

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 03 March 2022

<b>TITLE</b>	<b>Restructure of the lease of the Mill Youth Centre, Easton.</b>		
<b>Ward(s)</b>	Lawrence Hill Ward		
<b>Author:</b> Miles Reynolds	<b>Job title:</b> Property Development Manager		
<b>Cabinet lead:</b> Cllr Tom Renhard, Cabinet Member Housing Delivery and Homes	<b>Executive Director lead:</b> Stephen Peacock, Executive Director Growth and Regeneration		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>			
<ol style="list-style-type: none"> <li>To seek approval to restructure the lease of the Mill Youth Centre, Easton to enable (a) the development of a new indoor basketball court for the occupation of the lessee Empire Fighting Chance (b) a new affordable housing development wrapped around the indoor basketball court to be developed by Sovereign Housing Association or another Homes West Partner (c) a receipt from Sovereign to Empire Fighting Chance to provide future funding security to continue its charitable purpose. (d) an extension to the existing gymnasium building.</li> <li>The new leasehold interest(s) would be granted to Empire Fighting Chance at an undervalue with no capital receipt or rental income due to the Council and would therefore be disposal at less than best consideration under Section 123 of the Local Government Act 1972.</li> </ol>			
<b>Evidence Base:</b>			
<ol style="list-style-type: none"> <li>The Council is the freehold owner of the Mill Youth Centre (also known as the Bristol Boxing Gym) at Lower Ashley Road, Baptist Mills, Bristol, BS OJY.</li> <li>The property is let to Empire Fighting Chance (EFC), a charity, under the terms of a 25-year lease which commenced on 29<sup>th</sup> October 2014. The lease was granted by the Council to EFC under its community asset transfer scheme and is subject to a service agreement which sets out the services the charity will provide from the premises. Under the terms of the lease EFC pays the Council a peppercorn rent only. The remaining lease term is approximately 18 years.</li> <li>The property currently comprises an outdoor basketball court (the Basketball Court Site) and gyms, treatment rooms and administrative and staff offices (the Gym site) on a site of approximately 0.35 hectares. Site plans are attached in Appendix A.</li> <li>EFC now wishes to transform the outdoor basketball court into an indoor all-year sports and basketball court for its principal use in relation to its charitable purpose and including continued free use of that facility by its local school, Evergreen Primary School, as part of that expansion of its services it can offer for local people. EFC also requires future funding security to continue its charitable purpose. A proposed affordable housing development of the site will act as an enabler to achieve these aims.</li> <li>EFC has reached agreement with Sovereign Housing, a registered provider of social housing, with a view to Sovereign developing an affordable housing scheme of 38 new homes and the new indoor basketball court on the Basketball Court Site. The costs of building the affordable housing, the indoor basketball court, and a contribution towards the expansion of the existing Gym premises and new car park, will be paid for by Sovereign.</li> <li>Sovereign Housing will not be applying for a grant from Bristol City Council to subsidise the affordable homes. Funding for</li> </ol>			

the residential development will be provided by Homes England and Sovereign's own internal funding.

7. EFC submitted its application for full planning permission (ref 21/03532/F) for the proposed scheme on 23rd June 2021. The application is pending consideration.
8. The current leasehold interest in the site held from the Council by EFC does not allow the development or give a long enough lease term for this to be viable. Unless the lease is restructured, or the site is sold, the site will be constrained for any significant redevelopment until after the current lease expires in 2039. To enable earlier redevelopment it is proposed that:
  1. The Council grants a new 35-year Community Asset Transfer lease at nil premium and a peppercorn rent of the Gym Site to EFC. EFC will continue to occupy the Gym Site for the long-term future.
  2. EFC enters into a new service agreement, on similar terms to the existing, covering the Gym Site only
  3. The Council grants a new 999-year lease at nil premium and at a peppercorn rent of the Basketball Court Site to EFC.
  4. EFC surrenders the existing lease of the property.
  5. EFC grants a 999 year less 10 days lease of the Basketball Court Site to Sovereign Housing Association at a peppercorn rent and for a lease premium. The premium paid to EFC by Sovereign will assist it towards its costs of extending its infrastructure and service offering on the Gym Site, operation of the new indoor basketball court and secure its long-term future.
  6. Sovereign construct and fund the affordable housing and indoor basketball court.
  7. On practical completion of the development Sovereign will grant a long lease of the basketball court back to EFC for nil premium and a peppercorn rent.
8. As the proposed new leases to be granted by the Council to EFC are at a nil premium and peppercorn rent the transaction would be at less than best consideration under Section 123 of the Local Government Act 1972. The Council has obtained a valuation from JLL property consultants who have reported that the less than best consideration amount of the combined Gym Site and Basketball Court Site is £1,355,000. In accordance with the property delegations Cabinet approval is required for a disposal at undervalue at this level.
9. Should EFC be unable to finalise terms with Sovereign Housing Association they will look to work with an alternative Homes West, Registered Provider Partner to deliver the project as outlined.

#### **Cabinet Member / Officer Recommendations:**

Cabinet are asked to:

1. Approve the restructure of the lease of the Mill Youth Centre to Empire Fighting Chance at less than best consideration.
2. Authorise the Executive Director for Growth & Regeneration in consultation with the Cabinet Member for Housing Delivery and Homes to agree terms for the surrender and regrant of the lease(s) to Empire Fighting Chance.

#### **Corporate Strategy alignment:**

1. The Bristol City Council Business Plan 2020/21 (Fair and Inclusive 2019/20)  
Key Commitment 1: Make sure that 2,000 new homes (800 affordable) are built in Bristol each year by 2020.  
Empowering and Caring: Prioritise community development and enable people to support their community.  
Fair and Inclusive: Help develop balanced communities which are inclusive and avoid negative impacts from gentrification  
Wellbeing: Embed health in all our policies to improve physical & mental health and wellbeing, reducing inequalities and the demand for acute services.

#### **City Benefits:**

1. The project is being delivered within one of the most deprived communities in the city.
2. The indoor basketball court will provide improved community facilities to better serve the community.
3. The project will deliver affordable housing on the site.

#### **Consultation Details:**

1. Planning - a planning application number ref 21/03532/F has been submitted for the proposed scheme has been subject to public consultation as part of the planning process.

2. Internal - Driving Development meeting.

**Background Documents:**

[Planning application ref 21/03532/F](#)

<b>Revenue Cost</b>	<b>£0.00</b>	<b>Source of Revenue Funding</b>	Not applicable
<b>Capital Cost</b>	<b>£1,355,000</b>	<b>Source of Capital Funding</b>	Not applicable
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

The land is currently leased to Empire Fighting Chance (EFC) for 25 years, where remaining lease term is approximately 18 years. The proposed plan is to split land into two leases where Gym currently being used is extends to 35 years and provide 999 years lease to build affordable homes. The total value of land is £1,355,000.

The financial implication is that the Council is disposing of land and foregoing a potential capital receipt estimated at £1,355,000 in return for 38 affordable homes, equivalent to contribution of circa £36,000 per home. The average grant provided from the Affordable Housing Funding Programme (AHFP) is around £60,000, therefore, this investment deemed to be providing better value for money.

Furthermore, Social Value Calculator estimates that the scheme provides in use monetary value of £1.2m social benefits which includes reducing crime, improve education outcomes and improve health and well-being.

In the event of failing to start on site within a defined period, the tenant will surrender the lease at nil premium and a revert to the original lease.

The details of the delivery plan are yet to be finalised and will be form part of the contract obligations on surrender and regrant of the leases.

The scope for pipeline of capital receipts to support the delivery of the capital programme has yet to be determined and is currently working in progress. Therefore, at this stage it is unknown whether Mill Youth Centre will fall within the scope. Please note this asset was not on previous pipelines for disposal of properties. However, sale of any asset below market value will reduce the value of receipts needed to support the financing of the capital programme. Although, the capital receipt from sale of this land would not be realised until the end of existing lease which still has 18 years to run.

The granting of long-term leases will be treated as a disposal within the Statutory Accounts of the Authority and will have no revenue impact.

**Finance Business Partner:** Aisha Bapu, Finance Business Partner 16 February 2022

**2. Legal Advice:** The Council is under a duty by virtue of S123 of the Local Government Act 1972 to achieve best value for its assets and any disposal should be at the best price reasonably obtainable. The duty to seek best consideration is subject to certain exceptions, most notably section 2 of the Local Government Act 2000 providing the Council with well-being powers to accept a disposal at undervalue within the £2 million threshold, where the authority considers the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its citizens.

**Legal Team Leader:** Andrew Jones, team Leader, 22 February 2022

**3. Implications on IT:** I can see no implications on IT in regards to this activity.

**IT Team Leader:** Gavin Arbuckle – Head of Service Improvement and Performance, 10 December 2021

<b>4. HR Advice:</b> There are no HR implications evident		
<b>HR Partner:</b> Celia Williams, HR Business Partner 3 December 2021		
<b>Housing Delivery Board</b>	Stephen Peacock, Executive Director Growth and Regeneration	24 November 2021
<b>EDM Sign-off</b>	Stephen Peacock, Executive Director Growth and Regeneration	5 January 2022
<b>Cabinet Member sign-off</b>	Cllr Renhard, Cabinet Member Housing Delivery and Homes	10 January 2022
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's office	31 January 2022

<b>Appendix A – Further essential background / detail on the proposal</b> 1. Current site plan. 2. Proposed demise plan which identifies the Gym Site (frontage to Millpond Street) and the Basketball Court site (frontage to Lower Ashley Road). The final boundaries are to be agreed dependent on parking requirements. Drawing number 059/SK05	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>No</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>