

CABINET

DATE: 5 NOVEMBER 2020

TITLE OF REPORT: SOUTHWOOD PAVILION

Report of: Joint Chief Executive

Portfolio Holder: Councillor James Radley, Portfolio Holder for Finance and Corporate Services

1 PURPOSE OF REPORT

- 1.1 This report invites Cabinet to consider and provide a strategic lead, on the options they would like the Council to pursue with regard to the management of Southwood Pavilion and associated sports ground.

2 RECOMMENDATION

That;

1. Cabinet states which of the three options for future of Southwood Pavilions it wishes to progress and should option A be chosen, further Cabinet must state what option they choose should that contract lease agreement not be concluded by the 24th December 2020.
2. Provides delegated authority to the Joint Chief Executive in consultation with the Portfolio Holder for Finance and Corporate Services to
 - a. In the event of option A being chosen, allow for final contract negotiations to be concluded and completed and if this cannot be concluded by the 24th December 2020 to carry out action in accordance to B or C below.
 - b. In the event of option B being chosen, allow for the appointment of contractors and staff resources to ensure the safe management and maintenance of the site or
 - c. In the event of option C being chosen, allow for a public tender to seek expressions of interest from all parties.

3 BACKGROUND

- 3.1 Hart District Council is the owner of Southwood Pavilion, and associated sports ground; a site located in Rushmoor Borough Council (due to the boundary changes back in the 1990's) – see appendix 1
- 3.2 The site was previously under Military ownership and is subject to a covenant which requires the site to be used for leisure purposes. The covenant also limits the site to one building, of a size to be agreed by the MoD.

3.3 Up to August 2018, the site was under a long lease to Southwood Management Operating Limited, a company set up to manage and maintain the site for an on behalf of the Fleet Spurs Football Club.

Due to concerns regarding the adequate maintenance and health and safety, as a short term solution at the conclusion of the above mentioned lease, the Council entered into a Tenancy At Will with two named officials of Fleet Spurs Football Club which ensured the club could continue to operate, short term, from that site.

A Tenancy at Will is a form of tenancy that allows either party to end the lease 'at will' therefore it provides no long-term security for either party.

3.4 The ambition in providing the Tenancy at Will was to enable the Football Club time to provide the information required to reassure the Council that it could and would in the future be able to manage the site safely and securely.

3.5 Considerable effort has been put in, to try to ensure that the Football Club provides the required information – with engagement of the Joint Chief Executive, the Leader, as well as Cllr Delaney who has sought to act as a mediator between both parties.

3.6 At time of writing this report, the following information required to confidently enter into a lease with the Football Club, remains outstanding;

1. Who will actually sign the lease from the Sports Club?
 - We need confirmation of Sports Clubs Legal status and details of any trustees who will sign the lease and they will need to understand the potential personal legal liabilities that come with this.
2. Who will actually manage the site and ensure that it is safe?
 - We need detail of who the Committee members and what roles and responsibilities they hold, including who is responsible for health and safety of the premises and maintenance
 - The latest copy of the Sports Clubs Constitution and last AGM Minutes (to confirm above)
3. Evidence that the Sports Club is sufficiently financially stable that they will remain able, throughout the duration of the lease, sufficiently financially secure to ensure the health and safety of the premises and maintain the building including
 - We need a copy of Treasurers Report from AGM as well as details of the last 3 years accounts. They need to confirm if these have been independently examined and they must include full disclosure of reserves or capital the club hold and details of the bank account
4. Evidence of how they intend to fund any improvements to the site?
E.g. What income will they have including actual and anticipated e.g. do they intend to hold fundraising events, intend to apply for by way of grants?

4 CONSIDERATIONS

4.1 The Tenancy at Will has been in place for over two years and it is not legally viable to continue under a Tenancy at Will – they are designed purely as a ‘stop gap’ and leaves both parties at risk.

4.2 Therefore, Cabinet must consider the potential options;

4.2.1 Option A

Assuming the Football Club provides the information outlined in 3.6 the Council could enter into a 5-year contracted out lease. It could include a short “recital” clause, indicating that if all goes well with the running of the sports facilities by the club, the council may be minded to grant a longer term interest upon expiry of the 5 year term, but without any binding commitment being given by the Council.

The lease would include milestones, requiring certain elements of maintenance and repair to be carried out and there would be a ‘rolling break clause’ enabling the Council to ‘step in’ if it did not consider that the Football Club were keeping the site safe and secure. An early surrender of the lease and a new longer lease could be agreed by all parties, if things progressed well.

4.2.2 Option B

The Council terminates the Tenancy at Will, and resumes management of the site and offers the site up for rental from the Football Club (and any other appropriate users). It is anticipated that taking into account some capital contribution to larger maintenance items, this may cost the Council around £100K per annum.

Set against this would be income generated from the site. Benchmarking with similar football clubs in the area, and the charges made from such sites, we anticipate the income could be in the region of £24K

4.2.3 Option C

The Council terminates the Tenancy at Will, and resumes control of the site, closing it temporarily, whilst seeking expressions of interest from sports clubs in the area who may wish to take on a lease with conditions as outlined in option 1.

This provides an opportunity for a range of local sports clubs to consider the opportunity to take on this facility, which may go beyond football and include other sports.

The evidence that would be required as a minimum for any organisation who expressed an interest in the site would be as set out in 3.6.

The final decision to enter into a lease with an alternative sports club would be a decision of Cabinet (as outlined in the scheme of delegation) however it would be predicated on the provision of a wide range of policies to ensure the appropriate safeguards were in place including (but not exhaustive) safeguarding, health and safety, insurance, planned preventative maintenance.

- 4.2.4 Whilst clearly the existing Football Club would wish for a longer lease than that set out in paragraph 4.2.1, opening up the opportunity for grant funding applications, this approach has been excluded from consideration due to
- The Club failing to provide the information and assurance requisite for a longer term lease
 - The Club has not been clear that they are active in seeking grant funding; some became available due to Covid-19 which did not require a long lease, the application system was simple but we remain unaware if any of that funding was sought
 - The Club could (as many others have done) sought to fund raise through a variety of alternative measures. Yateley Sports Community Investment Company is a great example of this, running Gig on the Green and a variety of other events.

5 FINANCIAL IMPLICATIONS

- 5.1 Clearly, taking direct management responsibility for Southwood Pavilions (option B) carries with it a liability of approximately £100K per annum and a risk, particularly during Covid-19, that the Council is unable to recoup its losses through income generation.
- 5.2 Options A and C provide the opportunity for a Sports Club to take on the full repairing lease and lower those costs, often through the use of volunteers and open up opportunities for fund raising.

6 LEGAL AND EQUALITIES IMPLICATIONS

- 6.1 Legal Services have been consulted throughout the ongoing engagement regarding this site and concur with agreed the options as set out.

7 ACTION

- 7.1 Subject to the decision of Cabinet the Joint Chief Executive will, alongside colleagues from Legal and our Corporate team, implement as appropriate

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Background Reports: None

Appendices:

Appendix 1 – Map of Southwood Plan