
Executive

24th September 2015

Report of the Assistant Director of Finance, Property and Procurement

Community Asset Transfer – Knavesmire Changing Rooms to Hamilton Panthers Football Club

Summary

1. A new changing rooms and pavilion building is soon to be built on the site of the existing changing room building located by the Little Knavesmire. This construction is being funded externally by the Football Foundation, Football Stadia Improvement Fund, Sport England and two community sports clubs with a contribution from City of York Council.
2. Hamilton Panthers Football Club lease the existing building under a lease granted on 9th January 1998 that is due to expire on 31st March 2018 at a rent of £2,000 per annum and it is proposed that, once the new building is completed that the Football Club take a 99 year lease in accordance with the Council's Community Asset Transfer policy.

Recommendations

- 3 Executive are asked to consider letting the Changing Rooms and Pavilion to Hamilton Panthers for a term of 99 years at nil rent in accordance with the lease terms as set out in the Council's Community Asset Transfer Policy.

Reason: As the Knavemire Changing Rooms and their proposed use for the community meets the criteria for a Community Asset Transfer as contained in the Council's policy and supports the Council Plan.

Background

- 4 The current changing room building on Knavesmire Road is unsuitable for it's use and funding has been obtained to demolish this building and construct a new pavilion with 4 team changing

rooms, officials rooms, a community room and kitchen. The building is on the same footprint with parking and storage on site as currently.

- 5 The total cost of the project is £650K. Funding has come from a variety of sources. The Council's contribution of £100K was approved at the Full Council meeting in February 2013. Following this applications were made to Sport England, the Football Foundation and the Football Stadium Improvement Fund. All were successful and the project was awarded £472K. Hamilton Panthers FC and Knavesmire Harriers running club, as major community users of the new facility have also contributed £25K each. Additional Council funding is available through s106 contributions for outdoor sports facilities from projects in the vicinity. The total funding available means that, once the lease is approved by the Council and funders works can start on site. Some of the funding is time limited so this agreement needs to be in place by the end of September.
- 6 The new building, when complete, will not only provide vastly improved changing and club facilities for the football club but will also have the facilities for other sport and leisure organisations, such as Knavesmire Harriers and fitness classes, to use and also a community and catering facility which can be let for use by the local community generating income to help the sustainability of the football club at this location.
- 7 The new facility and the proposed use of it for the community meets the criteria for a Community Asset Transfer on the basis as contained in the Council's policy
 - Long lease (in this case 99 years)
 - Low rent (peppercorn proposed here)
 - Transfer of all liabilities for future maintenance and costs to the community organisation (a full repairing and insuring lease is proposed here)
 - Community use (contained in the use permitted in the lease terms and also a commitment to have the facility available for community use throughout the year)

Consultation

- 8 The proposed project has been consulted on at length in the local community and the funding has been approved by the Council as part of the budget process in February 2013. Hamilton Panthers have already received a number of letters of support from community organisations who are keen to use the new facilities for school sports, community fitness classes and charity events. The two clubs have a membership of over 300 who have given backing to the scheme, raised funding for the project, contributed to the funding applications and committed to the future sustainability of the facilities. Consultation also took place when the planning application was approved in January 2013 for the new building. The lease proposals have been consulted on with the football club and also the external funding bodies who have all approved the Community Asset Transfer approach. The Capital and Asset Board also approved the proposed lease in May 2014.

Options and Analysis

- 9 A new lease will have to be granted to Hamilton Panthers Football Club as it is a requirement of the funders to have a lease of at least 21 years and the existing lease expires in 2018.

Option 1- 99 year lease at nil rent on Community Asset Transfer terms

Advantages

- Meets the funders requirements (they have approved the proposal)
- Transfers future maintenance and responsibility away from the Council which will save future revenue costs
- Enables the club to have a sustainable future as it can let out the facilities to a wide range of community groups and retain all revenue generated without the burden of paying a rent to the Council
- Provides a community venue which is being managed by the Football Club which the community and other groups can hire without any other associated management costs or arrangements needed

Disadvantages

- City of York Council will lose revenue income (currently around £3,000 on the existing building). However this is outweighed by the potential revenue saving on future liabilities under the terms of the proposed lease

Option 2 – grant a new lease on similar terms as the existing lease

Advantages

- Additional revenue income could be obtained (would need to be assessed)
- Lease would probably be a shorter length so the Council could gain earlier possession of the building. However this would need to be approved by the funders and would likely need to be at least 21 years anyway.

Disadvantages

- The football club would have an additional revenue cost which would reduce future financial viability or mean that the charges to the community users would have to be increased which may in turn reduce community use
- Although the lease would be on a full repairing basis and the building would be new it is unlikely that a community organisation such as this one would have the funds to deal with any major items of expenditure on the building so the Council may have to contribute.
- A 'commercial' lease would go against the practice established under the Community Asset Transfer policy and followed at other venues such as Beckfield Lane Changing Rooms, Oaken Grove Community Centre and Clements Hall

Council Plan

- 10 Under the draft Council Plan this proposal will assist in supporting
 - A prosperous city for all
 - Providing a facility in the city for the residents to use to carry out a range of sporting and other activities
 - A focus on front-line services
 - Encouraging residents to live healthily
 - Protecting a valued community facility

Implications

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- **Financial** – funding has been approved as detailed in this report
- **Human Resources (HR)** - none
- **Equalities** - none
- **Legal** –

The complex funding agreements which the various external funding organisations require the Council to sign before releasing funding impose substantial obligations on the Council. For example to maintain the premises to a high standard, to commence the works by a certain date and to complete the works by a particular deadline. If any of those obligations are not complied with the external funders have the right to terminate the funding agreement and require the Council to repay the granting funding back to the funder. Although the proposed 99 year lease would impose an obligation on the football club/tenant to repair and maintain the premises, if they do not comply with this obligation the funders could reclaim the grant funding from the Council.

As the Council would be granting a lease for a Term of 99 years we would not be able to terminate the lease early or recover possession of the premises unless the tenant surrendered the lease voluntarily or a court forfeited the lease due to the tenant being in substantial breach of their obligations. [The external funders would also have the right to reclaim the grant funding from the Council if we terminated the lease or if the premises ceased to be used for community sports purposes].

Under S.123 of the Local Government Act 1972:

(i) the Council must obtain the consent of the Secretary of State for Communities and Local Government before disposing (including granting a lease) of land for a purpose which facilitates the promotion or improvement of the economic, environmental or social well-being of its area if the difference between the open market value of the interest being disposed of and the rent being received is greater than £2 Million. In this case Property Services have advised that the difference in value

is substantially below this level and therefore Secretary of State consent is not required.

(ii) before disposing (including granting a lease) of 'open space' the Council must advertise the proposed disposal in two consecutive editions of a local newspaper and give due consideration to any objections or other comments received in response to the advertisement. S.20 of the Open Spaces Act 1906 defines open space as any land (whether or not fenced/enclosed) on which there are no buildings or of which not more than 5% is covered with buildings and whole or remainder of which is used for recreational purposes. If there are buildings on the land to be leased which occupy more than 5% of the site area/footprint then the property would not fall within the definition of 'open space'. However it is believed that the property falls within Micklegate Stray which was vested in the Council by the Micklegate Stray 1907 on condition that the Council maintains the Stray as open space for public recreation for the residents of York. Accordingly before the Council grants a lease of this property the proposal should be advertised and any objections or other comments should be properly considered.

If the Council is appointing building contractors or engaging the services of professional external advisors in connection with the project those contracts should be procured in accordance with the Council's own Contract Procedure Rules and the Public Contracts Regulations. It is confirmed that all the rules & regulations have been followed for this project.

- **Crime and Disorder** – none
- **Information Technology (IT)** - none
- **Property** – contained in the report
- **Public Health** – The project is strongly supported by the Director of Public Health. It is consistent with our policies of promoting active lifestyles and giving children the best start in life. It is also consistent with work we are currently developing to encourage communities to take shared responsibility for their health and for the health of their community. The enhanced facilities will encourage not only health active lifestyles but will also offer a social space for the community to use for training, toddler sessions and fitness classes. The new facilities will also

allow the clubs to attract a new population of members and increase participation in sport in the city.

- **Other** – none

Risk Management

- 12 There are no risks associated with the recommendation as Community Asset Transfers on this basis have been undertaken elsewhere in the Council area and none have failed.

Contact Details

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Report
Approved

Date 14 September
2015

Specialist Implications Officer(s)

Implication ie Financial

Name

Title

Tel No.

Implication ie Legal

Name

Title

Tel No.

Wards Affected: Micklegate

All *tick*

For further information please contact the author of the report

Background Papers:

None

Annexes

None.