

## Agenda item 5

### For decision: Town Hall Income and sale of Palmer Street office

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#### Summary

The ethos of the Town Hall being an affordable and accessible Community Hub has been the main consideration throughout the negotiations when discussing pricing of available space for both long term tenants and the flexible bookable space.

A balance has been achieved to provide affordable space for community organisations without being in competition with local businesses currently offering a similar space. It provides a good mix of comfortable workspace for charitable organisation, individuals, local enterprises and the Town Council. It is hoped that the Council Chamber will fill a gap in venue hire market that is missing in Frome. It will be a great venue available for the community to hire and ultimately it is hoped that wedding ceremonies and the reception can be in the same building.

Advice from experienced local estate agents has resulted in a fair cost for all prospective tenants. Costs are such that commercial rate is a 50% increase on charity rates and evening charges are an additional 50% than daytime rates, due to the requirement to provide staff to be available outside normal working hours.

The Council chose to Opt to Tax the Town Hall building in order that the VAT incurred on the renovation works could be reclaimed. This means that VAT is charged on all Town Hall rents. (all prices detailed in this report are excluding VAT)

No Option To Tax was made on the Elliot Building (no renovation works) therefore no VAT is charged on this rent of this space.

- **Long Term Tenants**

A new workspace has secured three long term charitable organisations. Two located in the Town Hall and one in the Elliot building, they will benefit from superfast broadband, wifi throughout the building, a new phone system, photocopier, shared kitchen facilities, heat, light, business rates plus a parking space.

Their annual rent has been calculated depending on space size: £7,590, £4,726 and £4,000. I will be able to show Cllrs which spaces are to be occupied by tenants at the meeting.

- **Desk space**

A daily rate per desk has been calculated allowing people to work within an office together - having a mixture of charities and private individuals is our aim. We have one charitable organisation requiring 2 desks and two private individuals sharing one desk on a split week. This cost will include some use of the meeting room and uninterrupted use of the other facilities including the kitchen.

Costs are pitched at £5 per day for charity and £7.50 for commercial.

- **Café**

The Town Hall café offers an opportunity for a business to provide catering for those working and visiting the Town Hall but in addition, catering facilities for those hiring other space including the Council Chamber. The stipulation has been for the tenant to use Fair Trade and locally sourced products where possible and working together with the Town Council providing support to involve Critchill School in a catering training programme for their students. An advert in the local press has generated two potential tenants who have been interviewed.

Rent per annum between £6,000 and £7,000

- **Ground Floor space**

Two attractive spaces have been created on the ground floor, one a large room suitable for a meeting seating 8/10 comfortably around a large conference table. The medium room next door could double up for smaller meetings or 7 flexible working spaces. Interest has been shown in a pop up meeting venue and a work out class. Both will be available during the day and evening.

Rent per hour; charitable £10 daytime/£15 evening and commercial £15 daytime/£22.50 evening

- **Council Chamber**

The Council Chamber will be an impressive versatile room resourced and furnished to a high standard including the audio and visual equipment installed. It will be able to accommodate and seat 120 people. It is hoped that this space will be desirable for the community to hire for private functions. Interest has already been received to hold an Art Fair over a weekend.

Similar to the ground floor rooms, the Chamber will be available during the day and evening.

Rate per hour; charitable £30 daytime/£45 evening and commercial £45 daytime/£67.50 evening

In the first week of February when the building has been handed over to the Council from the contractors, the intention is to promote the available space accompanied by good photos.

- **Car park**

The 18 parking spaces allows for almost 60% free visitor parking, including 2 car club spaces and electric car charging point and a disabled space (plus 2 disabled bays at the side entrance on Park Road) and the remainder occupied and paid by long term tenant parking. We will be able to provide overnight parking for local residents for which we will charge a small amount.

## **Budgets**

Realistic income targets have been set for 2017/18 similar to those reported to Council in November 2015 and these were included in the budget that Council approved at the last meeting.

Included in the 2016/17 budget was income in the first three months of 2017. As the Council will not take occupation until mid-February it is proposed to write off the budgeted income £23,655. This shortfall at the end of the financial year will be funded from General Reserves.

## **Sale of Palmer Street Office**

Valuations provided in January 2015 indicated a sale price of £230,000 which was included as income and expenditure in the 2016/17 accounts. It was budgeted to spend the 50% of the sale proceeds on the Town Hall renovation works and 50% on various capital items purchased in 2016/17. Council is reminded that proceeds of a capital sale must be spent on capital expenditure.

The sale is due to complete at end of February 2017 and a sale price is higher than £230k. The actual figure is more but needs to remain confidential until contracts have been signed. The balance between the budgeted figure of £230k and the actual sale value will be lodged temporarily in the General Reserve.

### **Recommendations**

1. Approve the proposed tariffs for renting Town Hall space
2. Write off the Town Hall 2016/17 (Jan to March) budgeted income of £23,655
3. Agree to the balance of the proceeds of the Palmer Street office sale be lodged in General Reserves