

COEDFFRANC TOWN COUNCIL

Minutes of the Finance & General Purposes Committee held at Carnegie Hall on the 13th March 2019

Attendance: Cllrs J Thomas, C Wingrave, APH Davies, A Wingrave, M Harvey, T Bevan, DK Davies

1. Apologies: Cllr K Whitehead.

2. To discuss and recommend a selling price for Jersey Marine Community Centre.

The Clerk reported that she had obtained independent valuations for Jersey Marine Community Centre. The Clerk reported that two valuations had been obtained one for the sale “as is” and one if the Town Council had obtained Outline Planning Permission before the property goes up for sale.

The Clerk explained the VAT Legislation around properties and facilities that are classed as a “business use”. The Clerk reported that legislation states that the Town Council can only reclaim a maximum of £7,500 per annum on any and all properties or facilities that are deemed as a business use (this includes community buildings that are hired out and sporting activities and facilities such as the bowling greens). As Jersey Marine Community Centre would be let out to the public, organisations and businesses, all of these uses are classed as business use in terms of the legalisation. Therefore, the whole building is deemed as “business use”. As a result if the Council owned the property and continued to have involvement in the project for the re-development of the Community Centre it would push the VAT that the Council could reclaim very significantly over the £7,500 partial exemption threshold for business use. There is a process to “Opt to VAT” the building which would effectively mean that once the works have been completed that all users would pay VAT. However, an application would need to be made to the HMRC to do this and there is absolutely no guarantee that they would approve the application as the judgement is partly based on the possible income of the building once it is in use.

The Members then discussed the issue. It was queried if the sale would need to be advertised publically because the sale price could be different to a community group compared to that offered to a commercial organisation. It was also stated that because of the safety concerns the building should not be re-opened, and therefore, a caveat would be needed to ensure that the building is demolished or that a disclaimer is agreed upon the sale. Furthermore, there were concerns that the sale could not be made to individuals of the community and therefore a properly constituted Community Group with a bank account would need to be formed before the sale could be agreed. It was stated that a clause would be needed to ensure that if the venture failed that the Town Council could buy the property back at the selling price so that the individuals named on the conveyance could not sell the property and make a profit for themselves.

It was agreed that if all of the above terms and conditions are agreed, and if legal advice allows, that the selling price should be at the lowest valuation obtained by the Council for the sale to the Community Group should they wish to proceed.

Recommendation: That the Clerk obtains the services of the Legal Department of NPTCBC for legal advice on the above points as they have more experience of dealing with the transfer of public assets than the Councils normal solicitor. Additionally, that the Community Group are notified of the proposed selling points subject to legal confirmation and the above caveats and conditions being met.

Cllr APH Davies
Chair