

<b>REPORT TO:</b>		Cabinet	
<b>DATE:</b>		20 <sup>th</sup> March 2019	
<b>PORTFOLIO</b>		Resources - Councillor Joyce Plummer	
<b>REPORT AUTHOR:</b>		Helen McCue-Melling Regeneration & Property Manager	
<b>TITLE OF REPORT:</b>		Lease Renewal – Hyndburn Voluntary & Community Resource Centre, St James Old School Building, Cannon Street, Accrington	
<b>EXEMPT REPORT (Local Government Act 1972, Schedule 12A)</b>	<b>No</b>	Not applicable	
<b>KEY DECISION:</b>	<b>No</b>	If yes, date of publication:	

## 1. Purpose of Report

- 1.1 To seek approval to accept the surrender of the existing lease of St James Old School Building, Cannon Street, Accrington from Hyndburn Voluntary & Community Resource Centre Ltd (HVCRC) and provide them with a new 25 year lease.

## 2. Recommendations

- 2.1 It is recommended that Cabinet approves the surrender of the current 10 year lease and grants a new 25 year lease to Hyndburn Voluntary and Community Centre Ltd at a nil rental on the basis that, having considered part 3 of the report, Cabinet is satisfied that the proposed usage of the building will continue to promote the social, economic and environmental wellbeing of the Borough.

## 3. Reasons for Recommendations and Background

- 3.1 (HVCRC) currently hold a lease of the premises which is due to expire on 18<sup>th</sup> September 2024. (HVCRC) have requested a new 25 year lease on similar terms to the existing lease to satisfy conditions required in relation to a grant of £165,708 from the Reaching Communities - Buildings Big Lottery Fund (BLF). This lease will facilitate HVCRC being able to satisfy conditions of the offer from BLF by providing to BLF a completed Certificate of title from their solicitor and a completed Deed of dedication

and evidence that they have registered a restriction on the title of the land and buildings.

- 3.2 The offer of the grant of £165,708 from BLF has been made to the HVCRC in an offer letter dated 24<sup>th</sup> April 2018. HVCRC will be expected to deliver building works will provide new modern and accessible facilities including new kitchens and toilets, redecoration and replacement of internal doors throughout, in addition to an automated door entry system at the main entrance of the building. This work aims to increase the number of activities and services and number of people attending them who are elderly, disabled and indeed all members of the community, thus improving community cohesion, health and wellbeing and reduce social exclusion.
- 3.3 The original lease of the building was granted for a term of 7 years less one day from 20<sup>th</sup> September 2004. The replacement lease was for a term of 3 years to 19<sup>th</sup> September 2014. The current lease is for a period of 10 years from 19<sup>th</sup> September 2014. All previous leases including the current one were granted subject to the tenant paying a nominal peppercorn rental.
- 3.4 The lease will include a user clause which stipulates that the building should be used as a community resource centre in accordance with the tenant company's charitable objectives.
- 3.5 The building is currently used by a range of organisations delivering key services to a diverse range of groups and clients with over 300 people visiting the site weekly. A range of social activities take place including Yoga, dance and fitness classes available to young and old both during the day and in the evenings. The centre also hosts the Red Rose Recovery and Smart Recovery Circle. Both groups work with vulnerable members of the community in helping them deal with addictions, behavioural issues, encourage self development and rebuild self esteem and confidence. They provide help and support through activities and training and the groups work with multi-agencies to aid recovery, reduce dependency on drugs and alcohol.
- 3.6 The grant offer is conditional on BLF approving a Capital Delivery Plan and Business Plan which is currently work in progress by HVCRC and entering into a lease with the Council and this has been suggested by the BLF to be a term of 25 years.
- 3.7 The lease will include a full repair and maintenance clause and, as such, it is expected that income derived from the activities will be reinvested into the building for maintenance and repairs, including those identified in a recent condition survey of the building and are not dependant on HVCRC receiving the grant from BLF. In 2017 HVCRC reported to BLF a surplus £29,018.
- 3.8 The tenant will, in accordance with the lease, be expected to ensure they comply will all relevant legislation whilst in occupation and provide the Council as Landlord with evidence of that compliance.

#### **4. Alternative Options considered and Reasons for Rejection**

- 4.1 The building could be used as offices with a potential annual rental income of £25,000, however there is currently a surplus of office accommodation in the Borough therefore this income is not guaranteed.
- 4.2 If an alternative use were to be supported, the Council would need to bring the current lease to an end by serving the appropriate notice. It would then need to advertise the building available to let or for sale. There is already a surplus of vacant buildings in the town centre and this supports the Council's policy to transfer under used assets to suitable community groups where this is possible.
- 4.3 The building could be opened up to other community groups but the Council has not been approached by others to manage this building. In addition the current tenant has a good track record of providing community based activities and services from this building. Another group may not have the same success rate.
- 4.4 The new 25 year lease is a prerequisite of the HLF providing £160,000 to HVCRC which will be used to upgrade the building and facilities. Not providing the lease will jeopardise this funding opportunity and HVCRC are unlikely to be able to afford to carry out these improvements. This does not negate their liabilities under the terms of the lease to carry repairs and maintenance of the site.
- 4.5 To charge market rent for the building could mean the tenant does not enter a new lease, HLF funding opportunity is lost and vital services could cease.

#### **5. Consultations**

- 5.1 The Disposals Cabinet Working Group, the Chief Executive and the Leader have been consulted regarding the renewal of the lease at a pepper corn rent.

#### **6. Implications**

<b>Financial implications (including any future financial commitments for the Council)</b>	On the basis that that the rental value of the building is £25,000 per annum for office use, letting the building for a term of 10 years at a £nil rental would result in an approximate opportunity cost of £250,000 loss of rental income. Rental values can increase or reduce over the next 25 years. The loss of income is offset by repairing and maintenance costs that will be picked up by the tenant and the building will benefit from improvements made as a result of them receiving £160,000 from the HLF.
<b>Legal and human rights implications</b>	Any lease granted for a term of seven years or more must be at full market value in order

	to comply with Section 123 of the Local Government Act 1972. The exception to this is where the proposed use falls within one of the “wellbeing grounds” (economic, social, and environmental benefits) referred to in Circular 06/03: Local Government Act 1972 General Disposal Consent (England) 2003. This is provided that the opportunity cost (loss) is less than £2million.
<b>Assessment of risk</b>	The main risk of granting a 25 year business tenancy at £nil rental is financially significant but the value of the services provided at the building need to be considered and the impact if such services were lost.
<b>Equality and diversity implications</b> <i>A <a href="#">Customer First Analysis</a> should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	Attached

**7. Local Government (Access to Information) Act 1985:  
List of Background Papers**

7.1 Cabinet Reports: 20<sup>th</sup> May 2004; 14<sup>th</sup> September 2011; 30<sup>th</sup> July 2013

**8. Freedom of Information**

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

