

**Report of the Director of City Development & the Director of Communities & Environment**

**Report to Executive Board**

**Date: 21<sup>st</sup> November 2018**

**Subject: Community Asset Transfer of Yeadon Town Hall to Yeadon Town Hall Community Interest Company**

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Otley & Yeadon	
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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

**Summary of main issues**

1. Yeadon Town Hall was constructed in 1879 -1880 and designed by William Hill of Leeds. There are 5 lettable meeting / function rooms and also a large theatre hall with a stage and balcony. The building is Grade 2 listed and sits in the heart of the district centre.
2. In 2017/18 the total expenditure from the community centres budget for Yeadon Town Hall was £100,224. The total income was £31,697 leaving a net cost of £68,527. In 2018/19 the total budget allocated to this building is £59,290.
3. Yeadon Town Hall CIC is a newly established community interest company. In developing this community asset transfer proposal a number of local people will become directors and shareholders of the CIC. This approach will mean the community is genuinely represented in running the building and no one individual can have overall control.
4. A detailed business plan has been submitted by the CIC which sets out their ambition to retain the existing community facilities whilst increasing use of the theatre and delivering their own productions. The CIC's board includes individuals with significant experience in the theatre industry as well as people with successful business experience and representation from the Yeadon Town Hall user group. The increased use of the theatre will generate sufficient income to allow the

community facilities to be available at genuine community rates. The business plan shows that the centre will make surpluses each year, with no subsidy from the council or other external bodies. Any surpluses will be reinvested into the building and services from within.

5. The lease will be for a period of 50 years on a full repairing and insuring basis for a nil premium and peppercorn rental

## **Recommendations**

6. Executive Board is recommended to:
  - a) Approve a 50 year full repairing and insuring lease for Yeadon Town Hall to Yeadon Town Hall Community Interest Company for nil premium and a peppercorn rental;
  - b) Note that the Director of City Development be responsible for negotiating and agreeing final terms and granting the lease subject to dealing with any issues relating to the trust that may arise;
  - c) Note that the lease is conditional on the Yeadon Town Hall CIC changing its status to become a CIC limited by guarantee, the council having representation on the CIC's board and the board representation to be agreed in accordance with the Council's appointments to outside bodies procedure rules.

## **1. Purpose of this report**

- 1.1 The purpose of this report is to seek approval for the community asset transfer of Yeadon Town Hall to Yeadon Town Hall Community Interest Company by way of a 50 year lease at nil consideration and peppercorn rental.

## **2. Background information**

- 2.1 The council owns a community centre portfolio comprising of 57 centres throughout the city. Thirty seven of the centres are directly managed with the remaining 20 centres being leased out to local community groups. These are a diverse collection of buildings, in both inner and outer areas of the city. A service level agreement is in place with Civic Enterprise Leeds to provide a caretaking and cleaning function as well as other health and safety and building management activities.
- 2.2 Generally the buildings in the community centre portfolio offer venues for local groups to run social activities, public and third sector organisations to provide support and education opportunities and commercial organisations to run fitness and dance class type activities. Although the activities that take place within the centres are very valuable, a great deal of spare capacity remains unused in the majority buildings.
- 2.3 The majority of community centres that have previously been leased out to community organisations have thrived following their transfer from Council control. The facilities benefit from a local presence marketing the centres and communities genuinely develop an ownership of the buildings. The levels of usage in leased out buildings tend to be higher than the Council controlled facilities and this is largely because of the direct connections that community centre management committees have with local groups and organisations. During the negotiation process that leads to a lease being recommended for approval, business cases are examined to determine whether the organisations taking on the lease have considered income and outgoings over several years and have a model for improving the local offer and the fabric of the building
- 2.4 In 2017/18 the total expenditure across the portfolio was £1,510,700. The total income was £447,157 leaving a net cost to the council of £1,063,543.
- 2.5 Yeadon Town Hall is included in the community centre portfolio of buildings. The original building was constructed in 1879 -1880 and designed by William Hill of Leeds. There are 5 lettable meeting / function rooms and also a large theatre hall with a stage and balcony. The building is Grade 2 listed and sits at the heart of the district centre. A red line boundary plan is attached at Appendix 1.
- 2.6 A pre-school operates from one room under a tenancy at will. The CIC has confirmed that it is prepared to grant a lease to the pre-school. Other regular users include senior citizens groups, charity associations, dance and arts sessions. However the main focus of activities is centred around the main hall and stage. Several local amateur dramatic organisations, dance groups and musical associations hold regular performances to paying customers. Local schools and uniformed children's organisations hold presentation events and performances, and touring drama and music companies use the venue for performances. Yeadon Town Hall Users Licence Company Limited run the licenced bar at the venue during performances, formerly under a lease. Post the community asset transfer the groups that benefitted from that use will continue to be able to use the bar to

generate income for their activities. At other times the bar will be operated by the CIC.

- 2.7 In 2017/18 the total expenditure from the community centres budget for Yeadon Town Hall was £100,224. The total income was £31,697 leaving a net cost of £68,527. In 2018/19 the total budget allocated to this building is £59,290.

### **3. Main issues**

- 3.1 The Best Council Plan 2018/19-2020/2021 includes the city priority of Safe Strong Communities: Being responsive to local needs, building thriving resilient communities. Community Asset Transfer of buildings to local communities contributes directly to this priority. The Community Asset Transfer policy approved at Executive Board in September 2012 sets out the strategic context and benefits of community asset transfer. Against this backdrop the local community in Yeadon has come together to form Yeadon Town Hall Community Interest Company (CIC) to take on the management of Yeadon Town Hall. The CIC is to change its incorporation to become a company limited by guarantee. This will allow the council to take a place on the CIC's board and to appoint a ward member to the board to represent it. This appointment will be made each year in accordance with the Council's appointments to outside bodies procedure rules.
- 3.2 The CIC's proposal is to retain the existing community facilities whilst developing a sustainable community theatre that will not rely on external funding or subsidies from other sources to provide a year-round offering of music, dance, theatre and community film in the auditorium while retaining the community use throughout the building. The CIC will be responsible for day to day management of the building, programming of events, marketing, lettings and administration.
- 3.3 A number of local community organisations use the town hall, both to run their own productions and for more traditional community centre uses. The CIC will protect the existing rates and historical booking periods for those users.
- 3.4 A detailed business plan has been submitted by the CIC which sets out their ambition to retain the existing facilities for the local community whilst increasing use of the theatre and delivering their own productions. The CIC's board includes individuals with significant experience in the theatre industry as well as people with successful business experience and representation from the Yeadon Town Hall user group. The increased use of the theatre will generate sufficient income to allow the community facilities to be available at genuine community rates. The business plan shows that the centre will make surpluses each year, with no subsidy from the council or other external bodies. Any surpluses will be reinvested into the building and services from within.
- 3.5 The lease will be for a period of 50 years on a full repairing and insuring basis for a nil premium and peppercorn rental. Draft heads of terms are attached at Appendix 2. At present the building requires some works to preserve its heritage features and these are proposed to be part of the Heritage Priority Projects Assets Maintenance scheme which will address the immediate heritage issues. These are not priority maintenance issues affecting the operational use of the building in the short to medium term. However, due to the size and nature of the Grade II listed building there will be heritage elements that require ongoing investment, possibly beyond the means of the CIC. Should such works be required then in the first instance the CIC will seek capital funding. If funding cannot be obtained then the council could be requested to intervene. Although this poses a risk for the council in the future,

the risk is lower than the alternative option of the council retaining the building and its associated liabilities because the council will not have the opportunity to apply for the funding that the CIC will. The only way the council could absolve itself of the maintenance liability for the building would be to dispose of it entirely, which there is no intention of doing at the present time.

- 3.6 The 50 year term will give the CIC sufficient tenure to be able to apply for capital grant support both now and in the future. For the significant funding that may be required, funders often require up to 25 years security of tenure. Granting a lease with a term well in excess of the maximum term a funder will require will allow the CIC to continue to apply for funding during the term of the lease without having to come back to the council for extensions. Having a longer term is also seen as a positive attribute from the point of view of the funder. Members are asked to note that it is usual for providers of significant capital funding to require step in rights which would allow them to appoint another body to run the town hall and such rights will be built into the lease to the CIC.
- 3.7 At present the facilities management of the building is carried out under a service level agreement with Civic Enterprise Leeds which provides caretaking functions through its caretaking teams who will remain in their role of LCC caretakers covering other buildings. At this time the caretaker's house will be excluded from the asset transfer.

## **4. Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The CIC has carried out extensive consultation with the local community and worked closely with the town hall user group. Feedback from the consultation has been positive and the town hall user group support the proposal.
- 4.1.2 The Executive Member for Regeneration, Transport and Planning and the Executive Member for Communities have been briefed throughout the development of the proposal and are supportive
- 4.1.3 Otley & Yeadon ward members have been consulted throughout development of the proposal and are supportive of the proposed community asset transfer.
- 4.1.4 The report has been considered at Corporate Asset Management Board and the recommendations were supported.

### **4.2 Equality and diversity / cohesion and integration**

- 4.2.1 An Equality and diversity, cohesion and integration screening has been completed and found no negative impacts on any of the equality characteristics. The screening form is attached at Appendix 3.

### **4.3 Council policies and best council plan**

- 4.3.1 Transferring community buildings into third sector ownership for the benefit of local communities will help meet the city priority of Safe, Strong Communities: Being responsive to local needs, building thriving, resilient communities.

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

- 4.4.1 In 2017/18 the total expenditure from the community centres budget for Yeadon Town Hall was £100,224. The total income was £31,697 leaving a net cost of £68,527. In 2018/19 the total budget allocated to this building is £59,290. Post transfer there will be no council funded revenue investment in the building, therefore the community asset transfer will result in a net saving to the revenue budget of £59,290.
- 4.4.2 A valuation of the property has been carried out and assessed the unrestricted open market value of the property to be £500,000. The valuation assumed that the property would be converted to residential use and that planning consent could be obtained for that use.

#### **4.5 Legal implications, access to information, and call-in**

- 4.5.1 The lease will be contracted outside the terms of the Landlord & Tenant Act 1954, so the tenant will have no automatic right to renew.
- 4.5.2 The property is held by the Council subject to the terms of a trust deed dated 14 June 1883. This requires that the property must be 'used by and for the accommodation and convenience of the inhabitants for the time being of the said township of Yeadon for the transaction of their town business thereon and for the accommodation and convenience of the members of the time being of the Yeadon Mechanics Institute'. The Mechanics Institute was dissolved in 1920. The lease to the CIC will need to provide that the terms of the trust deed will be observed and that in so far as necessary the property will continue to be available for use by the people of Yeadon 'for the transaction of town business'.
- 4.5.3 Section 123 of the Local Government Act 1972 provides that a local authority shall not dispose of land for less than the best consideration reasonably obtainable without the consent of the Secretary of State. The Local Government Act 1972: General Disposal Consent (England) 2003 permits local authorities to dispose of land for less than best consideration where:
- the difference between the unrestricted value of the land and the consideration for the disposal does not exceed £2,000,000; and
  - the purpose for which the land is to be disposed of is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the area.
- 4.5.4 In this case, the difference between the unrestricted value of the land and the consideration for the disposal is £500,000 and is therefore within the parameter indicated above. In addition, the asset transfer of Yeadon Town Hall will promote/improve the social well-being of the area by providing for additional public sessions for community use in the local area, reducing journey times to other facilities and promoting more community cohesion.
- 4.5.5 The City Solicitor is therefore of the opinion that the proposed disposal falls within the terms of the Local Government Act 1972: General Disposal Consent (England) 2003.
- 4.5.6 The provision of a community theatre and associated services from Yeadon Town Hall is compatible with European State aid provisions. It will only serve a local

community and therefore will not affect intra community trade, which is one of the required tests for State Aid.

4.5.7 There are no Access to Information implications from the report's recommendations.

4.5.8 The report's recommendations will result in potentially foregone capital receipts in excess of £250,000 so the decision is a key decision. The report is subject to Call In.

## **4.6 Risk management**

4.6.1 The main risk from the project is that the CIC cannot operate the town hall as efficiently as the business plan requires or may cease to function or be dissolved. In this case the lease and the buildings may return to council management. In the absence of any alternative proposal for the property, the council would retain responsibility for its management. Therefore, in circumstances whereby the CIC surrendered the lease back to the council, the council would be in no worse position than it is now.

4.6.2 There is a risk that the CIC can't raise the funding required to carry out necessary capital works to the buildings. This is considered unlikely given the proposed capital investment from the Heritage Priority Projects Assets Maintenance scheme. However, even in a scenario that saw the CIC unable to afford the repairs and either requesting support from the council or request to surrender the lease, this would be no worse than the current position where the council carries this risk.

4.6.3 The granting of step in rights in the lease carries the risk that the council will lose some control as landlord over who runs the building. However, terms of the lease will remain the same including the user clause which limits the activities that can be carried out in the building.

## **5. Conclusions**

5.1 Yeadon Town Hall is a valuable community asset currently managed as part of the community centre portfolio. The local community has put together a proposal for community ownership and management of the centre by way of a 50 year lease granted to the newly formed Yeadon Town Hall Community Interest Company.

5.2 A detailed business plan has been developed which shows that the CIC can operate the town hall without any ongoing revenue subsidy from the council or other external bodies, meeting its running costs from increased use of the theatre.

5.3 The local community are supportive of the proposal and the Yeadon Town Hall User Group have been consulted throughout its development. Bookings and lower rates have been agreed for the existing users of the building.

5.4 The proposal will see the building continue to be used for community benefit, have increased usage and in community ownership have the potential to attract external capital grant funding. There will be a saving to the council's revenue budget and the risk of having to carry out ongoing repair works to the building will be reduced by passing this responsibility over to the CIC.

## **6. Recommendations**

6.1 Executive Board is recommended to:

- a) Approve a 50 year full repairing and insuring lease for Yeadon Town Hall to Yeadon Town Hall Community Interest Company for nil premium and a peppercorn rental;
- b) Note that the Director of City Development be responsible for negotiating and agreeing final terms and granting the lease subject to dealing with any issues relating to the trust that may arise;
- c) Note that the lease is conditional on the Yeadon Town Hall CIC changing its status to become a CIC limited by guarantee, the council having representation on the CIC's board and the board representation to be agreed in accordance with the Council's appointments to outside bodies procedure rules.

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

7.1 None.

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<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.