

## Report of the Director of City Development and Assistant Chief Executive Citizens and Communities

### Report to Executive Board

**Date: 15<sup>th</sup> July 2015**

**Subject: Community Asset Transfer of Drighlington Meeting Hall to Drighlington Rugby Club**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Morley North	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. The report details a proposal for Community Asset Transfer of Drighlington Meeting Hall which supports the Best Council Plan 2015-20 objectives for 2015/16 of “supporting communities and tackling poverty” and “becoming a more efficient and enterprising council”.
2. The purpose of this report is to seek approval for a Community Asset Transfer of Drighlington Meeting Hall to Drighlington Rugby by way of a 50 year lease at nil premium and a peppercorn rental.
3. The centre is under used and the rugby club believe that once in community ownership and following works to the property, use will increase. The meeting hall is much nearer to the rugby pitches than the club’s current premises and they will use the centre themselves over the weekend.
4. Drighlington community library is based within the building and currently pays nothing to use the building. The rugby club has agreed not to charge the library any rent, but the library must pay their share of the running costs. Morley North Ward Members have indicated their support in principle to a grant application being made to South (outer) Community Committee to help with those costs.

## **Recommendations**

5. Executive Board is requested to:

- i) Approve the Community Asset Transfer of Drighlington Meeting Hall to Drighlington Rugby Club on the basis of a 50 year full repairing and insuring lease contracted within the terms of the Landlord & Tenant Act 1954 at nil premium and a peppercorn rental;
- ii) Approve grants to support running cost deficits up to a maximum of: £25,435 in year 1; £14,355 in year 2; £2,980 in year 3, and; £1,490 in year 4. The grants to be funded from the current Community Centre budget held in Citizen's & Communities Directorate;
- iii) Note that The Head of Asset Management will be responsible for implementation and it is anticipated that negotiations will take around six months and any final delegated decisions will be taken by the Director of City Development.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval for a Community Asset Transfer of Drighlington Meeting Hall to Drighlington Rugby Club by way of a 50 year lease at nil premium and a peppercorn rental.

## **2 Background information**

- 2.1 Drighlington Meeting Hall was the responsibility of Leeds Library & Information Service until March 2012 when the stopped operating the library. The operation of the library was taken over by a local community organisation and the building transferred into the Community Centre portfolio, currently managed by Citizens & Communities directorate.
- 2.2 Community Asset Transfer of the building was considered during the consultation on the future of the library. However, the group taking over the library didn't want the additional responsibility of managing the building. The local Parish Council attempted to bring together a joint group of different interested parties to manage the building, but that proved unsuccessful.
- 2.3 The building is made up of a large meeting hall and a variety of smaller rooms, including the one used by the library group. It also includes changing rooms for the adjacent football pitches. A floor plan is attached at Appendix 1. The building has regular lettings from two play groups, meetings of Drighlington Parish Council, a diet group and Pilates sessions. The meeting hall is under-utilised with no regular users from Thursday to Sunday and only two Pilates sessions on Wednesdays. There are regular bookings throughout the day on Mondays and Tuesdays.
- 2.4 Drighlington Rugby Club started in 1973. They offer Rugby League from under 7 to open age, with their first team playing in the National Conference Division 3. They have their own clubhouse situated on Wakefield Road and this has been the club's base for over 20 years. However, the clubhouse is located approximately 1km away from the pitches as shown on the plan at Appendix 2. Drighlington Meeting Hall is nearer the pitches, being only 300m away.

## **3 Main issues**

- 3.1 The rugby club want to relocate their clubhouse to be nearer their pitches and the meeting hall offers an ideal opportunity to do so. As local residents, members of the club feel the meeting hall is under used and would be more popular in local control. Discussions have been ongoing since 2012 with the club, led by local ward members and including officers in City Development and Citizens & Communities as well as the local Parish Council.
- 3.2 The club has consulted the local community and developed a detailed business plan for the meeting hall. They have also obtained outline planning consent for an extension. The primary aim is to develop a vibrant community centre for the people of Drighlington, which will also be a base for the rugby club.
- 3.3 The rugby club plans to sell its existing premises to fund refurbishment works and a possible extension. Those premises have sufficient value to fund the works and agreement in principle for a bridging loan has been secured from the Charity Bank, which will allow works at the meeting hall to take place before the club moves. The loan is secured against the value of the existing premises as an

individual development opportunity. However, it should be noted that the premises are located on the only viable access to a site which is the subject of a proposal for a large residential development scheme. If that scheme goes ahead the value of the rugby club's premises will be significantly inflated.

- 3.4 In 2014/15 the net cost to the council of running the centre was £28,205. The rugby club's business plan shows they will make a revenue deficit in the first years of taking over the building and have requested grant funding to cover those costs. The budget holder in Citizens & Communities is prepared to fund those costs through a grant made up of the savings resulting from the transfer of the centre. The grant would be tapered year on year over four years at the following levels:

- Year 1: £25,435
- Year 2: £14,355
- Year 3: £2,980
- Year 4: £1,490

The grant to cover running cost deficits will be capped at these levels each year. If the rugby club achieves better financial performance, the grant will be reduced accordingly.

- 3.5 The rugby club has requested a 50 year lease at nil premium and a peppercorn rental. The lease to be contracted within the terms of the Landlord & Tenant Act 1954 which will give them a right to renew the lease at expiry on the same terms. The lease will need to include an adequate user clause that ensures the property is used as a genuine community centre for all the people of Drighlington and not just by the rugby club.

- 3.6 The community run library currently enjoys free use of the building. Their occupancy increases running costs and while these are currently covered by the council, it would be unfair to expect the rugby club to continue to subsidise them in the same way. The rugby club has agreed not to charge the library group rent, but they will have to start paying a fair contribution towards the running costs. Ward members have indicated their support in principle to a grant application being made to South (Outer) Community Committee to help with those costs initially. Providing the space rent free will be a condition of the lease between the council and the rugby club.

- 3.7 The rugby club hopes to be able to extend the property in the future on adjacent land which is currently in third party ownership as shown on the plan at Appendix 3. Initially agreement on tenure of that land was to be sought concurrently with the Community Asset Transfer. However, delays from the owner's end have led the rugby club to amend their proposals so that it will be viable without the extension, although a future extension is still their preferred course of action.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The Executive Member for Communities has been briefed and is supportive of the proposal.

- 4.1.2 Morley North Ward Members have been involved through development of the proposal and are supportive of the Community Asset Transfer to Drighlington Rugby Club.
- 4.1.3 Drighlington Parish Council led on consultations with the local community and is supportive of the Community asset Transfer to Drighlington Rugby Club.

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 An equality, diversity, cohesion and integration screening has been conducted and can be found at Appendix 4. The screening has found there will be no disproportionate effect on any of the protected characteristics.

## **4.3 Council policies and the Best Council Plan**

- 4.3.1 The proposed Community Asset Transfer will put management of this community asset into the community's control and achieve ongoing revenue savings for the council, thereby contributing directly to the Best Council Plan 2015-20 objectives for 2015/16 of "supporting communities and tackling poverty" and "becoming a more efficient and enterprising council".

## **4.4 Resources and value for money**

- 4.4.1 In 2014/15 the centre had net operational running costs of £28,205. This amount similar to previous years' costs. The rugby club will require grant aid in the first four years of operation on a diminishing basis, as follows:

<b>Year</b>	<b>Amount of grant</b>	<b>Saving to LCC against 2014/15 costs</b>
1	£25,435	£2,770
2	£14,355	£13,850
3	£2,980	£25,225
4	£1,490	£26,715
5 onwards	£nil	£28,205

- 4.4.2 The rugby club will be responsible for all repairs and insurance for the duration of the lease, thereby alleviating the risk to the Council of a future repair liability.
- 4.4.3 The market value of the freehold of the property has been assessed as £140,000. Granting a 50 year lease at nil premium and a peppercorn rental lease will therefore represent a disposal at less than best consideration.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 Legal Services will advise on the contents of the lease and negotiate the details with the rugby club's legal representatives.
- 4.5.2 This report is eligible for Call In.

- 4.5.3 The Local Government Act 1972 Section 123 requires local authorities to dispose of land at the best consideration (highest price) reasonably obtainable. This means disposals must be at market value unless there is a general or specific consent by the Secretary of State to justify a disposal at less than best consideration.
- 4.5.4 The Local Government Act 1972: General Disposal Consent (England) 2003, now gives a general consent which allows the Council to dispose of certain local authority land at less than best consideration, without obtaining specific consent from the Secretary of State, where the Council considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of the promotion or improvement of economic social or environmental wellbeing of their area or people living or present there, provided that the difference between the unrestricted value of the land and the actual consideration received for the disposal does not exceed £2,000,000. The Director of City Development considers that the proposed community uses set out in the report are likely to promote economic and social wellbeing in the Drighlington area and meet objectives for 2015-16 set out in the Best Council Plan 2015-20. Although the terms of the proposed disposal and the proposed grant aid constitute a subsidy to the rugby club, given the nature of the rugby club's activities it is considered there are no State aid implications.

## **4.6 Risk Management**

- 4.6.1 The proposed Community Asset Transfer reduces the Council's maintenance liability for the duration of the lease. The rugby club will be entering into a full repairing and insuring lease for a fifty year term.
- 4.6.2 There is a risk that the rugby club will run the building for their own needs rather than as a community centre for the wider community. The lease will include that the centre must be available for community lettings and that access is open to anybody regardless of gender, disability, race, religion or any other equality characteristic.
- 4.6.3 There is a risk that at some point during the duration of the lease that the rugby club fails and has to close the centre. The lease will include that in those circumstances, the building will come back to the Council.

## **5 Conclusions**

- 5.1 The project will see the community centre improved with the hope that its use will increase in community ownership. The rugby club will bring the centre into use at weekends for their own purposes. The centre's location is much better for the rugby club, being much nearer their pitches.
- 5.2 Although a tapering grant has been requested to cover the first four years' anticipated deficits, the proposed Community Asset Transfer will achieve financial savings for the council compared to recent years' financial performance.

## **6 Recommendations**

- 6.1 Executive Board is requested to:
- i) Approve the Community Asset Transfer of Drighlington Meeting Hall to Drighlington Rugby Club on the basis of a 50 year full repairing and insuring

lease contracted within the terms of the Landlord & Tenant Act 1954 at nil premium and a peppercorn rental;

- ii) Approve grants to support running cost deficits up to a maximum of: £25,435 in year 1; £14,355 in year 2; £2,980 in year 3, and; £1,490 in year 4. The grants to be funded from the current Community Centre budget held in Citizen's & Communities Directorate;
- iii) Note that the Head of Asset Management will be responsible for implementation and it is anticipated that negotiations will take around six months and any final delegated decisions will be taken by the Director of City Development.

## **7 Background documents<sup>1</sup>**

7.1 None.

---

<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.