Buildings
and Housing

SUBJECT: The Pavilion, Llandrindod Wells

REPORT FOR: Decision

1.0 Summary and Proposal

- 1.1 Powys County Council proposes to transfer The Pavilion, by leasehold Community Asset Transfer, to Grand Pavilion Events Ltd - a Community Interest Company) supported by LW & Area Chamber of Trade & Tourism. The group proposes to reopen the Pavilion and to operate it for the benefit of the local community with various events (to include live theatre, dances, displays, exhibitions, room hire, cinema, indoor markets), office space hire, and the letting of the undercroft.
- 1.2 The group has completed an Expression of Interest form and has met the criteria for a Community Asset Transfer (CAT) from Powys County Council to a Third-Sector Organisation which are:
- To encourage people to take part in economic and community life
 - To develop capacity in and connections between public, private, voluntary and community sectors in order to support economic and social development
 - To safeguard buildings for community use
- 1.3 Although newly established, the group is well supported and to a lesser extent populated by the Llandrindod Wells Chamber of Trade & Tourism, itself a long-standing organisation, which understands the local need and demand which can be met from the Pavilion.
- 1.4 The group has requested that all contents of the Pavilion – equipment, fixtures and fittings – last used in its operation are included in the lease.
- 1.5 In order to give its proposals a greater chance of success, the applicant has also requested the inclusion of the car park to the front of the property, on which they propose to introduce a private parking order. This part of the site is currently vested in Outdoor Recreation, and the Service

Manager has confirmed that with the pending transfers of the Indoor Bowling Greens, and Tennis Courts to the present operators, he will no longer wish to retain the car park and would support its inclusion in the lease to the operator of the Pavilion. We do not currently charge for parking on this site and so there is no loss of income.

1.6

The applicant has stated it has provisionally agreed with the Church that use of the car park for Sunday Services, weddings and funerals will not be subject to charges.

2.0 Background

2.1 Powys County Council closed the Pavilion to the public on 30 June 2015, following Cabinet approval on 27 January 2015 due to the building operating at a loss, which was seen as unsustainable in the current economic climate. Part of the decision included the marketing of the building – for six months as a rental opportunity or CAT, followed by sale if by the end of July no new operator had been found.

2.2 In accordance with that decision, a local and national marketing campaign was undertaken, which had a very low response rate. Only one community-based request for an Asset Transfer was received, this being withdrawn before the deadline for receipts of interest. Less than 10 commercial enquiries were received, and only one of those showed continued interest after the information pack had been provided. That party regrettably withdrew having visited the site on a number of occasions – citing issues surrounding parking at the site, given the other significant users of the car park and the impact that would have on his own proposals.

2.3 The then Portfolio Holder Cllr S Hayes chaired a review meeting with officers and local members at which it was agreed to proceed to enter the property in auction with a national auctioneer. However, before the auction date a new Expression of Interest was received from the current applicants and although outside the initial timeframe for such interest, it was agreed this should be considered.

2.4 With the EOI being supported, the group was asked to submit its Business Case. Although there are elements which concerned officers in that document and subsequent appendices, the collective view was that the Business Case was strong enough to recommend a Transfer be supported.

2.5 It is proposed that a Business Lease will be granted – on full repairing terms (including insurance) - for 30 years, at a nominal rental of £50 per annum, and will include appropriate safeguards to protect the Council's retained interest in the building. The right to a new lease at the end of the term will be excluded. Initially, the Lease will allow either party to terminate the Lease at any time during the first three years should the venture not prove successful. During this time, the Tenant will also have to provide twice yearly accounts to the Council and audited accounts on an

annual basis throughout the lease period; this will give the County Council the assurances it needs to be satisfied that the venture is operating successfully, but if not the Council will be able to exercise its right to break the Lease. A copy of the agreed Heads of Terms is attached at Appendix 1.

2.6

Although the applicants have requested that the rental of £50 should be set for the duration of the lease, it is proposed that rent reviews should be included at five year intervals in line with the Index of Retail Prices or similar, in order that the rent keeps pace with inflation.

2.7

Any lease will also include normal forfeiture clauses which may be relied upon by the Landlord beyond the first three years, covering issues such as non-payment of rent, not keeping the building in repair and so on.

3.0 One Powys Plan

3.1 The proposed transfer would retain the property for community use and serve the wider area interests regarding arts provision, community use, and economic regeneration. It is anticipated the proposed transfer of the Pavilion to the applicants will ensure the long term viability and sustainability of this locally important building whilst still retaining the freehold title.

3.2 The risk to the Council of accepting this proposal is minimal: it is proposed that the Lease will be granted with the Tenant taking over full repair and maintenance liabilities, along with all running costs. The transfer is at less than market value as are most CATs. The rental offered is only £50 per annum, against an independently assessed (District Valuer Services) rental value of £12,500 per annum. DVS also provided market value advice should the property be sold on the open market, giving a valuation of £125,000 on this basis. Therefore, it can be seen that whilst granting a lease to the applicant does not generate real income for the Council (and a marketing campaign confirmed very low demand for such premises), there is neither a significant loss in terms of capital receipts if this proposal is accepted, as the current opinion of Market Value is low, and the Landlord will still retain the freehold of the property.

4.0 Options considered/available

4.1 **Option 1:** Accept the Expression of Interest from the applicants and issue instructions to the Head of Legal Services to complete the CAT Lease at the earliest opportunity with appropriate safeguards included in any Lease, as outlined above. Delays in gaining approval for the proposal and in completing any lease will make things very difficult for the applicants as they need to have events programmed at an early stage in order to give them the greatest chance of making a success of it.

4.2 **Option 2:** Reject the Expression of Interest and try to sell the premises.

Whilst a real option for Cabinet to consider, the applicant has expended a considerable amount of time and effort in preparing its submission, and has worked with officers and other organisations to provide as much information as possible. The group is also working with the Strathpeffer organisation in Scotland, which operates and runs a similar venue there. If the application is rejected and the property has to be marketed for sale, there is also the real possibility that it will remain on the market for some time or even fail to attract any buyers, especially given the marketing responses to the nationally advertised leasehold/ freehold opportunity.

5.0 Preferred Choice

5.1 The preferred option is Option 1. The applicants will be given the opportunity to re-establish the Pavilion as a key local venue for the performing arts and a community centre, as well as hosting other events as outlined in paragraph 1.1 above. If successful, the Pavilion will once again become a community asset managed by a community organisation with little risk to the Council, but helping to bring long term social and economic benefits to Llandrindod Wells and the surrounding area.

5.2 Rejecting the application at this stage is likely to cause a significant backlash from the applicants and the local community, who may well see the rejection as confirmation of the social media commentary evident around the time of the building's closure that the Council has interest only in obtaining a capital receipt for this site.

6.0 Sustainability and Environmental Issues/Equalities/Crime and Disorder/Welsh Language/Other Policies, etc

6.1 The preferred option is considered to be the best option to sustain the future of the Pavilion and its existing use as a community asset. The proposal has no adverse effects in relation to crime/Welsh language etc, and in fact the applicants argue that their proposals will enhance the Welsh Language by working with companies such as Opra Cymru, who have already shown interest in using the venue should the application be approved.

7.0 Local Members

7.1 The Local Member for the Pavilion is Cllr Keith Tampin. He and Cllr Gary Price, and Cllr Tom Turner have all offered their support to the applicants as part of their social-media conducted consultations regarding their efforts to reopen the Pavilion.

7.2 Cllr Tampin has also provided the following commentary for this report:- Option 1 is the best long-term solution for the Pavilion and the Town. I am pleased to see the three year termination clause and the provision for the Council to audit the accounts and I wish Grand Pavilion Events Limited every success.

8.0 Support Services (Legal, Finance, Corporate Property, HR, ICT, BPU)

8.1 Property

Natasha Morgan – Professional Lead - My Officers and I are very supportive of this proposal (provided appropriate safeguards are put in place) and think that it is the only current option to ensure that the Pavilion is put back into use as a cultural centre which will in turn help regenerate Llandrindod. I am concerned, from the indications we have had from the national marketing campaign, that we would be unlikely to find a buyer for this property should we offer it for sale.

8.2 Legal

The Professional Lead supports the option recommended in this report and will lend legal assistance as required

8.3 Finance – The Capital and Financial Planning Accountant does not support the lease of the building for 30 years without some provision for rent reviews on at least a 5 year cycle. The rent should also have a provision to increase by the rate of inflation (suggest CPI at January which is available in mid-February) to at least ensure the £50 is worth £50 during the term of the lease.

The Finance Business Partner Place notes the contents of the report, there is a profit target remaining against the Pavilion of £21,870 which will reduce to £12,670 if the rates can be saved as part of this transfer.

8.4 Regeneration – Liz Trow: I am pleased to see that they [the applicants] have expanded the groups and activities shown on the business case, covering sporting events exhibitions and targeting and younger audience with potential ‘gigs’, which in themselves should not conflict with other venues in the area, which was one of the causes for concern.

It is also positive that they have consulted with potential users, and the general impression is that it is the size of the Pavilion that is the bonus. They have also engaged with other users on the site, Indoor Bowls, Church and the Tennis Club, but however I don't know how realistic it would be to charge for the car park but it would indeed be an extra revenue.

It is however very heavily dependent on volunteers and I would hope to see that volunteer base expand, especially in the first year, although they have acknowledged that the Technicians would have to be paid, but they have identified those they can use. I would also like to see them engage with the Wyeside, to ensure there is not displacement of current provision.

In my opinion that the finances are still unclear, but I am happier with the proposed use of the Pavilion and support their request for CAT.

8.5 Leisure and Recreation Services Manager: I support the proposal which I note will transfer management liability for the open area to the front of the Pavilion (which currently sits within my Service area) to the applicants.

8.6 Traffic and Travel Manager: It is noted that the transferee plans to introduce parking control on the car park surrounding the Pavilion, this will ensure the car park is not utilised for free all day parking and consequently I support the proposal.

9.0 Corporate Communications:

The report is of considerable public interest and requires proactive news release and use of social media to publicise the recommendation and decision

10.0 Statutory Officers

11.1 The Strategic Director Resources (S151 Officer) notes the comments made by Finance.

11.2 The Solicitor to the Council (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report.

12.0 Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation
<p>1. To transfer the Pavilion, Llandrindod Wells, including the car parking area to the front of the property, to Grand Pavilion Events Ltd under a 30 year lease, with suitable safeguards in place to protect the Council's freehold interest in accordance with paragraph 2.5 of the report.</p>	<p>To enable Grand Pavilion Events Ltd the opportunity to re-establish the Pavilion as a key community venue for Llandrindod Wells and the surrounding district and retain this locally important building for the economic and regeneration benefits it will bring to the area.</p>
<p>2. That the nominal £50 per annum rental proposed by</p>	<p>In order to ensure that the rental received from the Community</p>

the Applicants be approved, subject to rent reviews at five year intervals throughout the term, in line with the Index of Retail Prices or similar to be agreed.	Organisation maintains the real value of £50 throughout the lease period.
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Relevant Policy (ies):	Corporate Asset Policy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	Cllr Keith Tampin, Cllr Garry Price, Cllr Tom Turner
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Person(s) To Implement Decision:	David Micah
Date By When Decision To Be Implemented:	Immediately

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