

Report subject	Disposal of public assets (general) Use of capital receipts (general) Restrictions on use and disposal of the George Reynolds Centre (GRC) (specific)
Committee name	Public meeting
Meeting date	28 th March 2024
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1. Purpose

- 1.1. Representations have been received from members of the public regarding the future use of the GRC.
- 1.2. Councillors have asked the Town Clerk to research and produce a report on any historic restrictions which govern the use or disposal of the GRC.
- 1.3. This report focuses **only** on the restrictions governing its use or disposal. It is recognised that other funders, local clubs, the existing sports club were involved/made financial contributions to the project at the time but this report outlines the legal restrictions which are in place on the building.
- 1.4. This report remains in draft pending receipt of other searches and will be updated once these are received.

2. General Restrictions on the disposal of public assets

- 2.1. Local authorities have powers under the Local Government Act 1972 to dispose of freehold public assets in any manner they wish.
- 2.2. It should be noted that 'disposal' includes both the sale of the freehold of an asset but also the granting and assignment of a lease, and the granting and assignment of an easement.
- 2.3. However, the 1972 Act stipulates that the disposal of such assets must be for best consideration (usually market value) reasonably obtainable unless permission of the Secretary of State is obtained.
- 2.4. There are some circumstances where an asset can be disposed of for less than best consideration, however authorities may not divest themselves of public assets unless they are satisfied that circumstances warrant the disposal.
- 2.5. In some circumstances, an authority can dispose of an asset for a nominal/peppercorn rent etc. with consent from the Secretary of State, if they consider that this *"will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area"*. For example, the lease that Crewkerne Town Council has with Crewkerne Leisure Management would fall under this provision.
- 2.6. The undervalue in such a disposal must not exceed £2m and the Council should obtain professional valuations as to the value of the interest as well as take legal advice on whether formal consent is required.

3. General Restrictions on the use of capital receipts

- 3.1 The Local Government Act 2003 provides that the capital receipts received from the disposal of an asset such as the GRC, must be used for another capital project or ringfenced in an earmarked capital fund.
- 3.2 Therefore, any proceeds from the sale of a building such as the GRC could not lawfully be used to reduce the precept or offset other running costs.

4. Specific Restrictions on the use and disposal of the GRC

- 4.1. A number of different funding partners were involved in the project. Some of these resulted in funding agreements with terms and conditions, which are reflected below:

SSDC (now Somerset Council): Terms of Award

- SSDC contributed £225,378.
- The GRC may only be sold/transferred/leased or otherwise disposed of with the formal written approval of South Somerset District Council (presumably now Somerset Council).
- If the GRC ceases to be used for the purposes previously agreed with SSDC, Crewkerne Town Council must give reasonable notice of this intention to SSDC.
- The agreed purpose of the GRC is described in the agreement as 'community sports purposes'.
- If sold or transferred, CTC must ensure that the sale or transfer is at full market value.
- The valuation must be carried out by an SSDC/SC approved surveyor and an appropriate portion of the market value (to be determined by SSDC/SC) will be surrendered to SSDC/SC on demand.
- There is also provision for SSDC to enter a restriction over the property at HM Land Registry, a S106/local land charge search has been organised and once the results have been received, will be added to this report.
- The clawback period applicable to this S106 grant award is thirty years (starting June 2012, so is valid until June 2042).

Rugby Football Union (RFU): Terms of Award

- A successful grant application was made to the RFU, which contributed £32,046.
- The original RFU project officer supplied the terms and conditions of the grant:
- The GRC may only be sold/leased/transferred or disposed of OR cease to be used for the approved sporting purposes with the prior written approval of the RFU.
- Any approval from the RFU for these changes will be conditional upon the following being satisfied:
 - It must be sold or transferred at full market value.
 - Valuation must be assessed by an independent surveyor experienced in the valuation of sporting facilities and approved in writing by the RFU.
 - The whole of the award (grant) will be increased in line with inflation at the time of the sale/transfer and paid to the RFU unless otherwise agreed in writing by the RFU.
 - If it is leased or disposed of, or ceases to be used for sports purposes, the same applies.
 - The consent of Sport England is also required for any sale, transfer, lease or other disposal, or for the GRC ceasing to be used for sports purposes.

Somerset Youth Service

- Files indicate that a contribution was received from Somerset Youth Service but as the Service no longer exists I have not been able trace the Ts&Cs attached to the award.

Sport England

- I contacted Sport England who confirmed that an application was made but rejected. SE does, however, have an interest in the GRC via the RFU grant (see above).

Football Foundation

- I contacted the Football Foundation who confirmed that a funding application was unsuccessful.

Cricket

- Somerset Cricket Foundation were unable to find any record of investment in the GRC, they also asked the English Cricket Board (ECB) for any information, they also confirmed they had not funded the project.

5. Title to Henhayes and associated restrictions

The title to Henhayes has been reviewed and no covenants identified elsewhere on the Henhayes title apply to the GRC land. Registered title is not the only place to check for restrictions on disposition and use, so an official local authority search has been organised to look for S106 restrictions or land charges. This report will be updated once these results have been received.

6. Other Considerations

If the future management or ownership of the GRC is going to change then a coordinated way forward is required sooner rather than later.

Firstly, this is because there is an audit requirement that Crewkerne Town Council formalises the tenancy with Jigsaw preschool.

Secondly because the current tax status of the building presents a financial risk to the Council as it falls outside the Council's normal VAT claim. The tax status of the building can be altered, but it is a long-term status change and may prevent the subsequent disposal/tenancing of the building to another organisation.

7. Recommendation

It is recommended that:

- Should the Town Councillors decide to go any further with proposals to either dispose of or repurpose the GRC, that specialist legal, governance and valuation advice be taken due to the complexity of the restrictions outlined in this report.