

**CABINET  
25 SEPTEMBER 2018**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: FUTURE OF TOWN LODGE SITE**

REPORT OF THE DEPUTY CHIEF EXECUTIVE

EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

To consider options for the future of Town Lodge, Letchworth now that the District Council has vacated the building after its temporary use for decanting office space during the refurbishment of the District Council offices in Gernon Road, Letchworth.

**2. RECOMMENDATIONS**

- 2.1 That, Cabinet notes the contents of this report and the proposals for the future of the Town Lodge site.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 To release surplus property to raise a capital receipt.
- 3.2 To help regenerate Letchworth town centre.
- 3.3 To work with Letchworth Garden City Heritage Foundation to maximise the reuse of a mixed ownership site.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The alternative options are considered in section 8 of this report.

## **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 Letchworth South West Councillors have been consulted about the proposal and have raised no objections.
- 5.2 Letchworth Garden City Heritage Foundation is the freehold owner of Town Lodge and some surrounding land. They are exploring options with the District Council for the joint disposal and redevelopment of the Town Lodge site including adjacent property interests.

## **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 25 July 2018.

## **7. BACKGROUND**

- 7.1 On 22 March 2011 Cabinet received a report on a number of sites and buildings across that District that had been identified for potential disposal. One of the sites identified within that report (site 16) was land at Gernon Road including Town Lodge. At that meeting Cabinet resolved:

*That, with the exception of Site 1 (Land adjacent to 1 The Green, Newnham); Property 3 (Baldock Town Hall); Site 18 (Greenbury Close, Barley); and Site 19 (King James Car Park, Royston), the sites and buildings within the report be declared surplus to the Council's requirements, in principle, subject to a further report back to Cabinet;*

- 7.2 In 2014 the plans to refurbish the District Council Offices were developed and a further report to Cabinet on 16 December 2014 explained the need to relocate staff during the refurbishment. At that meeting, Cabinet approved the use of Town Lodge as temporary office space during the refurbishment and also resolved:

*That, at a later date, an options appraisal report be brought to Cabinet to review alternatives for the District Council's property interests at Gernon Road and Broadway, including Town Lodge, the print and store buildings and Letchworth Museum.*

- 7.3 Council staff were relocated to Town Lodge in November 2016 and the building was used as temporary offices until early 2018 when the refurbishment of the DCO was completed. Staff were subsequently moved back to the District Council Offices leaving Town Lodge fully vacated by March 2018.

## **8. RELEVANT CONSIDERATIONS**

The properties and land are identified and outlined on the Plan Appendix A attached to this report.

## **Town Lodge**

- 8.1 The District Council owns the Town Lodge building under the terms of a 99 year lease from 24 June 1923. The lease has less than 4 years to run.
- 8.2 Town Lodge has served the District Council well for many years. Whilst its use for temporary accommodation during the 2017-2018 refurbishment of the main District Council offices was vital to continuation of Council's operations, the building is considered outdated and unable to comply with modern requirements.
- 8.3 The freehold of Town Lodge is owned by Letchworth Garden City Heritage Foundation (LGCHF).
- 8.4 The front half of Town Lodge was constructed around 1923 and the rear half later around 1950. Its design and layout are not suitable for modern requirements. Its construction makes internal alterations difficult for conversion and modernisation. There are no internal lifts.
- 8.5 Due to obsolescence it is unlikely a new tenant would wish to occupy the building.

## **Adjacent land and buildings**

- 8.6 The District Council has a legal interest in a number of areas of land surrounding Town Lodge. In considering the future of the building, it is necessary to consider the status of the adjacent land and buildings.
- 8.7 29 Gernon Road  
The District Council owns the freehold to this Property. It was previously let on a residential tenancy but this was brought to an end by the Tenant on 31 August 2013. Due to the opportunity to include the site within a larger redevelopment scheme the property has not been re-let as this could have prejudiced redevelopment.
- 8.8 Document Centre  
The freehold to the print building and the former document store to the rear of the building is owned by the District Council. The majority of the items stored in the building are furniture that is in the process of being disposed. The remaining items can be accommodated in other Council owned storage.
- 8.9 Brotherhood Hall  
The freehold of this hall is owned by LGCHF and the hall is leased to the District Council under a lease dated 27 August 1930 for a term of 99 years until 24 June 2027. It is being used as a community hall.
- 8.10 Parking to the rear of Town Lodge and Brotherhood Hall  
The District Council owns the freehold of the largest part of the parking to the rear of Town Lodge with a small area of the freehold being owned by LGCHF.

### 8.11 Letchworth Museum

The District Council also owns Letchworth Museum. The Library next door belongs to Hertfordshire County Council. It is intended to review options for Letchworth Museum and submit a separate report at a later date.

### **Future Options**

#### 8.12 Development in conjunction with LGCHF

LGCHF have a freehold interest in Town Lodge and some of the adjacent land. They are therefore able to significantly influence the future of the overall site. An opportunity has arisen to work with LGCHF on a joint disposal of the combined properties to help regenerate the Town Lodge site by creating a new mixed use development that subject to planning might include commercial and residential uses.

8.13 Letchworth Garden City Heritage Foundation has indicated that it wishes to retain Brotherhood Hall but they are willing to consider a joint disposal of their freeholds of Town Lodge and the land behind that forms part of the parking.

8.14 A developer has approach the District Council and LGCHF with proposals for a mixed scheme that would demolish some of the District Council's buildings and Town Lodge and replace it with new offices and residential developments.

8.15 Under the scheme outlines in 8.14, NHDC and LGCHF own approximately 50% each of the land.

#### 8.16 Development or Disposal not in conjunction with LGCHF

This would be possible but due to the fragmented ownership between the two property owners this could result in inefficient reuse of assets and less attractive design and site layout for any resulting new development.

#### 8.17 Retaining the existing buildings on the Town Lodge site

The buildings are outdated and all would require some repairs and refurbishment before they could be let. Given the short period remaining on the lease of Town Lodge of less than 4 years, it is unlikely that reuse will be possible by the District Council other than for temporary storage. The bungalow at 29 Gernon Road could be refurbished and transferred to the Council owned property company for residential letting.

## **9. LEGAL IMPLICATIONS**

9.1 Cabinet has within its terms of reference 'to dispose of land and buildings where the purchase price, premium or initial annual rent (after the expiry of any rent free period) exceeds £250,000 and does not exceed £2,500,000'.

9.2 Section 123(1) of the Local Government Act 1972 gives a Local Authority the power to dispose of land but requires that the Secretary of State consents to any disposal at less than the best consideration reasonably obtainable. The Secretary of State has issued a General Disposals Consent which permits the disposal of land at less than best consideration if:

a) *the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;*

*i) the promotion or improvement of economic well-being;*

*ii) the promotion or improvement of social well-being;*

*iii) the promotion or improvement of environmental well-being; and*

b) *the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).*

9.3 Any development proposal for the site will be the subject of a planning application and will need to accord with the current status of the development plan and National Planning Policy Framework.

## **10. FINANCIAL IMPLICATIONS**

10.1 As the Town Lodge building is now no longer in use, the costs of the building have reduced. However there are still business rates and other costs that are around £60,000 per year, until the lease comes to an end in 2022. The costs of the property store are around £3,000 per year. The costs of the bungalow at 29 Gernon Road are around £4,000 per year.

10.2 All the other financial implications are considered in the part 2 report, including potential capital and lettings receipts.

10.3 The Senior Estates Surveyor advises that based upon the developer's draft scheme and subject to planning, the proposed disposal is at the best consideration reasonably obtainable taking into consideration the complicated legal interests on the site and the consequential constraints on disposal. The valuation may change dependent upon planning.

## **11. RISK IMPLICATIONS**

11.1 The potential risk that planning consent for any redevelopment being withheld.

11.2 The sale of assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984. The sale will also generate a capital receipt to assist in funding the District Council's capital investment programme.

## **12. EQUALITIES IMPLICATIONS**

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no direct equalities implications in regard disposal of Town Lodge and car park that are surplus to council requirements. As both are vacant there is no impact to anyone, including those that demonstrate a protected characteristic.

**13. SOCIAL VALUE IMPLICATIONS**

13.1 The Social Value Act and “go local” policy do not apply to this report.

**14. HUMAN RESOURCE IMPLICATIONS**

14.1 There are no Human Resource implications from this report

**15. APPENDICES**

15.1 Appendix A - site plan. The plan attached is approximate and for identification purposes only. The exact site boundary may change due to design requirements and planning.

**16. CONTACT OFFICERS**

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**17. BACKGROUND PAPERS**

17.1 Cabinet 22 March 2011, Minute 124.

17.2 Cabinet 16 December 2014, Minute 91.

17.3 Land Registry titles HD442063, HD497768, HD498502, HD504642 & HD505787.