

Taunton Deane Borough Council

Executive – 7 December 2011

Proposed reuse of the Goodland Gardens Public Conveniences, Taunton

Report of the Asset Planning Manager, Southwest One, Property and FM
(This matter is the responsibility of Executive Councillor Norman Cavill)

1. Executive Summary

Further to the Executive Meeting on 14 September 2011, this report considers the reuse of the former public conveniences at Goodland Gardens. Members will be forwarded additional appendices consisting of Expressions of Interest (E of I) from the public that will hopefully have been submitted since publication of this paper.

2. Background

As a reminder to Members, the Borough Council own the freehold interest of the redundant public toilets at Goodland Gardens shown hatched on the plan in Appendix 1. The toilet was closed on 31 March 2008. The Council also own the adjoining Public Open Space.

To the rear of the toilets is a narrow gated open area used by Parks for the storage of barrows.

The enhancement of the riverside walk and the eastern part of Goodland Gardens is due to complete in February 2012. Several tall trees that previously created a shadow over the toilet block have recently been felled as part of the works.

Due to budget constraints, we will be left with a newly landscaped area, and an unused former toilet block. The planning permission for the landscaping includes an unspecified change of use of the building.

3. The Present Position

At its meeting on 14 September 2011, the Executive considered a report previously submitted to the Community Scrutiny Committee concerning the options for the toilet block.

Options for the Council regarding the toilet block included:

- a. TDBC to secure a more detailed planning permission for change of use to a café, renovate at the expense of the Council, then rent out.
- b. Grant a leasehold for a medium term, say 15-30 years, with an obligation for the tenant to pay for and execute the renovation works;
- c. Sell by way of a long lease, say 125 years at a premium, with nominal rent thereafter; and
- d. Sell the freehold.

The Community Scrutiny Committee, at its meeting on 2 August 2011, supported seeking unrestricted E of I for the toilet block, for a maximum period of nine months. They suggested that if there was insufficient interest in the property at the expiry of nine months then funds should be found to demolish the property and landscape accordingly.

The Executive resolved that unrestricted E of I in the toilet block be sought for up to nine months. If a suitable offer was made, this would progress to a sale by way of a lease.

The property has been marketed with a closing date for E of I of 2 December 2011. Details of submissions will be forwarded separately to Members before the date of this meeting.

It is considered important to resolve this matter at the earliest opportunity. If the Council waits a further Committee cycle there will be a risk the reopening of this building, in its new format, will be delayed until 2013 due to the commercial operator being unable to meet the profitable 2012 Spring/Summer trading period.

A Planning change of use to a cafe is approved subject to any external alterations first securing the approval of the delegated Planning Officer. Project Taunton consider a cafe could be a positive asset for the improved landscape area. This has been achieved at Somerset Square with a cafe and bike shop.

4. Finance Comments

The pros and cons of each option together with general finance comments are in Appendix 2.

5. Legal Comments

The deeds to the property say that the purchaser cannot erect any building without the consent of the Vendors.

Due to financial constraints it's unlikely the Council will want to use capital funds

to refurbish the property despite there being a rental return shortly after the refurbishment is completed.

Alternatively a Building Agreement/Agreement for lease with a long enough term and appropriate rents could make it attractive for a potential tenant/developer.

A Building Agreement/Agreement for lease gives the Council the ability to agree with the tenant items such as the design of the café, the timing of its completion and its ultimate use.

6. Links to Corporate Aims

In the adopted Taunton Town Centre Area Action Plan (TTCAAP) the toilet block and other land to the rear of Debenhams is

“...identified as being available to construct a low extension/pavilion up to two storeys in height and to a maximum total floorspace of 650 square metres (gross). This should be designed to create an active frontage along the promenade and improve natural surveillance to the Gardens. Development of this building will be required to incorporate replacement public toilets that will need to be removed from their existing location to the rear of Debenhams...”.

The Council's Growth and Development Team consider that if the toilets are no longer required then some short term use of the building would be of benefit. Any development therefore should not be such as to prevent any extension proposal from the occupiers of the current Debenhams building happening in the future. There would be concern therefore if the intention is to sell the land to a party who could prevent the Plan being implemented.

Debenhams rent their premises from a superior landlord for a term expiring in 2034. They benefit from an option to renew this lease for a further 25 years. Enquiries have been made with Debenhams Estates section. They said there are no plans to extend their store and were unaware of the TTCAAP proposal. Debenhams said the fact they are leaseholders lessens even more the likelihood they would want to extend. This is because their landlord would need to agree to pay for extension works. Debenhams said that refits are the normal process for the creation of more space before the expensive option of an extension is considered.

The Council's Growth and Development Team stress that Debenhams could assign their lease and a new occupier may have different expansion strategies.

It should be noted that the occupier of the current Debenhams building could still extend onto a sizeable area to the north of the toilet block if they so require.

Other Corporate Aims reflected are:

Income generation initiatives will assist in the delivery of corporate aims.

Delivering a project that will assist in the regeneration of Goodland Gardens.

7. Environmental and Community Safety Implications

The property is within a flood plain. As the property is of a substantial build quality, the Environment Agency (EA) would not oppose a change of use to a café. If the proposal was for a new build the EA may have a different opinion.

The DLO Works Manager says there are no plans that he is aware of to reopen the toilets. He raises concern regarding the servicing and deliveries to a café. This would need to be thought through with regard to what sort of surface is going to be laid taking into account vehicle turning and movements. He would also want it written in to any agreement that the business is responsible for litter in that area. Ideally a toilet open to the public maintained by the business would be a huge bonus but it is realised that this may not be achievable or would have too significant effect on the receipt secured.

Consideration should be given to the narrow gated open area at the back of the toilets used by the DLO for barrow storage. The Council's Environmental Health Lead considers that if the barrows were particularly smelly or were not emptied daily there is the potential to attract rodents and insects. A combination of regular nightly emptying and occasional jet washing/ steam cleaning could be implemented. In such a scenario there is no reason why the barrows would cause any problem to a food business. Also, the business would need somewhere suitable to store food waste and packaging so it would make sense to locate both within the secure area.

8. Equalities Impact

Not applicable

9. Risk Management

The risks are as follows:

1. It seems probable that Debenhams would not ultimately require the land for store extension. Any compromises the Council make to accommodate Debenhams may therefore not have been worthwhile if Debenhams remain the tenant of the building.
2. If a long term lease or freehold disposal is chosen, any extension to the Debenhams building, although appearing unlikely with Debenhams as the occupier, could be prejudiced and the occupier could decide to relocate. Furthermore the Council may have forfeited the opportunity of a greater capital receipt from the occupier of the Debenhams building. NB: The location of the toilets is at one end of the proposed extension area. The occupier of the current Debenhams building could still undergo a reasonable extension if the toilet block was excluded.
3. The original vendors might consider refurbishment to be an 'erection' (wrongly in the opinion of Legal Services) and seek compensation.

4. A café facility has very recently opened in the nearby Museum. The facility will overlook the courtyard. The proximity of the café might affect demand for the TDBC asset.

10. Partnership Implications

The landscaping of Goodland Gardens is in partnership with Project Taunton.

11. Recommendation of the Executive

The Executive resolved that unrestricted Expressions of Interest in the toilet block be sought for up to nine months. If a suitable offer was made, this would progress to a sale by way of a lease.

11. Recommendation

Members are asked to consider the Expressions of Interest that have been forwarded to them since publication of this agenda and either:-

1. Agree, subject to references, to a particular Expression of Interest and instruct SouthwestOne to agree more detailed heads of terms. Approval of references and terms will be delegated to an appropriate nominee of Southwest One's Head of Property and FM in consultation with Executive Councillor Cavill; or
2. Continue marketing the property so as to attract more interest.

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APPENDIX 2: Pros, Cons and Finance implications of each Option

Option	Proposal	PROS	CONS	FINANCE
1)	Do nothing apart from external decoration works	Securing all future options	Building remains a blot in the area Rates liability. Maintenance liability	Income: £0 Costs: Rates £2165, Maintenance say £250
2)	Demolition and landscape the site	Securing option of accommodating any Debenhams extension Removal of unattractive structure Avoidance of rates liability	Cost of demolition and reinstatement. Letting opportunity removed.	Savings: Rates bill of £2165 pa Costs: tbc say £10,000
3)	Renovate at the expense of the Council, then rent out to café operator	Rental income Avoidance of rates liability once let. Likelihood of securing a break clause in lease for purposes of enabling any Debenhams extension. Café enhances the area. Possibility of incorporating public toilet within premises, although this would affect rental income. Would suit Planners' aspirations. Council in more control than options 4 – 6.	Cost of renovation. Renovation may not be to operator's preferred specification	Income: say £10,000 pa. Savings: Rates bill of £2165 pa Costs: tbc say £40,000
4)	Grant a Building Agreement and a lease for say 15 – 30 years with an obligation for the tenant to pay for and execute the renovation works.	Long term future of site not prejudiced. Council avoids any expenditure. Deferred rental income, although not as high as Option 3. Building Agreement gives Council control on the design of the café. Café enhances the area. Avoidance of empty rates. Would suit Planners' aspirations especially if a break clause inserted (after say 10 years of term), to be triggered if occupiers of Debenhams building wish to acquire land for extension.	Market would be limited, extremely so if break clauses requested for benefit of any Debenhams extension. Significant rental incentives need to be offered	Income: say £10,000 pa after up to a 10 year rent free period. Savings: Rates bill of £2165 pa
5)	Sell by way of a Building Agreement and long lease, say 125 years at a premium, with nominal rent thereafter	Capital receipt secured. Building Agreement gives Council control on the design of the café and the timing of construction activities to create a cafe. In such a sensitive/public area the Council may want greater control of what goes on and covenants in a lease may be more enforceable	A piecemeal freehold disposal of part of a larger land ownership is generally not a good estate management thing to do – prejudicing future development (e.g. Debenhams), control of the area.	Capital Receipt: say £80,000. Savings: Rates bill of £2165 pa

		<p>than those in a freehold disposal.</p> <p>Café enhances the area.</p> <p>Avoidance of empty rates.</p> <p>Debenhams could still extend onto apx 75% of the area allocated to them in the TTCAAP.</p>		
6)	Sell the freehold	<p>Capital receipt secured.</p> <p>Café enhances the area.</p> <p>Avoidance of empty rates.</p> <p>Debenhams could still extend onto apx 75% of the area allocated to them in the TTCAAP.</p>	<p>Council loses the most control on activities on this site with this option.</p> <p>A piecemeal disposal of part of a larger land ownership is generally not a good estate management thing to do – prejudicing future development (e.g. Debenhams), control of the area</p>	<p>Capital Receipt: say £85,000</p> <p>Savings: Rates bill of £2165 pa</p>