

<b>Subject:</b>	Support for the Redevelopment of the Former Bingo Hall, Bacup	<b>Status:</b>	For Publication
<b>Report to:</b>	Council	<b>Date:</b>	16 <sup>th</sup> July 2025
<b>Report of:</b>	Economic Development Officer	<b>Lead Member:</b>	Economic Development
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached: n/a
<b>Biodiversity Impact Assessment:</b>	Required:	No	Attached: n/a
<b>Contact Officer:</b>	Andrew dean	<b>Telephone:</b>	01706 252480
<b>Email:</b>	andrewdean@rossendalebc.gov.uk		

## 1. RECOMMENDATIONS

- 1.1 That the Council enters into an agreement with Brother Investments to provide a maximum grant of £535,000 for the purposes to demolish the former Bingo Hall and Snooker Club in Bacup and construct high quality business units. The sum to be earmarked from the original proposed £1.8m match fund to be provided by the Council to the Levelling Up Fund as approved in the Execution Plan at Council 28<sup>th</sup> June 2023.
- 1.2 To delegate authority to the Head of Legal, Director of Resources and Director of Economic Development in consultation with the Lead Member for Economic Development and Resources to procure any consultants necessary and enter into any agreements related to this project.

## 2. EXECUTIVE SUMMARY

- The Former Bingo Hall in Bacup has been unused since the early 2000's. It is now in an advanced state of dilapidation.
- The site is a key gateway in Bacup Town Centre and is recognised as a key action in the Bacup 2040 strategic board.
- Planning permission has been granted to demolish the building and build 5 business units and redevelop the snooker hall.
- Due to the high cost of construction and the level of market rents in Bacup, there is a viability gap which is stopping the scheme being developed.
- This report proposes to subsidise Brother Investments by way of a grant of £535,000 to address the viability gap.
- The grant will be subject to a range of conditions including payment schedule and pay back clauses.
- The funding will come from Rossendale Borough Council's £1.8m contribution to the wider capital regeneration project LUF Programme.

## 3. BACKGROUND

- 3.1 The building, originally constructed in 1931 and converted into a bingo hall in the 1960s, has been derelict since the early 2000s. The buildings were bought by Brother Investments in 2009.

- 3.2 The condition of the Bingo Hall and the vacant Snooker Hall is very poor both internally and externally and this visual appearance and deterioration is having a negative impact on the town's aesthetic.
- 3.3 In 2023, planning consent was granted to demolish the buildings and construct 5 business units. The building is prominent within the conservation area, with a distinctive façade. This required the new build to be of high quality, with a façade of the scale that relates to the wider conservation area. It is expected that this development will rejuvenate this area of Bacup Town Centre, creating 5 new opportunities for businesses and increase employment and skills within the centre.
- 3.4 A recent review of the proposed Bacup Market development contained the ambition to use some of the Capital Regeneration Projects Levelling Up funding allocated to Bacup market to resolve long standing issues within the town centre. The former bingo hall, The Regal, was identified as an appropriate and compliant use of this funding given its location and the existing planning permissions.
- 3.5 Recently, the owners have submitted applications to discharge the planning conditions to Rossendale Borough Council showing willing to proceed with this development.
- 3.6 The proposal supports Rossendale Borough Council's Valley Plan, the Economic Development Strategy and also the Bacup 2040 Vision and Masterplan, which is underpinned by 4 key themes, enterprise, people, place and vibrancy. This proposal compliments other works that have taken place in the town centre, such as the Bacup Heritage Action Zone scheme.

#### **4. Viability Assessment**

- 4.1 The viability assessment comprises of the expected cost of construction and also the final value of the building which is based on the likely rental returns. The difference between the two figures provides the viability gap. Brother Investments have provided their expected costs and Trevor Dawson have provided an independent view on the likely value after construction based on square footage values of similar schemes. The total development is expected to cost circa £1.9m.
- 4.2 Rossendale Borough Council independently commissioned Appleyard & Trew to independently review the development costs. They concluded that there is no development profit within the costs and that the amounts are comparable of other developments.
- 4.3 As a result, the recommendation is to provide a grant to the owners of the property to support with the development and bringing the building back into use. It is proposed that this grant is provided out of Rossendale Borough Council's match funding allocation to the capital regeneration projects Levelling Up fund.

#### **5. Grant Conditions**

- 5.1 The grant will be subject to conditions in order to ensure it is spent in the appropriate manner and that profits from any sale of the property are not made.
- 5.2 It is anticipated that the grant will be issued to the property owner in arrears, based on monthly valuations. Rossendale Borough Council will release payment on verification of the valuation

at a rate of 28% of the actual costs that month. This percentage has been determined as £535k/£1.9m x 100.

- 5.3 Payments will cease once the contribution reaches £480k and the final £55k will be made available at practical completion.
- 5.4 An independent QS will be employed for a 6-12m period for a value of circa £6k. Their work will cease when the grant value is reached. Compliant procurement of the specialist will be undertaken in line with the Council's Contract Procedure Rules.
- 5.5 The expected terms of the grant will include:
- The development will retain its proposed use for at least 15 years.
  - The development will need to be delivered within a 12m period from the signing of a Grant Funding Agreement.
  - The grant will not fund any activity prior to the signing of the Grant Funding Agreement.
  - If any part of the site is sold within the first five years from the date of the final payment then 100% of the grant shall be returned to RBC
  - Between year 6 and 15, an appropriate formula will be agreed with the grantee to apportion any development gains within this period up to a maximum of the or
  - The grant will go directly to the owner, in arrears and based on a monthly valuation.
  - Works commence on site within 3 months of signing the Grant Funding Agreement with RBC.
- 5.6 Rossendale Borough Council will ensure that all subsidy control requirements are completed as necessary.

## 6 RISK

- Overestimated viability gap: If the cost estimates or projected end-values are inaccurate, the actual gap may be smaller (leading to over-subsidy) or larger (requiring further funding or risking project failure). *Mitigation: The grant amount remains fixed and cannot be adjusted if the construction envelope exceeds the proposed costs.* The grant is paid on valuations and any reduction in the cost envelope will have a direct impact on a pound for pound basis on the grant payable.
- Contractual default: If the developer fails to deliver or adhere to terms. *Mitigation: The funding will be released only against independently certified monthly valuations and any default will trigger the grant clawback clause and the immediate cessation of any potential further grant payments.*
- Perception of favouritism: Awarding funds to a specific private developer could create perceptions of preferential treatment, particularly if it is viewed a profit can be made from the scheme. *Mitigation: This proposal has been discussed at length with the Bacup 2040 Board, who are independent stakeholders representing the town. It is also a scheme that features significantly as part of the Bacup 2040 Vision and Masterplan. Independent assessments have confirmed that a profit is not included within the costs and that the grant clawback would be triggered if any sale takes place within a 15-year period.*

## 7 FINANCE

Version Number:	1	Page:	3 of 4
-----------------	---	-------	--------

7.1 Funding by way of Council match to Levelling Up Funding was agreed at Council in June 2023. Any public funding subsidy considerations will be addressed before any grant funds are remitted.

## **8 LEGAL**

8.1 All grant and contractor agreements will be entered into prior to the release of any grant monies.

## **9 POLICY AND EQUALITIES IMPLICATIONS**

9.1 Any policy implications are included in the body of the report. There are no equality implications.

## **10 REASON FOR DECISION**

10.1 The Bingo Hall has been a derelict building for a number of years. Providing a viability grant will unlock the key gateway site and transform this area into a vibrant place for enterprise.

Background Papers	
Document	Place of Inspection
Bacup Design Access Statement	Planning application: 2023/0158