1. **Purpose of Report**

1.1 To seek approval to the lease of the Hippings Vale Community Centre edged red on the attached plan and for the provision of a related grant of approximately £47,000 to Hyndburn Arts Limited in order to enable its continued use as a community centre.

2. **Recommendations**

2.1 It is recommended that Cabinet:

2.1.1 approve the acceptance of a surrender of the existing management arrangements for Hippings Vale Community Centre, and

2.1.2 approve the grant a five year lease of the Hippings Vale Community Centre on a rent free basis, which is below market value, and to Hyndburn Arts Limited from 6th June 2016.

2.1.3 approve a one-off grant of approximately £47,000 to Hyndburn Arts Limited for the purposes of improvements repairs and maintenance costs associated with the Community Centre building

2.1.4 delegates authority to the Head of Regeneration and Housing following consultation with the Director of Legal and Democratic Services to agree the detailed terms for the grant of the lease and associated grant funding
3. **Reasons for Recommendations and Background**

3.1 Hippings Vale Community Centre is currently managed through the terms of a five year management agreement dated 13th August 2013, between Hyndburn Borough Council and the Hippings Vale Community Centre Committee (“the Association”). Repairs and running costs are recharged to Hyndburn Leisure through a separate agreement with the Council.

3.2 Under the terms of the existing management agreement, the total net income received in respect of the Centre was divided between the Council and the Association as follows:

(i) If the total annual net income was equal to or less than the sum of £7,600 the Council received £3,800; and

(ii) If the total annual net income was greater than the sum of £7,600 then the Council receives 50% of the total net income realised, provided that any income received by the Council in excess of £3,800 in any year had to be used for the benefit of the Centre as agreed between the parties.

Hyndburn Leisure (through a separate agreement with the Council and for which they receive a grant from the Council) were re-charged repairs and running costs.

3.3 An approach was made to the Council by Hyndburn Arts Limited (HA Ltd) in September 2015 after members of the Association voiced their intention to dissolve the current group. HA Ltd submitted a business case based on the current usage of the Centre and their proposals to expand these and extending activities on-going at the Oswaldtwistle Civic Theatre, for which HA Ltd currently have a 25 year lease.

3.4 HA Ltd have a willingness, capacity and ability to manage the HVCC, enabling the continuation, and hopefully expansion and diversification, of a range of activities that are provided from these premises including Blood Donor, arts, craft and exercise sessions, flower and garden clubs, luncheon club and regular hiring to the community for private events. Neither the Council nor Hyndburn Leisure have the capacity to manage this building and therefore it is likely the building would close and these activities would cease. On this basis it is considered that the continuation of this resource, facilitated by HA Ltd, will further the social well-being of the area and its residents.

3.5 It is the Council’s belief that the Association supports the proposal by HA Ltd, with current members being given the opportunity to sit on the HA Ltd Board. The Association is desirous to dissolve and therefore surrender the existing management agreement to enable HA Ltd to have a new 5 year lease. This is expected to complete by the end of June 2016.

3.6 Subject to approval of detailed terms and completion of the lease, terms have been agreed to grant a five year lease of the building on a rent-free basis provided the Council makes a one-off grant of approximately £47,000 to the Association as follows:
(i) A £10,000 grant towards the cost of improvements, which shall include the following items:

- External signage
- Internal signage
- Provision of Wi-Fi and a phone line
- Improvements to kitchen equipment (microwave, cooker, dishwasher, food preparation equipment)
- Replacement of carpets to side rooms
- Changing locks/provision of keys to users
- Replacement of internal notice board
- Installation of an external notice board
- External banners
- Contribution towards holding an Open Day

(ii) Approximately £7,000 to undertake insurance repairs following a vehicle collision into the building.

(iii) Approximately £30,000, generated by the letting of HVCC and held by the Council for the purpose of repair and maintenance of the building, for the purpose of ongoing repair and maintenance.

3.7 The lease would include rights to share the car park at the rear of the building with the youth and community centre next door. Consequently, the costs of maintaining the car park would also be shared between the two community centres.

3.8 The lease will generate savings to Hyndburn Leisure of £8,474 in 2016/2017 and similar amounts thereafter. The Council in turn pays Hyndburn Leisure an annual grant, part of which is used to manage this building. The grant to HL has been reduced by £100,000 in the financial year of 2016/2017 and, as such, has taken into account the savings to be made from this transfer which was anticipated to occur at the end of March 2015.

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

4.1 If the community centre use were to cease, the building could potentially be used for office purposes. It is estimated that the alternative rental value for office use is £13,580 per annum. This is not recommended as it would result in a loss of local services and activities that benefit the health and well-being of the local community. In addition, HA Ltd, who currently lease Oswaldtwistle Theatre which is in close proximity, are eager to take over management of the Centre to ensure these services continue and even expand on them, further benefiting the local community.

4.2 The Council received an enquiry from another party who has shown tentative interest in leasing the building for a variety of uses including a nursery, after school club, soft
play area and health and fitness classes, but this initial interest has not been progressed in any way.

5. **Consultations**

5.1 The Committee of HVCC have been consulted with and fully support the transfer of the building and its activities to Hyndburn Arts Ltd. The existing Committee members have been given the opportunity to sit on the HA Ltd Board.

6. **Implications**

<table>
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<tr>
<th>Financial implications (including any future financial commitments for the Council)</th>
<th>HA Ltd will only accept the proposed lease subject to a one-off grant from the Council. Details of the grant and the purpose for which it can be used are set out in paragraph 3.6 above. HA Ltd will, however, take over responsibility for running costs and the ongoing repair and maintenance of the Centre during the lease term. The Council will forego the minimum payment due under the terms of the existing management agreement, of £3,800 per annum. However, the Council has reduced its annual grant to Hyndburn Leisure (HL) which, through a separate arrangement, requires them to pay for operational, repairs and maintenance costs. The estimated annual saving for HL if they no longer cover such costs is £8,474 based on savings in 2016/2017. The grant to HL by the Council has been reduced 2016/2017 by £100,000, therefore the financial savings to the Council are indirect.</th>
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<tr>
<td><strong>Legal and human rights implications</strong></td>
<td>The proposed lease will not be at market value. However, provided the lease term is less than 7 years, the Council can enter into the lease notwithstanding that the consideration for it is less than the best that can be reasonably obtained, as it will be treated as a short tenancy and therefore permitted for the purposes of section 123 of</td>
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<td><strong>the Local Government Act 1972.</strong></td>
<td>The Council has powers to make grants which further the social, economic or environmental well-being of the area or its residents pursuant to the Localism Act 2011.</td>
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<td><strong>Assessment of risk</strong></td>
<td>The risks of the lease of the building to a community group are mitigated as the HA Ltd have a proven track record of running a community asset through its management of the Oswaldtwistle Theatre now known as The Civic which is now well used. The premises shall only be used for the purpose of a community centre to support the residents of Oswaldtwistle.</td>
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| **Equality and diversity implications**  
* A [Customer First Analysis](#) should be completed in relation to policy decisions and should be attached as an appendix to the report. | Continuing use of the building as a community centre should not present any implications or opportunity for challenge on equality or diversity grounds. |

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

7.1 N/A

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.