

MINUTES OF STOKE SUB HAMDON PARISH COUNCIL
EXTRAORDINARY MEETING HELD ON
WEDNESDAY 22ND AUGUST 2018 IN THE MEMORIAL HALL

18/098/a PRESENT:

Members: Mrs Barbara Brooks (Chairman), Mr Hugh Donovan (Vice Chairman), Mr Andy Dawe, Mr Robert Manning, Mrs Rebecca Merrick, Mr Graham Middleton, Mrs Suzanne Nelms, Mr Malcolm Uhlhorn and Mr Stephen Waldock

Others:

Mrs Sarah Moore (Clerk), Mrs Sylvia Seal (District Councillor) and 10 members of the public

18/098/b APOLOGIES:

None declared

Cllr Brooks declared that the meeting was being recorded and asked the public to state if they did not wish to be recorded or whether anyone else wanted to record the meeting.

18/099 DECLARATION OF INTEREST:

Cllr Middleton declared an interest because of his role as a District Councillor

18/100 PUBLIC SESSION:

A resident asked whether the parish council were fully aware of the running costs etc. and does the parish council have detailed estimates for the work to be carried out. Cllr Brooks said these questions will be answered later in the meeting.

Cllr Donovan said that the council has explored the costs but cannot get quotations until contracts have been exchanged.

Another resident asked whether the council were still on target to purchase the building and Cllr Brook confirmed this and explained that the purpose of this meeting is to go through all the legal details.

18/101 PURCHASE OF FORMER METHODIST CHURCH:

Cllr Brooks gave a precis of the Business Case.

• **Introduction: How we got here**

In May 2016 an extraordinary meeting was held to submit a Community Right to Bid for the Methodist Church to be used as a youth and family centre. The Centre would provide structured recreational activities for children, toddlers and young people. This would be the first permanent place for the children's groups in the village.

The Methodist Church building is a Grade II listed building which would be owned by the parish council and would be a community asset for the village. Under LGA 1976 Miscellaneous Provisions the parish council can purchase the building for social and recreational use for groups and, under the LGA 1972 are able to provide funds for equipping the building and to borrow funds for statutory purposes under the LGA 1972 schedule 13.

Cllr Brooks said that this business case follows on from the original business case put forward at the last Extraordinary Meeting in 2016 and brings together not only the original facts and figures but what has been negotiated and how it will be managed.

To identify a need for this building a feasibility study had been carried out and there was a consultation period with information flyers being sent to every household in the village, two open meetings, a petition and many parish council meetings which were open to the public. Since the original feasibility study, the parish council has kept in close contact with the children's organisations; the only change being the youth club that was run by the church has now amalgamated with the Hamdon Youth Group. All the children's groups have grown in number, some with waiting lists as they do not have the facilities to cater for larger numbers, and all have continued to express an interest in using the building. There has also been informal contact with organisations outside the village who have expressed an interest in using the Centre to bring more recreational activities for children

in Stoke. Cllr Brooks said the parish council approached the Hamdon Playgroup at the original extraordinary meeting in 2016 offering them a place should their circumstances change with the URC but at the time the playgroup felt it was not appropriate to respond. However, they have now said that if the URC becomes unavailable they will consider moving to the Youth Centre.

Cllr Brooks said there are no other halls in the village that can offer additional facilities for children so there is a continuing need for the parish council to buy the building.

Cllr Brooks commented on the impact on other community projects. Since May 2016, the Hamdon Community Arts Project has been set up because in 2017 the Synod closed the church and are putting it up for sale. HCAP are currently looking at turning the building into an Arts Centre and the parish council have offered them a letter of support and are, in principle, in favour of the project. There is no question of the youth centre or the community arts project being in competition with each other as they have totally different aims and reach totally different audiences.

The parish council put the Methodist Church on the Community Asset Register and the guide price was £150,000 but as some internal alterations were required a bid of £130,000 was submitted leaving a balance of £20,000. As another higher bid had been submitted the parish council were required to make a presentation to the Crewkerne Methodist Circuit as to why it was needed for the community. Whilst preparing for the presentation, the parish council found out that a church/land can be purchased from a charity for under market value if you conform to certain categories. The Methodist Church have a Model Trust 20 which allows them to sell their churches for a specific purpose, one of which is youth centre activities and continuation of youth worker activities. Having been successful with the bid the parish council appointed a solicitor.

- **Management of the Building:**

The building will be run by a village charity, not the parish council, with trustees made up service users, who will be in the majority, and 3 parish councillors. A charity was set up in February this year called the Hamdon Youth and Family Centre Trust to manage the building and to run services. The charity is a CIO which means it is a charitable incorporated organisation. This is a mixture of a company and a charity which has the advantage of the Trustees not being personally financially liable if a project fails. The Trust document clarifies the specific use of the building and, there will be a maximum of 12 trustees and a minimum of 3. There will be a service management agreement between the parish council and the youth trust for the running of the youth centre which has already been drafted ready for discussion with the trustees. Under the agreement the parish council will be responsible for insuring the building and the grounds and this cover will be included under the normal parish council insurance for village assets. The parish council will be responsible for external work and for the ground maintenance. The Trust will be responsible for insuring their own contents in the building, any other additional public liability for their own activities and for any internal decoration. The property has been valued for insurance purposes, taking into account the fact that it is a Grade II listed building, and the reinstatement cost will be £1,013,000 and the interest of the Methodist church must be noted on the policy

- **Financial Considerations**

There is no funding available from grant making foundations for the purchase of an existing building, so the parish council approached the Public Works Loan Board (PWLB). A formal business plan was produced which is a required for the loan process. The Somerset Association of Local Councils (SALC) audited the business plan prior to it going to the PWLB. A loan was approved in June 2016 for a 12-month period and extensions have been requested and given. A 20-year loan was applied for of £150,000, split into £130,000 for the purchase and £20,000 for professional fees and project work on the building. The repayments of the loan and interest are paid half yearly by the parish council and must be included in the parish council's annual budgets. The current loan rate is 2.44% i.e. it would cost around £9,523 p.a. and that rate is fixed for 20 years. It attracts an additional administration fee of 35p per £1,000 borrowed on the first advance. The

PWLB rates fluctuate on a weekly basis and the parish council will be advised on the actual rate on the day the loan is pulled down.

The parish council were successful in receiving some grants for the fees in relation to the purchase of the building. These being:

The Architectural Heritage Fund – £3,000 towards legal fees and,
Village SOS - £1,200 for the structural survey

Once completion has taken place the parish council will apply to Area North Committee at SSDC for a community grant towards improving accessibility for disabled users. This grant would need to be match-funded by the parish council.

The finance information has been updated since the original business plan in 2016. Cllr Brooks explained the plan had been developed as a conservative estimate of future income against operating costs. The parish council is responsible for loan repayments, insurance and maintaining reserves for long term maintenance and emergencies. The Trust is responsible for running the centre both practically and in operational financial terms. Estimated income totals £6,370 and estimated costs being £5,700 leaving a small profit of £670 in the first year.

In line with the support the council provides for other community operations in the village the parish council previously agreed to provide an annual grant towards operating costs, pay the buildings insurance and set aside a contingency for long term maintenance and emergencies. The costs to be included in the council's budget each year are:

Loan repayment	£ 9,523
Operating Cost Grant	£ 2,000
Buildings Insurance	£ 1,700
Reserves	<u>£ 2,400</u>
Total	£15,623

The Clerk had received a revised quote for the insurance of £ 1,397 p.a. making the total cost to be included in the council's budget £15,320.

In the original consultation in 2016, councillors prudently assumed that the precept might have to be raised to fund the loan repayments. However, significant progress has been made with the council's budget management and, since the delay with legal negotiations between 2016 to date the council have continued to set aside the amounts for the loan repayments and associated grants on the assumption that contracts were about to be exchanged. These unused amounts have been ring-fenced until they are needed. This means the initial project work to the centre is fully funded and work can be carried out once Listed Buildings Consent has been given. The council has so far been able to absorb these new annual costs and still fund our usual services and grants without having to raise the precept. However, both County and District Councils have indicated that they will be making cost cutting exercises with the many costs being passed down to parish councils. This being so, the parish council will have to consider raising the council tax in the future to encompass any extra costs and other projects such as providing additional land for a cemetery extension which we are legally obliged to do within the next couple of years.

- **Property considerations**

A full structural survey was carried out in February 2017 and it was revealed that the building is in good condition and does not appear to have any major problems. A Disabled Access Audit through SSDC was carried out in May 2017 and it was recommended to improve the slope of the existing ramp at the front of the property, provide a disabled toilet and widen some of the door frames, together with the usual signage and alarm systems. To bring the building up to current public building standards and to provide sufficient facilities for user groups, the main project work will be to create a kitchen, a disabled toilet and two additional unisex toilets. The pews in the main church area will be removed to create a large hall space, central heating will need to be installed and the usual electrical safety checks made along with the standard fire-fighting systems put in place. Wi-Fi will

also need to be installed. These works will be funded by the parish council as freeholder of the building using the balance from the loan.

- **Legal Considerations**

The parish council is buying the building from the Crewkerne Circuit and their head office, Trustees for Methodist Church Purposes ("TMCP"), which is based in Manchester need to approve all legal transactions. Despite having good relations with the Crewkerne Circuit there have been long delays with the TMCP over the minute details in the legal documents. These details have now been agreed and the legal documents have been drafted. The usual searches have been carried out by the parish council's solicitors and have proved all clear. The legal side of negotiations have proved more complicated than originally envisaged because the sale of a church is bound by restrictions and obligations of charity law.

This particular transaction has been technically difficult as it is a first, not just in South Somerset but in the whole of the UK, because it is the very first time the Methodist Church has sold a church to a non-charity other than for residential development; sold for community use under a D1 commercial classification; has sold a church 'under the open-market value'; been involved with the Public Works Loan Board and local government organisations and; the Methodist Church took Counsel's Opinion on all the ramifications of the sale and its own Model Trust provision.

In addition, legal negotiations have been further complicated because it has been necessary not only to have a contract for the freehold land but also a lease for a small part of the land where there are some cremated ashes buried.

Under the original sale particulars issued in 2016 any future sale by the parish council would be subject to a 70% Overage clause for 30 years. This means that 70% of the net profit would have had to go back to the Methodist Church if the parish council sold the property for residential development. The parish council disagreed with this and this has now been deleted and new terms have been agreed in the Transfer of Title. If the parish council sell the property in the future the amount of discount given will have to be repaid together with an agreed level of profit. The agreed amount is £40,000 being the difference between our bid to £130k and the market value of £170k, or 23.5% whichever is the higher.

In the event that improvement works are carried out by the parish council the percentage rate on a future sale will be recalculated to evidence the increased capital paid by the council, so that the council does not lose out.

It is stipulated that the building must be used for children's activities only and the parish council were keen that by buying the building it would not to impact on other facilities in the village. The restriction the Methodist Church has put on the building that it could only be used as a youth centre is stated in their own standing orders and Model Trust 13 clauses and the use of the property is subject to Methodist covenants of no alcohol, smoking or gambling. There is a restriction on the Land Registry title stating that the parish council must notify the Methodist Church when the building is being sold.

Cllr Brooks asked councillors for comments. Cllr Merrick remarked that it was a very comprehensive report. Cllr Brooks said that she took the opportunity to send the business case through to SALC to check that everything had been covered. SALC have complimented the parish council on the work that has been carried out.

18/101/a Signing of Legal Documents

Cllr Brooks said that the contract has changed slightly from the one circulated to councillors. The contents and fixtures and fittings have been taken out as the only fixtures are the pews and there are no contents. Cllr Waldock asked whose responsibility it would be to insure the building whilst this correction is being made. Cllr Brooks confirmed that it would be the parish council.

Cllr Brooks said that the Charity Commission Order organised by the Methodist Church has a typing error on it so this had been sent back to the Charity Commission for correction. However, the Crewkerne Circuit has advised that the order has not yet come through and the Methodist Church will not complete on the sale until that order has been returned as they would be in breach of the Charities Act. If the Order has not been received by Friday, 24th

August the solicitors will issue a conditional contract to sign which states that both parties agree on the purchase, but the completion date will not be until that order is received from the Charities Commission and this could take up to 5 weeks. The Methodist Church would be responsible for insuring the building until completion

IT IS RESOLVED that the Contract, TP1 and Lease documents submitted to this meeting be signed by the Chair and Vice Chair on behalf of the Council in line with our Standing Order 22 and witnessed by the Parish Clerk as our legal officer

Proposed: Cllr Waldock Seconded: Cllr Donovan 6 agreed; 1 against

Cllr Middleton asked to make a statement. He said that he has not supported this project from the start, but it would be foolish to go against the majority and would give support to the Parish Council

18/101/b Completion of Chaps Transfer Forms

It was proposed that the appropriate CHAPS transfer forms be signed by two authorised bank signatories under Financial Regulation 6.9 in (1) the sum of £13,000 (10% of the purchase price) and (2) the subsequent completion monies of £117,000 together with professional fees to be subsequently advised, for transfer to the Council's solicitors; and that the Parish Clerk be instructed to action these in accordance with the Council's wishes on timing.

Cllr Brooks said that the number of signatories needed to be changed to three and after discussions with the solicitor the sentence '...together with professional fees to be subsequently advised...' needs to be removed.

IT IS RESOLVED that the appropriate CHAPS transfer forms be signed by three authorised bank signatories under Financial Regulation 6.9 in (1) the sum of £13,000 (10% of the purchase price) and (2) the subsequent completion monies of £117,000 for transfer to the Council's solicitors; and that the Parish Clerk be instructed to action these in accordance with the Council's wishes on timing.

Proposed: Cllr Manning Seconded: Cllr Merrick agreed unanimously

18/101/c Authorisation for Buildings Insurance

IT IS RESOLVED that the Parish Clerk be authorised to put appropriate buildings insurance cover in place with effect from the date of exchange of contracts and to pay the appropriate additional premium required; and that a cheque be signed at this meeting as authorised by Financial Regulation 5.5 (a) for that purpose.

Proposed: Cllr Nelms Seconded: Cllr Uhlhorn agreed unanimously

A cheque (no. 2182) for £1,079.44 was signed

18/101/d Authorisation for LC1 form and Direct Debit Mandate for PWLB

It was proposed that the Parish Clerk and Chair are authorised to sign form LC1 including the Direct Debit Mandate instruction and send it immediately to the Public Works Loan Board giving the required one week's notice that the Council intends to draw down the pre-approved loan under the reference SRP 5/23/05 Application 2018-19 (025); such loan to be confirmed as a 20 year fixed interest loan for £150,000, to be repaid from the parish precept annually in accordance with required PWLB arrangements; and that the Parish Clerk and Chair are authorised to request the draw-down of the loan when appropriate.

As the full amount is not required until the completion, only the £13,000 deposit, it was agreed to use existing funds in the parish council's bank account and drawn down the loan in time for the completion of contracts. It was agreed to amend the sentence 'send it immediately' to 'send it in time for completion'

IT IS RESOLVED that the Parish Clerk and Chair are authorised to sign form LC1 including the Direct Debit Mandate instruction and send it in time for completion to the Public Works Loan Board giving the required one week's notice that the Council intends to draw down the pre-approved loan under the reference SRP 5/23/05 Application 2018-19 (025); such loan to be confirmed as a 20 year fixed interest loan for £150,000, to be repaid from the parish precept annually in accordance with required PWLB arrangements; and that the Parish Clerk and Chair are authorised to request the draw-down of the loan when appropriate.

Proposed: Cllr Uhlhorn Seconded: Cllr Manning agreed unanimously

18/101/e Provision in Parish Council Budget for Loan Interest and Financial Support

IT IS RESOLVED that the Council now confirms its Resolution made in May 2016 that all the Parish Council's budgets during the course of the loan will make permanent and sufficient provision to ring-fence the amount of loan interest repayable to the PWLB and continue to offer financial support to the Centre where required; and that the Council accepts that this Resolution may not be overturned during the course of the loan, in line with the Public Works Loan Board formal requirements.

Proposed: Cllr Waldock Seconded: Cllr Merrick agreed unanimously

18/101/f Authorisation for the Management of the HYC

IT IS RESOLVED that the Hamdon Youth & Family Centre Trust be authorised to manage the services in the new Centre for the benefit of the village under the terms in its Trust Deed and under the proposed Service Management Agreement between the Council and the Trust.

Proposed: Cllr Brooks Seconded: Cllr Dawe agreed unanimously

18/101/g Payment of Ring-Fenced Grant from Batten Solicitors to HYC

IT IS RESOLVED that the grant of £300 awarded to the Council by Battens Charitable Trust for the benefit of the Centre be passed on to the Hamdon Youth & Family Centre Trust so that a bank account can be set up, such payment to be made at the September Parish Council meeting.

Proposed: Cllr Donovan Seconded: Cllr Dawe agreed unanimously

18/101/h Payment of Annual Parish Council Grant to HYC

IT IS RESOLVED that the first year's grant of £2,000 towards operating costs be given to the Hamdon Youth & Family Centre Trust, such payment to be made at the September Parish Council meeting

Proposed: Cllr Dawe Seconded: Cllr Nelms agreed unanimously

18/101/i Application for Grant Funding to SSSC

IT IS RESOLVED that the following completion an application for grant funding be completed and submitted to South Somerset District Council for a Community Grant for support towards implementing improved accessibility recommendations in the building.

Proposed: Cllr Waldock Seconded: Cllr Manning 6 agreed; 1 abstained

Cllr Middleton stated that he had a conflict of interest

18/101/j Reconvene the Project Team

IT IS RESOLVED that the Project Team to be formally re-convened and;

- to be known as the Youth Centre Working Party
- to work on behalf of and with the Council

- as a Working Group under Standing Order 4(d) be authorised to take forward the project, including obtaining quotations for Council approval in line with the Council's Procurement Policy
- to make recommendations to the Council on the project and
- that the Working Group should include residents as well as Parish Councillors as part of the Council's wish to provide a community run project

Proposed: Cllr Manning Seconded: Cllr Donovan agreed unanimously

Cllr Dawe asked who was on the working party group. Cllr Brooks said the working party consisted of Cllrs Brooks, Dawe, Donovan, Merrick, the Clerk, Mr John Bailey and some representatives of the user groups.

There being no further business the meeting was closed at 20.40pm.