

TRUSTS AND CHARITIES COMMITTEE 30 NOVEMBER 2012

Title of paper:	New Lease – Highfields Sports Club, Highfields Park, University Boulevard, Nottingham,	
Valuation & Portfolio Manager Corporate Director	Simon Peters	Wards affected: Dunkirk and Lenton
	David Bishop	
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Other colleagues who have provided input:	Malcolm Townroe (Legal Services), Steve Ross (Finance)	
Relevant Council Plan Strategic Priority: (you must mark X in the relevant boxes below)		
World Class Nottingham		X
Work in Nottingham		
Safer Nottingham		
Neighbourhood Nottingham		X
Family Nottingham		
Healthy Nottingham		X
Leading Nottingham		
Summary of issues (including benefits to citizens/service users):		
<p>Highfields Sports Club Limited (the Club) currently hold a 30 year lease for land in Highfields Leisure Park Trust ownership. The current lease term does not provide sufficient security for banks to lend the sums required to maintain the sports pitches to the desirable high standard which the club are nationally recognised for.</p> <p>Grant of a 99 year leasehold interest to the Club would provide a sufficient level of security, in terms of an interest in the property, to enable borrowing. Access to finance will allow the required expenditure on pitch maintenance, present opportunity for investment into the existing facilities, and enable development of further facilities, providing Nottingham with one of the best Hockey facilities in the UK.</p> <p>Attached to the lease will be a Management Agreement, breach of the covenant within the lease to comply with the terms of the Management Agreement will enable the Trust to forfeit the lease. The Management Agreement will require the Club to:</p> <ul style="list-style-type: none"> • Offer and promote sport within the community • Encourage participation in sport through liaising with schools, local authorities, leagues and other clubs • Produce and work to a Development Plan agreed and approved by Nottingham City Council acting on behalf of the Trust. 		
Recommendation(s):		
1	To accept surrender of Highfields Sports Club Limited's current 30 year lease.	
2	To authorise the grant of a new 99 year lease to Highfields Sports Club Limited on terms to be finalised by the Director of Strategic Asset and Property Management in conjunction with the Legal Services Manager as summarised in this report.	

1. BACKGROUND

Nottingham City Council is the sole trustee of the Highfields Leisure Park Charity which comprises land given to the City by Jesse Boot (later Lord Trent).

The demise within 'Highfields Park' which is currently leased to Highfields Sports Club Limited by way of a 30 year lease dated 22 December 2000 has been leased since the late 1970s for use as Hockey facilities, with Beeston Hockey Club being its main resident. Today, the facility is well used for training and competition by a greater variety of sports including lacrosse and football; it provides home for local sports teams, some of which are now achieving success on an international scale.

In addition to the hosting of regular league fixtures, the Club has been successful in attracting National and International hockey matches and tournaments to their Nottingham facility. The hosting of such major games on the hockey calendar does not only prove beneficial to the development of the sport at local and national levels, but also to the local economy through drawing in visitors to the City of Nottingham.

2. REASONS FOR RECOMMENDATIONS

Ongoing maintenance and regular re-surfacing of pitches is costly, but in order to attract major matches and tournaments this work is crucial. With pitch resurfacing required approximately every 10 to 15 years at a cost in the region of £400,000 per pitch, bank financing is required by the Club. The level of financing required by the Club is not available to them on their current 30 year lease term.

With plans to significantly develop the Club, in part by raising finance, but also by working in partnerships with other organisations (e.g. England Hockey and local universities), more secure lease terms are required, plus a possible option to take additional land into their demise.

Intended future development includes installation of a further surfaced hockey pitch, and a multi sport indoor sports hall to be located within a 500 seater stand adjacent to the existing International standard pitch. This level of development would provide Nottingham with the country's best hockey facility and the type of multi sports facility which is well established across Europe.

If a new lease is granted, based on the main terms as summarised below, the Club will be well positioned to maintain the standard of facility which attracts high profile sports matches and tournaments to the City of Nottingham. Citizens of Nottingham, and visitors from outside of the city will have the opportunity to make use of quality facilities for specific sports training, and general leisure and recreational purposes, as will be ensured through the Management Agreement.

Proposed Terms (summary):

Property:

Premises at Highfields Park, University Boulevard, Nottingham as edged marked A on the attached plan. Plus, an option to take into that demise the area marked B on the attached plan subject to any necessary Planning, and Charity Commission approvals to develop a further hockey pitch within the first 10 years of the new lease term.

Term:	99 years. Date of commencement to be confirmed
Rental:	Proposed at £13,500 per annum, to be reviewed every 5 years
User:	Use the Premises only as a sports ground with pavilion facilities and in accordance with the parameters and targets laid out in the Management Agreement attached to the lease.
Repairing obligations:	Tenant to keep the whole of the Premises in good repair, renewing where necessary. The Landlord to contribute a portion towards the cost of maintaining the area over which rights are reserved (access road and car park hatched blue on the attached plan)
Insuring obligations:	Tenant to Insure the Premises in the joint names of the Council and the Tenant.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

Not to accept a surrender of the club's existing lease would mean that the Club remain in the position where funding cannot be obtained to retain the standard of the facility offered. Were the standard of facilities to decline, the Club would no longer be invited to host high profile matches, and it is likely that those who currently use the facilities for training would also look elsewhere.

Not to provide an option to take additional land but to provide a new lease in relation to the current demise only would hinder the positive development of the Club, sport and facilities available to the citizens and visitors of Nottingham.

4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

The proposed new lease is to be let on the same conditions as the existing lease including 5 yearly review of the rent. Extending this lease does not add any additional financial risk to the City Council.

The annual rent of the new lease is £13,500, an increase of £4,750.

Steve Ross, Finance Analyst, November 2012

5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

The Trustees will need to be satisfied that the proposed rental represents market value for the asset. This assurance will need to be given by a qualified surveyor specialising in property lettings of this nature.

In all other aspects the proposal to grant a longer term lease, with appropriate public access arrangements, at a market rent with appropriate rent review periods raises no insurmountable legal issues.

Further discussions will be held with the Charity Commission in order to ascertain what, if any, consents need to be sought and obtained in relation to the new lease, the option and subsequent new lease for the additional land.

Finally, it is suggested that if there is to be joint insurance in the names of the Club and the Council that a strong monitoring regime be put in place to ensure that the insurance is, and remains, adequate and that renewal premiums are paid by the due date.

Malcolm Townroe, Legal Services Manager, November 2012

6. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)
Haseeb Ahmad, Head of Equality and Community Relations, November 2012

No

Yes – Equality Impact Assessment attached

7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

N/A

8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

N/A