

REPORT TO:		Cabinet	
DATE:		26 March 2025	
PORTFOLIO:		Councillor Noordad Aziz	
REPORT AUTHOR:		Martin Dyson – Executive Director (Resources)	
TITLE OF REPORT:		Lease of Mercer Hall to Hyndburn Leisure	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 To seek approval to enter a new 15-year lease of Mercer Hall, Great Harwood with Hyndburn Leisure.

2. **Recommendations**

- 2.1 Cabinet agrees to accept a surrender of that part of the lease between the Council and Hyndburn Leisure dated 1st April 2002, which relates to Mercer Hall in Great Harwood and notes that the lease will continue in force in respect of Hyndburn Leisure Centre; and
- 2.2 Subject to the surrender referred to in paragraph 2.1 above, agrees to grant a lease of Mercer Hall in Great Harwood to Hyndburn Leisure on the terms outlined in paragraph 3.10 below and delegates authority to the Head of Regeneration & Housing, following consultation with the Executive Director Legal & Democratic Services, to agree the terms of the proposed new lease and to complete the same

3. **Reasons for Recommendations and Background**

- 3.1 Mercer Hall is located in the Great Harwood Conservation Area of Lancashire, and it does not have charitable status. In 2002 the Council leased Mercer Hall to Hyndburn Leisure for a term of 25 years in a lease that also included Hyndburn Sports Centre in Accrington. That lease remains in force.
- 3.2 Mercer Hall is a vital community asset that faces increasing challenges. Built in the early 19th century with Greek-inspired architecture, it has been an integral part of Great Harwood's heritage and public life. However, in recent years, the closure of its

swimming pool, structural issues, and declining use have threatened its long-term viability.

- 3.3 To support this effort, a range of studies, including structural surveys and building appraisals, have been conducted. A repurposing group with local stakeholders has been formed, and public consultation has revealed strong community support for the facility's revitalisation. Mercer Hall's redevelopment is expected to be phased, with initial efforts focused on structural repairs and accessibility improvements.
- 3.4 Hyndburn Leisure has secured grant funding of £250,000 from the Community Ownership Fund (COF) for immediate repairs and improvements, and additional funding is being pursued through organisations such as the Lancashire Environment Fund, and the National Lottery Heritage Fund. This grant will enable the initial phase of works to be completed and future phases will require larger funding applications to fully realise the building's potential.
- 3.5 The grant from the Community Ownership Fund (COF) is to repurpose the building and address some of the building's defects. COF have indicated that the funding offer will be subject to conditions and that COF are likely to require the registration of a legal charge or a restriction against the title to Mercer Hall to prevent a sale or change of use of the same unless they consent and / or receive repayment of all or part of the grant. It is likely that similar conditions will apply to any grant funding received from other sources, such as the National Lottery.
- 3.6 The success of Mercer Hall's repurposing depends on continued community engagement, careful planning, and securing the necessary funding to ensure the building's preservation and its future role in enhancing the well-being of local residents.
- 3.7 Following a successful bid to COF, Hyndburn Leisure has developed a strategic plan for the initial phase of repurposing and reopening Mercer Hall. This phase aims to ensure the facility is operational while future plans and funding applications are pursued.

This phase includes the following key initiatives:

- a. Installing a structural floor over the existing pool to create a versatile, publicly accessible space.
 - b. Implementing effective pigeon deterrent measures.
 - c. Decommissioning obsolete equipment to improve safety and efficiency
- 3.8 The COF funding ensures that Mercer Hall can remain open, allowing it to continue offering a diverse range of activities for the community while future phases are planned and developed. Although this funding is just a stepping stone toward securing Mercer Hall's long-term future, it plays a crucial role in preventing its closure.

- 3.9 In order to drawdown this funding COF require Hyndburn Leisure to have a lease of Mercer Hall which has at least 15 years remaining. This is not the case with Hyndburn Leisure's current lease, and it is proposed that Hyndburn Leisure be permitted to surrender their current lease in so far as it relates to Mercer Hall (with the existing lease continuing in so far as it relates to Hyndburn Sports Centre).
- 3.10 It is proposed that Hyndburn Leisure would be offered a lease on the following terms:
- a. A full repairing and insuring lease for a term of 15 years,
 - b. At a peppercorn rent, with no premium,
 - c. A rolling landlord and tenant's option to terminate the lease, subject to the giving of not less than 6 months' notice by either.
- 3.11 The Councils Property Services Team have conducted a valuation in accordance with guidelines and Practice Statements set out in the RICS Valuation Global Standards, November 2021 by a corporate member of the Royal Institution of Chartered Surveyors who has the appropriate knowledge, skills, and understanding to carry out the valuation with the competence and due diligence expected of a qualified valuer.
- 3.12 In applying the valuation methodology the following values have been determined:

Market Value

Scenario 1 – £ 350,000 (Three Hundred and Fifty Thousand Pounds), a sale in the open market.

Scenario 2 – Market Value subject to a letting to Hyndburn Leisure on the terms outlined above. £350,000 (Three Hundred and Fifty Thousand Pounds)

Scenario 3 – Market Value subject to a letting to Hyndburn Leisure on the terms outlined above, but with a COF restriction or charge on title. £120,000 (One Hundred and twenty Thousand Pounds)

Market Rent

Scenario 1 – A letting in the Open Market. £nil (No Pounds)

Scenario 2 – A letting to HL, with no COF restrictions. £nil (No pounds).

Scenario 3 – A letting to HL with COF restrictions. £Nil (No Pounds).

In summary, applying the valuation methodology the following values have been determined:

- a. An unrestricted value of £350,000 assuming a sale on the open market without conditions as to usage.
- b. A value of nil assuming a lease on the terms proposed and including the proposed limitations as to future use.

3.13 It is not considered that the terms of the proposed lease to Hyndburn Leisure constitute subsidy for the purpose of the Subsidy Control Act 2022 (see paragraph 6 below).

4. Alternative Options considered and Reasons for Rejection

4.1 The Council could decide not to offer a new lease of Mercer Hall to Hyndburn Leisure. This is not recommended, as it is a key requirement of the COF funding that Hyndburn Leisure has a 15-year lease on this site. In addition, access to further sources of external funding are likely to require Hyndburn Leisure to have an interest in the building of at least this length.

5. Consultation

5.1 Hyndburn Leisure has developed a business plan for Mercer Hall, which includes future hire opportunities and events, and has reached out to the community through the repurposing group and subgroups to determine potential future use.

5.2 Recent public consultation highlighted the community's desire for the facility to include health and well-being amenities, as well as a variety of activities. The results also showed strong support for Mercer Hall to be a versatile space, capable of hosting a wide range of events and programs that cater to all ages, with a particular focus on creating more opportunities for young people and young adults.

6. Implications

Financial implications (including any future financial commitments for the Council)	The granting of this 15-year lease will enable Hyndburn Leisure to draw down the grant of £250,000 towards the initial phase works identified in paragraph 3.6 of the report. The Council has already committed a total of £120,000 from within its revenue budgets for 2024/2025 and 2025/2026 towards this purpose.
Legal and human rights implications	Section 123 Local Government Act 1972 permits the Council to dispose of land and property. However, ministerial consent is required if the disposal is not for the best price reasonably obtainable. As Mercer Hall is not subject to any charitable trust the Council could sell the same on the open market without restriction as to future use. On that basis the proposed lease could be considered to constitute an undervalue.

	<p>However, Circular 06/03: Local Government Act 1972 General Disposal Consent (England) 2003 permits disposals at an undervalue up to £2,000,000.00 provided the Council is satisfied that the disposal will help to secure the promotion or improvement of the economic, social or environmental well-being of the Borough, or part of the Borough. In this instance it appears that the “well-being” criteria are met given that the lease is intended to contribute to the refurbishment and repurposing of a community asset for ongoing community use and enjoyment.</p> <p>The Council can place restrictions on the future usage of Mercer Hall to achieve its social and community well-being objectives. The restricted value of the proposed lease is nil and, on that basis, the proposed lease to Hyndburn Leisure will be at market value and there will not be a subsidy to Hyndburn Leisure for the purposes of the Subsidy Control Act 2022.</p>
<p>Assessment of risk</p>	
<p>Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i></p>	<p>The Council is subject to the public sector equality duty introduced by the Equality Act 2010. When making a decision in respect of the recommendations in this report Cabinet must have regard to the need to:</p> <ul style="list-style-type: none"> • eliminate unlawful discrimination, harassment and victimisation; and • advance equality of opportunity between those who share a relevant protected characteristic and those who don't; and • foster good relations between those who share a relevant protected characteristic and those who don't. <p>For these purposes the relevant protected</p>

	characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. To assist the Cabinet in this regard a Customer First Analysis has been carried out as part of the review process and is attached as an Appendix to this report. Cabinet is advised to consider the Customer First Analysis and its obligations in respect of the public sector equality duty when making a decision in respect of the recommendations contained in this report.
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7. **Local Government (Access to Information) Act 1985:**
List of Background Papers

7.1 *None*

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.