

Transferring the freehold of the Corn Exchange premises to the Corn Exchange (Newbury) Trust

1. Introduction/Background

- 1.1 The Corn Exchange was built for that function in 1862. It is Listed Grade II by Historic England meaning that it is one of the 500,000 buildings in England Listed as being of special interest to the national heritage.
- 1.2 After the decline of the corn trade it was used for a variety of public and community purposes including concerts, local theatre and operatic productions.
- 1.3 In 1993 it was opened as an arts centre. On 1 June 2000 the council transferred the operation of the building to the Corn Exchange (Newbury) Trust (CET) and leased the building to the CET for 99 years. The CET pays no rent.
- 1.4 The CET is a registered charity (no. 1080567). The object of the charity is “the education of the public in the arts in West Berkshire and the surrounding districts”.
- 1.5 The council has a 5 year Service Level Agreement with the CET that expires on 31st March 2019.
- 1.6 The reduction of the council’s Revenue Support Grant from Government and the need to maintain statutory and front-line services in the face of ever higher demand meant that the council reduced its payments in the last 3 years of the Service Level Agreement by a total of £148,000. The council also decided not to revenue fund the CET after that.

year	original agreement	revised agreement	transition fund	total revenue investment
2014-15	344,000	344,000		344,000
2015-16	310,000	310,000		310,000
2016-17	276,000	174,000	56,000	230,000
2017-18	242,000	174,000		174,000
2018-19	208,000	174,000		174,000
	1,380,000	1,176,000	56,000	1,232,000

- 1.7 That has had a negative impact on the CET’s business plan and operational capacity. Despite this reduction in funding the council will have invested £1.232M in revenue funding between April 2014 and March 2019.
- 1.8 Following this decision, the Executive Member for Culture and Environment had a number of discussions with representatives of the CET and Arts Council England in 2016 about what could be done to strengthen the longer-term sustainability of the CET. This included a discussion about whether the transfer of the freehold could contribute in this way.

- 1.9 As a result of the above, the management and trustees of the CET are formally requesting that the council transfer the ownership of the premises on a freehold basis to the CET as that contributes to their sustainability in the long-term.
- 1.10 Under the terms the council is responsible for any failure to the fabric of the building and the lift and air conditioning. The CET is responsible for the maintenance and repair of the building and plant.
- 1.11 In 2015 the council undertook a condition survey which identified items totalling about £250k that require replacement and repair by the council under the terms of the lease. This included the customer lift and the air handling system which have been replaced this year at accost pf £201,000. There are some other minor repairs to carry out to complete the works identified in the condition survey. The capital costs are budgeted for within the capital programme for Public Protection and Culture.
- 1.12 The council's capital investment in the new lift and air handling system has enabled the CET to use that as match funding to apply for a further £150,000 capital grant from Arts Council England for a number of improvements to make the building more energy efficient. These were completed in 2016.
- 1.13 The Corn Exchange building is not currently valued for asset purposes as it is on a long lease to the CET. Any transfer of the freehold to the CET would involve similar conditions and restrictions to its ownership and use in the future and the value of the asset is limited as a result. The building is Grade II Listed which probably restricts its commercial value since no major changes can be made to the exterior of the building. If the building was not already leased to a 3rd party and planning permission was obtained for an alternative use, then the building would have a commercial value. To determine that would require a commercial valuation exercise at a cost of £2000 to £3000.

2. Proposals

- 2.1 The following is the request from the CET to West Berkshire Council:

The Corn Exchange (Newbury) Trust is a registered charity reaching audiences of more than 125,000 each year, operating with a turnover in excess of £3M per annum and reserves of £278,900, excluding the pension liability. As well as managing the Corn Exchange auditorium, cinema & café it operates 101: the National Centre for Outdoor Arts creating large-scale outdoor performances with companies from across the world, an arts participation programme that works with over 12,000 local people each year, and from 2018 it will manage the new purpose-built gallery and making studios at Greenham Business Park.

Following conversations with West Berkshire Council Officers and Councillors, the Trust formally requests the freehold transfer of the Corn Exchange building from West Berkshire Council.

We request that the final decision be made by 31 December 2017 and that the transfer take place no later than 31st March 2019 to coincide with the conclusion of the current Service Level Agreement, giving both parties 15 months to mutually agree the Heads of Terms.

We acknowledge that the transfer would be subject to a number of covenants and that these are likely to include the fact that:-

- The building or parts thereof cannot be sold without the prior agreement of West Berkshire Council*
- The building is to be used for community and/or educational and/or cultural purposes except for the provision of trading activities that directly contribute to the Trust's income*
- A Councillor or Council Officer is to be invited to attend quarterly Board meetings as an observer*

Furthermore we request an independent conditions survey is completed and any works to be undertaken by the Council to be agreed by both parties with stated timeframes for completion. This would follow the conditions survey completed in 2015 by hub, property and design consultants, which outlined a series of works required over a five year period.

The Corn Exchange (Newbury) Trust believes the asset transfer will:

- Enable the Council and the Trust to work collaboratively to protect an important cultural and community asset for the district*
- Demonstrate to the Trust's core funders, Arts Council England and Greenham Trust, that there is a commitment from the Council to support the long-term viability and sustainability of the organisation, despite the on-going financial challenges placed upon West Berkshire Council*
- Increase the Trust's assets ensuring that these outweigh the organisations current and future actuarial liabilities, thereby ensuring the Trust maintains its status as a 'going concern'*
- Enable the Trust to realise its current extension plans and raise funds from both charitable foundations and the corporate sector without the complications of a third-party freeholder*
- Allow the Trust to demonstrate a funding 'match' from the local authority through its gift of the asset*
- Ensure that the Trust benefits from all capital investments raised and that the widest possible range of Trusts and Foundations are prepared to give to future capital developments, as some will not donate if a building is not the charity's asset*
- Remove the revenue and capital liabilities of the Corn Exchange from the local authority at a time when funding from Central Government is reducing*
- Demonstrate to the local community that the Council wants to support the Trust to thrive for the benefit of the local community.*

3. Conclusion

- 3.1 The Corn Exchange has been used for community and cultural purposes for about the last 100 years.
- 3.2 The location, design and layout of the Grade II Listed building lend themselves to community and arts purposes.

- 3.3 The council, Arts Council England and others have made considerable capital investments in the building in the last 20 years so that it can function as an arts centre.
- 3.4 Under the current lease the council is responsible for major repairs to the fabric and plant until 2099.
- 3.5 Disposing of the asset on the market would require the relocation and compensation of the CET and planning permission for change of use.
- 3.6 The design and layout of the building and its Grade II Listing may not be attractive to a commercial business – and may not generate capital receipts sufficient to outweigh the disruption and relocation to the CET's services.
- 3.7 Therefore, in order to demonstrate the council's support for the CET in providing an arts centre in the Corn Exchange building, it is recommended that the council proceed with the transfer of the freehold to the CET.

4. Consultation and Engagement

- 4.1 The following have been consulted in the preparation for this report.
- The Corn Exchange Trust
 - Arts Council England
 - Cllr Hilary Cole.
 - Cllr Dominic Boeck
 - West Berkshire Council Legal Services.
 - West Berkshire Council Property Services
 - West Berkshire Council Asset Management Group
 - West Berkshire Council Corporate Board
 - West Berkshire Council Capital Strategy Group (capital repairs / condition survey)
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Subject to Call-In:

Yes: ☐ No: ☒

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input checked="" type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>
Report is to note only	<input type="checkbox"/>

Wards affected:

All wards. The CET provides an arts service for the whole district.

Strategic Aims and Priorities Supported:

The proposals will help achieve the following Council Strategy aims:

- ☒ **SLE – A stronger local economy**
- ☒ **HQL – Maintain a high quality of life within our communities**

The proposals contained in this report will help to achieve the following Council Strategy priority:

- ☒ **HQL1 – Support communities to do more to help themselves**
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