



Be kind



Byddwch yn garedig

COWBRIDGE (ANCIENT BOROUGH) with
LLANBLETHIAN TOWN COUNCIL
CYNGOR TREF
Y BONTFAEN (Bwrdeistref Hynafol) gyda
LLANFLEIDDAN

Cowbridge with Llanblethian Town Council Meeting

17th October 2023

Proposal to Undertake a Feasibility Study to Convert into a Charity

1. Introduction

- 1.1. The Town Council is probably facing significant town hall maintenance expense over the next few years with a potential main roof replacement and other repairs needed. Also going forward it will be prudent to increase considerably the annual maintenance budget which is currently just £3,000.
- 1.2. One option to reduce costs and to access additional grants from charities and other bodies is to consider turning the town hall into a charity.
- 1.3. The purpose of this report is to set out the possible benefits and point out the pitfalls of turning the town hall into a charity and to get the Councils approval to undertake a feasibility study, with the aim of bring a firm proposal back to the Council in the new year.

2. Identified Benefits and Pitfalls of Charitable Status

- 2.1 The following have been identified as possible benefits and pitfalls to putting the town hall into a separate charity owned by the Town Council. They may not all apply as the governance structure developed will impact on the realisation of benefits and the crystallising of the pitfalls.

- 2.2 The benefits can be summarised as follows:

Benefits

- Reduced costs for the Council. Leasing the town hall to a charity on a long lease say 125 years, could free up resources, such as potentially receiving a minimum 80% business rate relief circa £16,000 in 2023/24.
- A big benefit is the ability to access to additional grants. Charities are eligible for a range of grants that are not available to local authorities. This means that the Council could potentially access additional funding to support the town hall if it were leased to a charity.

- Improved efficiency and effectiveness of the town hall. A charity may be able to run the town hall more efficiently and effectively than the town council. This is because charities can be more entrepreneurial and have more flexibility in how they operate.
- Retention of control over the town hall. The Council would be able to retain some control over the town hall by appointing trustees to the trust board. Subject to advice all trustees would be councillors.
- Security of the future of the town hall. Leasing the town hall to a trust would help to ensure the long-term security of the building in terms of long-term investment in maintenance and improvements.

2.3 The pitfalls identified are as follow:

Pitfalls

- Loss of direct control over the town hall. By leasing the town hall to a trust, the Council would lose some direct control over the building and its management.
- Potential for conflict of interest. There is a potential for conflict of interest if the Council owns the trust that is leasing the town hall. This is because the Council would be responsible for both overseeing the trust and ensuring that the lease agreement is in the best interests of the local community.
- Reduced accountability. Trusts are not subject to the same level of public accountability as local authorities. This means that the town council would have less control over how the town hall was being managed and how public money was being spent.

2.4 The impact on business rates will depend on the specific terms of the lease agreement and the eligibility of the trust for business rates relief. If the town hall is leased to a trust on a commercial basis, the trust will be liable to pay business rates. However, if the town hall is leased to a trust on a peppercorn rent basis, the trust may be eligible for business rates relief. This will need to be explored with the Vale's rates team.

2.5 Access to additional grants. Charities are eligible for a range of grants that are not available to local authorities. These grants can be used to fund a variety of activities, including the running of a town hall. The Council could potentially access additional funding to support the town hall if it were leased to a trust. However, it is important to note that there are no guarantees that a trust would be successful in obtaining grant funding.

3. Councils who have transferred town halls to charities

3.1 A number of Town Councils in Wales and England that have put their town halls into charitable arms, including:

- Montgomery
- Weston-super-Mare Town Council
- Salisbury City Council
- Exeter City Council
- Cheltenham Borough Council

3.2 An preliminary conversation has been had with Montgomery Council who have confirmed the benefits in relation to grants and rate relief. However it is important to note that each of these cases will be different, and the specific benefits and disadvantages of transferring a town hall to a charitable trust will vary depending on the circumstances and the governance arrangements.

4. Recommendations

4.1. The Council is asked to consider the report and decide whether they wish a more detailed proposal to lease the town hall into a wholly owned charity, to be developed.

4.2 This will involve taking some initial legal advice on governance structures and undertake discussions with the rates team at the Vale to establish the structure needed for rate relief.