

## **Hambleton District Council**

**Report To:** Cabinet

**Date:** 8 March 2022

**Subject:** **Community Asset Transfer**

**Portfolio Holder:** Economic Development and Finance  
Councillor P R Wilkinson

**Wards Affected:** Thirsk

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### **1.0 Purpose and Background**

- 1.1 Further to Council approving the policy for managing community asset transfer requests between now and the intended implementation date of Local Government Reorganisation (LGR) on 1 April 2023, this report seeks approval for the transfer of 93a Market Place, Thirsk to Thirsk Tourist Information (“Thirsk TI”). Thirsk Tourist Information provides a range of local and regional tourist information services to visitors and residents. It is a ‘not-for-profit’ community organisation which is run by local volunteers. Although tourism services of this type are not directly provided by the Council, the Thirsk Tourist Information supports the Council’s priorities of driving economic development and creating vibrant market towns.
- 1.2 Thirsk Tourist Information has made a formal request for the Council to transfer 93a Market Place into its ownership. It currently occupies the property on a short-term lease. The Council is the freehold owner and landlord. The lease expires on 31 March 2024. Thirsk Tourist Information has stated that security of tenure is the reason it is requesting a transfer of the property as the short-term nature of the lease makes it difficult and more expensive to plan ahead and to develop its tourism services. Thirsk Tourist Information states that a major part of their income comes from the sale of maps, books and tourist type goods but, in case renewal of the lease is not forthcoming, stocks have to be run down as the lease expiry date approaches. This results in reduced sales and higher costs brought about by carrying less stock items and smaller stock purchases. Thirsk Tourist Information is also reluctant to invest in new capital equipment (e.g. ICT) with a lifetime above a few years, given the uncertain nature of renting the property, and this also impacts on its ability to develop its tourism services.
- 1.3 The Localism Act 2011 sets out the Government’s aspiration to make it easier for communities and individuals to get things done and achieve their ambitions for the place where they live. Approving the transfer of 93a Market Place, will give Thirsk Tourist Information long-term security that will enable it to plan ahead and to invest more in its tourist information services. This will in turn improve the Thirsk Tourist Information services for visitors and residents and give the Tourist Information greater freedom to consider more flexible and innovative ways of delivering tourism services, improve the quality of Thirsk Tourist Information and, given the ability to seek greater investment, improve sustainability and longevity of the Tourist Information. The transfer will also remove ongoing owner/landlord responsibilities from the Council.

- 1.4 The property has been independently valued at £37,500 (open market, commercial value). In arriving at this value the valuation report drew comparison with a property in a neighbouring district that is of similar size and leased for an annual rent of £4250.00 per annum. Comparison was also made to a larger facility sold for £62,250 (now a coffee shop in the Applegarth). The valuation report also states that the current use of the property is not one that would be considered to be of any value, and any receipts received from the centre would not in all likelihood produce a net income once running costs are taken into account. The Council's purpose in owning this property is to provide community benefit for the residents of Thirsk and visiting tourists. Therefore, given that any transfer would include covenants that the property must remain used for the delivery of tourism services to the area, and if the Thirsk Tourist Information ceased to deliver tourism services from the property then the property would be returned to the Council on the same terms as the disposal to Thirsk Tourist Information, the purpose of the Council's ownership is not lost if it transfers the property to Thirsk Tourist Information.
- 1.5 There are other disposal options available to the Council that would also meet its legal obligation with this matter, including the option to provide a lease for an extended period. However, Thirsk Tourist Information has requested the transfer of the freehold and the inclusion of restrictive covenants within the lease regarding the continuity of provision of a tourism service will ensure that the Council is provided with the necessary legal protection.

## **2.0 Link to Council Priorities**

- 2.1 This community asset transfer links to the Council's Driving Economic Vitality and Providing a Special Place to Live priorities.

## **3.0 Risk Assessment**

- 3.1 There are no significant risks in approving the recommendation of this report.

## **4.0 Financial Implications**

- 4.1 The property is currently leased for a rent of £1.00. All present running costs, insurance and maintenance (excluding external works) are met by Thirsk Tourist Information. Council expenditure on the external works has been modest since the property was converted in 2011, with only a one-off cost of £750 expended in 2018/19. However, as owner and landlord, future external works are the responsibility of the Council.
- 4.2 If the Council agrees to transfer the property for a £1.00, (as Thirsk Tourist Information has requested) the Council will not realise any potential capital receipt that it would have received from the sale of the asset, should it have chosen to sell the property. It would also lose the the potential to generate a future income from a retailer, hospitality or other business which could occupy the building if the Council was minded to lease and/or transfer the property for another use.

## **5.0 Legal Implications**

- 5.1 When disposing of assets local authorities are required to obtain best consideration (section 123 of the Local Government Act 1972). The main factor in determining best consideration is the monetary value of the disposal. The Council cannot transfer land for less than best consideration unless the Secretary of State consents. However, it is recognised that there may be situations where a local authority considers it desirable to dispose of an asset at less than best consideration, for example, to secure the promotion or improvement of the economic, social or environmental well-being of the local authority's area.
- 5.2 Government Circular 06/03 (the Local Government Act 1972 General Disposal Consent (England) 2003) permits disposals in such circumstances, provided the value of the disposal is less than £2million and other considerations are taken into account, including that there is a robust and consistent decision-making process. In this case the value of the property is £37,500. Thirsk Tourist Information state that obtaining the freehold will give it greater security and that this will lead to improvements in its tourism services by allowing greater investment, more innovation, and better efficiency and effectiveness. This aligns with the District Council's desire to promote the improvement of the economic and social well-being of the area.
- 5.3 The continued use of the property for the delivery of tourism in Thirsk would be secured by using appropriately worded restrictive covenants in the transfer document as well as clawback provisions in the event that Thirsk Tourist Information cease to use the property to deliver tourism services.
- 5.4 Prior to transfer the Council will need to satisfy itself that the disposal is compliant with the new UK Subsidy Control regime.

## **6.0 Equality/Diversity Issues**

- 6.1 Equality and diversity issues have been considered, however there are no issues associated with this report.

## **7.0 Recommendations**

- 7.1 Cabinet approves and recommends to Council that, subject to the Director of Leisure and Communities satisfying himself that the disposal would be Subsidy Control Compliant, that 93a Market Place, Thirsk is transferred into the ownership of Thirsk Tourist Information for nil consideration with appropriate restrictions as set out in paragraph 5.3 of the report together with any restrictions and covenants imposed by the Council's predecessors.

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**Background papers:** None  
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