

**Musicians' Co-operative
17 July 2019**

**Report of the Cabinet Member for Arts, Culture,
Leisure and Tourism**

PURPOSE OF REPORT

To provide an update on progress towards fulfilling the resolution of Council on 14 November 2018 in respect of 1 Lodge Street, Lancaster and the Musicians' Co-operative.

This report is public.

RECOMMENDATIONS

That Council consider the progress update, with further recommendations of Cabinet to follow at future meetings.

1.0 Introduction

1.1 Council, on 14 November 2018, made four resolutions in respect of 1 Lodge Street and the Musicians' Co-operative, paraphrased below:

- 1) To rescind the eviction notice, dependent on evidence of sufficient insurance and the completion of the most urgent repairs to protect the safety of building users;
- 2) To formulate an action plan to complete the less urgent repairs to the building by 3 July 2019 (one year after the initial structural survey on the building), with the Musicians' Co-operative continuing to operate during this period, and the council "*accepting responsibility for the most significant urgent structural repairs*" with consideration given to how other repairs could be funded;
- 3) To provide alternative premises where repairs would require the Musicians' Co-operative to vacate the building;
- 4) To offer the Musicians' Co-operative a long-term lease on the property by 3 July 2019, "*below market rate and affordable to the Musicians' Co-operative*" in recognition of the value of the Co-operative's artistic and cultural contributions to the district.

1.2 Resolution 1) was implemented before the end of 2018, with evidence of insurance and the completion of the most urgent repairs. Updates on the other aspect of the resolution are provided below.

2.0 Action Plan for Repairs

- 2.1 Implementation of resolution 2) has continued since the November Council meeting, with a full survey conducted to ascertain the scale and nature of repairs required, and tenders obtained and evaluated for the completion of repairs.
- 2.2 The Council's budget framework for 2019-20 provides funding for "*the most significant urgent structural repairs*" as stated in the motion, but the release of this funding should form part of a wider, long-term action plan.
- 2.3 Whilst the resolution accepts responsibility for a proportion of the repairs, it also states that "*the action plan should cover how best the funds to pay for these repairs could be raised*". This information is not currently available, and as such it is considered that further work is required in collaboration with the Musicians' Co-operative in order to establish a feasible long-term plan.
- 2.4 Resolution 3) will be implemented where vacation of the building is required for any period during the repairs.

3.0 Offer of a Long-Term Lease

- 3.1 Fulfilling resolution 4), by offering the Musicians' Co-operative a long-term lease, is dependent on three key considerations.
- 3.2 Affordability: firstly, in order to offer a lease that is "*affordable*" to the Musicians' Co-operative, the Council must establish what level of rent could be sustained by the Co-operative. Information must therefore be obtained on the Musicians' Co-operative's current and future financial position.
- 3.3 Best Value: Section 123 (1) of the Local Government Act 1972 states that "*Except with the consent of the Secretary of State, a council shall not dispose of land...for a consideration less than the best that can reasonably be obtained.*" This consideration is based on the commercial value of the disposition to the Authority. What is, in any particular circumstances, reasonable depends entirely on the fact of the particular transaction. Whilst ethical considerations play a part in arriving at a decision, there are limits to them.
- 3.4 The Secretary of State's specific consent is not required, pursuant to The Local Government Act 1972: General Disposal Consent (England) 2003 Order, for any disposal of land where:
 - a) the local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, of all or any persons resident or present in its area:

- (i) the promotion or improvement of economic well-being;
- (ii) the promotion or improvement of social well-being;
- (iii) the promotion or improvement of environmental well-being; and

(b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds).

[unrestricted value means the best price reasonably obtainable for the property on terms that are intended to maximise the consideration, assessed in accordance with the technical appendix to the 2003 Order].

- 3.5 Whether the disposal of land is likely to contribute to the achievements listed above needs to be evidenced based and assessed accordingly. Regard will have to be had to relevant Council's policies and advice will need to be obtained as to the likely undervalue. The Council will also need to have regard to its fiduciary duty. This will involve consideration of what levels of commercial rent it should seek whilst taking into account the social achievements to be obtained.
- 3.6 The Council will need to obtain advice on valuation of the property and will need to obtain evidence as to the likelihood of any of the well-being conditions (set out above) being met. It will also need to assess rental values in light of evidence on valuation and welling.
- 3.7 Social Value: the resolution states that a rent below market rate be offered to the Musicians' Co-operative "*in recognition of the importance of the Co-op's facilities, music and the arts to our district's economy.*" Establishing the terms of a lease should therefore take account of the council's desired outcomes in terms of arts and culture development, and the Co-operative's contribution to these, in line with the council's similar relationships with other arts providers.
- 3.8 Full information on the Musicians' Co-operative's current and future financial position is not available at this time, and as such the terms of a lease cannot be recommended for consideration by the Cabinet or Council until this information is obtained.
- 3.9 To facilitate progress on this, the council has appointed a consultant to work with the Musicians' Co-operative in producing a long-term business plan and operating model which would form the basis for offering a long-term lease.

RELATIONSHIP TO POLICY FRAMEWORK

Supporting the development of arts and culture in the district contributes to the council's Ambition of enabling Healthy and Happy Communities in its Council Plan 2018-22.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing):

No direct impact arising from this report.

LEGAL IMPLICATIONS

No direct implications arising from this report. Legal implications of any decisions to be taken by Council will be outlined in future reports.

FINANCIAL IMPLICATIONS

No direct implications arising from this report. Financial implications of any decisions to be taken by Council will be outlined in future reports.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

No direct implications arising from this report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comment.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comment.

BACKGROUND PAPERS

Council 14 November 2018: minute 75

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