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| <b>DECISION - MAKER:</b>                  | THE CABINET   |
| <b>DATE OF DECISION :</b>                 | 15 <sup>TH</sup> DECEMBER, 2003   |
| <b>SUBJECT:</b>                           | THE PURCHASE OF ST COLMAN'S CHURCH, THORNHILL ON BEHALF OF NEW DEAL FOR COMMUNITIES |
| <b>REPORT OF:</b>                         | THE CABINET MEMBER FOR CORPORATE SERVICES   |
| <b>AUTHOR AND CONTACT DETAILS:</b>        | JANE PEARSON<br>80832142<br>j.pearson@southampton.gov.uk                            |
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**A RECOMMENDATION(S)**

1. That Southampton City Council agrees the principle of purchasing the freehold interest of St Colman's Church, subject to any lease or tenancy arrangements currently existing, on behalf of New Deal for Communities (NDC). The transaction will be fully funded by NDC and is subject to approval of the NDC Board and Government office for the South East (GOSE).
2. That the sum, detailed in the Confidential Appendix, be added to the Uncommitted Section of the Communities and Regeneration Capital Programme, in accordance with Financial Procedure Rules, for the purchase of St. Colman's Church which will be fully funded by NDC grant.
3. That, subject to NDC funding being agreed, approval is given to incur expenditure in 2003/4, up to the sum detailed in the Confidential Appendix, on this purchase, in accordance with Financial Procedure Rules.
4. That the agreement of the final detailed terms of the purchase be delegated to the Head of Property Services and Solicitor to the Council.

**B. REASONS FOR REPORT RECOMMENDATIONS**

To enable NDC to acquire a key building in order to achieve some of its objectives in Thornhill.

To demonstrate Southampton City Council's support for the important NDC programme.

To ensure the property is put to a use which will benefit the community as a whole.

**C. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

Option 1

The Council could purchase the property using its own resources and for its own purposes and either occupy it or sell on to a third party. It is unlikely that funding would be available for this option and it would not be supportive of NDC's objectives.

#### **D. WARDS /COMMUNITIES AFFECTED:**

The property is located within Bitterne Ward.

#### **SUMMARY**

1. This report proposes the Council purchase a disused property to facilitate the NDC programme in Thornhill.
2. In working with NDC, the Council can achieve its aim of supporting NDC to obtain its objectives.
3. As this is an NDC initiative, the local community is the driving force behind this acquisition and the Council would be acting on their behalf.

#### **BACKGROUND AND REPORT DETAILS**

4. The NDC programme was established by Central Government as a means of regenerating the more deprived communities in the country. In Thornhill, this is achieved through a partnership between the local community and various public sector agencies, Southampton City Council being one of them.
5. NDC is run autonomously by a board of elected representatives from the local community and from the agency partners. Therefore, the Council has no controlling interest in the programme and its activities. However, it is clearly a programme which matches the council's aspirations.
6. The NDC Board successfully bid for circa £50 million from the Government NDC Programme. Thornhill NDC is not currently a legal entity. The Board is not expected to make the decision to become a separate legal entity for some time. In the meantime the Council, as the accountable body for the NDC programme, must enter into all legal transactions, such as the purchase of property, on behalf of NDC.
7. St Colman's Church is owned by the Roman Catholic Church. It comprises three elements:
  - the main church/church hall building. The building is around 3,000 sq ft in area and also has a large carpark. It is currently unused as it is now surplus to the Diocese's needs. The building is in very good condition having recently been extensively refurbished.
  - A prefabricated building which has been let to a dance school. NDC wish to continue this use if at all possible as the dance school is considered an important local facility. The Church is currently negotiating with the tenant to either grant a new lease, on terms acceptable to the Council and NDC, or to gain vacant possession.
  - A pair of 1960's built semi-detached houses. Formerly the Church presbytery, these are also now surplus to the Diocese's needs and are vacant.
8. The Church is no longer in use and the owners wish to sell it, subject to the lease of the dance school, if appropriate.
9. NDC has adopted a 10 year programme which will require accommodation in which local community projects may be delivered. St Colman's Church is one of the few non-residential properties in Thornhill which is currently for sale.

NDC wish to purchase the property but, as it is not yet a legal entity, the recommended option is for the Council to purchase on its behalf with NDC covering all costs, including purchase price, fees and any interim management costs. The Council would hold NDC's interest until it becomes a legal entity.

10. As the purchase may be subject to the existing lease, it will need to be conditional upon the Solicitor to the Council being given sight of the lease contracts and being satisfied that the Council and NDC are not acquiring any onerous obligations.
11. Local valuers appointed by the Head of Property Services have been appointed to act on behalf of NDC and the Council and they have agreed with the Diocese the purchase price shown in the confidential appendix. The purchase price, together with all incidental costs, fees and ongoing revenue costs will be borne by NDC.
12. The price shown in the confidential appendix is the maximum price payable and reflects full vacant possession. However, the prefabricated building is currently let on the terms shown in the confidential appendix. Neither the Council nor NDC can be recommended to purchase subject to this lease and the Church is therefore in negotiation with the tenant to either terminate the lease and vacate or to renew it on terms that are acceptable to the Council and NDC. Further details are given in the confidential appendix.
13. NDC require a Council decision to purchase be made at this meeting as this is the last possible date to enable the purchase to be made within the current financial year as NDC processes will also have to be followed through subsequent to the Council's decision. However, negotiations with the tenant are not yet complete and the Council is therefore asked to agree the principle of the purchase and delegate the final detail to the Head of Property Services and the Solicitor to the Council.
14. NDC proposes either to refurbish the premises for use as a community centre and office base for some of the NDC team, or, alternatively, to demolish and build new accommodation for similar uses or to redevelop as affordable housing. Decisions on the future of the building will be developed by the NDC Board in the coming months.
15. Option 1 may provide an opportunity for the Council but disregards NDC's interests. Under this scenario, the Council would not be facilitating the achievement of NDC's objectives.

#### **POLICY FRAMEWORK IMPLICATIONS**

16. The Council shares NDC's objectives of improving Thornhill as it is one of the most deprived areas in Southampton. As such, the Council is currently in partnership with NDC and has provided a commitment to provide a certain amount of support
17. The opportunity purchase of St Colman's Church provides a major opportunity for achievement of a number of aspirations within the NDC delivery framework.

#### **LEGAL IMPLICATIONS**

18. As NDC is not yet a legal entity, the Council will need to purchase the property on NDC's behalf. The Council would then hold the property for NDC and transfer it to NDC subject to the correct decision processes when it becomes a legal entity.
19. Before committing to this transaction, the Solicitor to the Council will have to satisfy himself there will be no ongoing onerous obligations arising from any lease of the dance school.  
The enabling power for the transaction is The Local Government Act 1972 s120.

## FINANCIAL IMPLICATIONS

20. All costs and external fees associated with the purchase (as detailed in the Confidential Appendix) and any subsequent property management costs and rates liabilities are to be funded by NDC. Therefore the transaction is subject to this funding being approved by the NDC Board and also by the Government Office for the South East (GOSE). If approved, the Council will incur the expenditure through the Communities and Regeneration Portfolio's Capital Programme and then claim NDC grant to recover the costs. The only cost implications to the Council will be in terms of the limited amounts of officer time needed to manage the external consultants appointed to act on behalf of NDC. The majority of these recharges may be accommodated within the revenue budgets of Communities and Regeneration Portfolio. All of these recharges, however, count towards the Council's matchfunding commitment to the NDC programme.
21. In order to protect NDC whilst it is not a legal entity, it will be appropriate for the Council to provide an undertaking that, in the event of the Council deciding to sell the property, it should refund to NDC the full costs of acquisition.

## CONSULTATION AND CONCLUSIONS

22. NDC work closely with the local community in order to make changes and improvements in the area, which the residents of Thornhill have said they wish to see achieved. As the NDC Board is made up of predominantly local residents, the Council is acting directly under the instructions of the local community in this instance and no public consultation is necessary.

### Appendices:

Confidential Appendix 1

Documents in Members Rooms

Nil

## BACKGROUND PAPERS

### Title of Background Paper

Draft report from Palmer Fry,  
dated,07/08/03 on agreed terms for the  
purchase.

### Relevant Paragraph of AIP Rules allowing document to be Exempt/ Confidential (if applicable)

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