1. **Purpose of Report**

1.1 To seek approval to the lease of Bank Mill House, as shown edged red on the attached plan, to Hyndburn Leisure for use as a community centre

2. **Recommendations**

2.1 It is recommended that Cabinet, having been satisfied that the grant of the lease will promote or improve the economic, social or environmental well-being of the area and / or its residents:

2.2 approve the grant of a 25 year lease of Bank Mill House to Hyndburn Leisure on a rent free basis from a date to be agreed: and

2.3 delegates authority to the Head of Regeneration and Housing, following consultation with the Portfolio-holder for Housing and Regeneration to agree detailed terms for the proposed lease.

3. **Reasons for Recommendations and Background**

3.1 Bank Mill House is currently managed on an informal basis by a management committee consisting of local residents. The group calls itself Bank Mill House Senior Citizens Centre Management Committee on the basis that the building has served the needs of senior citizens for many years.
3.2 The current management arrangements enable the management committee to keep all the income from allowing the building to be used for community purposes, with the Council paying all the costs associated with maintaining, cleaning, insurance and utility costs.

3.3 It has not proved possible to formalise these management arrangements however, although in recent years, various attempts have been made to assist the management committee to either take a long lease of the building or enter into a formal management agreement with the Council. Various options have been considered, including the committee establishing itself as a charity or a company with charitable aims.

3.4 The existing arrangements have operated for a number of years. Nevertheless, due to responsibilities with regard to health and safety legislation, financial management and insurance liabilities, it is essential that the management arrangements are put on a formal, legal footing. In addition, the current income generated by the management committee does not cover the outgoings for the building and management arrangements need to be put in place with the potential to generate additional income to enable Bank Mill House to become financially self-sufficient.

3.5 As part of Hyndburn Leisure’s business case, it has been identified that the building is suitable for a number of community activities and different age groups. The new management arrangements should also help to support a number of social, economic and environmental objectives:

- Social – Delivery of the Healthy Lifestyles Programme from the centre, helping to improve the health of the Borough through physical activity

- Economic – The proposal offers the opportunity to offset reducing revenue grant though increased income opportunities from health and leisure activities. The income generated on site will support the operational costs of the building, making this proposal sustainable in the long term.

- Environmental – the proposal envisages energy efficiency measures being included in any future refurbishment works.

3.5 Detailed lease terms have yet to be agreed, but it is proposed that this will be a 25 year lease at a peppercorn rent, with Hyndburn Leisure taking on responsibility for insurance and repairs.

4. Alternative Options Considered and Reasons for Rejection
4.1 Hyndburn Leisure has been approached to see whether it would be prepared to take on responsibility for managing the building. Hyndburn Leisure has experience of managing similar community buildings in the Borough. The Council did seek expressions of interest in managing Bank Mill House, but no other group came forward.

4.2 The Council’s Regeneration and Property Manager and the Parks and Cemeteries Manager are both satisfied with Hyndburn Leisure’s business proposals and are confident that the grant of a 25 year lease to Hyndburn Leisure is a suitable way forward.

5. **Consultations**

5.1 The current management committee has been consulted and supports the proposal on the understanding that senior citizen activities will continue to be supported at Bank Mill House. The existing committee will continue to concentrate its efforts on supporting senior citizens but will be free of the responsibilities of managing the building on a day to day basis.

5.2 Hyndburn Leisure will take on responsibility for managing the building through the lease. The existing management committee will be treated in the same manner as any other room hirer.

6. **Implications**

| Financial implications (including any future financial commitments for the Council) | By granting a long term lease on a full repairing lease, the Council will save on future running and maintenance costs. In 2015/2016, expenditure in relation to Bank Mill House amounted to £16,783. So far in 2016/17 this amounts to £12833. |
| **Legal and human rights implications** | As this is the grant of a long lease for more than 7 years at a peppercorn rent, the consent of the Secretary of State is required where premises are to be let at less than the best consideration that can be reasonably obtained pursuant to Section 123 of the Local Government Act 1972. The general disposal consent provided by the Secretary of State enables the Council to proceed on “wellbeing grounds” where the Council is satisfied that the lease is likely to contribute to the promotion |
or improvement of the economic, social or environmental well-being of the area and / or its residents, provided the difference between the unrestricted value of the land included in the lease and the consideration for the lease does not exceed £2 million

It is estimated that the current rental value of the building is £15,084 per annum. This will therefore be a lease at less than market value, but officers consider that the disposal can be justified on wellbeing grounds for the reasons, and on the basis of the benefits, set out in this report. This proposal seeks to secure the future viability of the building as a community facility for the benefit of the residents of Great Harwood.

| Assessment of risk | Any risks arising from the lease of the building to Hyndburn Leisure are considered to be low, as the proposed tenant has a track record of managing other community assets such as Hyndburn Leisure Centre, Mercer Leisure Centre and West End Community Centre. |
| Equality and diversity implications | Continuing use of the building as a community centre should not present any implications or opportunity for challenge on equality or diversity grounds. The building will continue to be used for senior citizen activities as well as opening up its doors to a wider user group. |

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

7.1 N/A