

**REDDITCH UNITED FOOTBALL CLUB – GROUND RELOCATION**

Relevant Portfolio Holder	Cllr Phil Mould
Portfolio Holder Consulted	Yes
Relevant Head of Service	John Godwin – Leisure & Cultural Services
Wards Affected	<b>All</b>
Ward Councillor Consulted	N/A
Key Decision	YES

**1. SUMMARY OF PROPOSALS**

- 1.1 This report examines the impact on Council assets and their future management in relation to the proposals and business case put forward by Redditch United Football Club (RUFC) with regard to their desire to relocate the club from the current Valley Stadium location on the Bromsgrove Road to a new purpose built site off Icknield Street Drive, toward Washford.
- 1.2 The Lease of the Valley Stadium is currently under review. Members are asked to consider their approach to future rent from the site.

**2. RECOMMENDATIONS**

**The Executive Committee is asked to RESOLVE either that**

- 1) **the Council’s assets should be deployed to support the implementation of the business proposals of the Redditch United Football Club; OR**
- 2) **the Council’s assets should not be deployed to support the implementation of the business plan of the Redditch United Football Club**

**AND**

- 3) **there shall be no increase of rent applied in the current rent review of the Valley Stadium site and the rent of £2,000 per annum be maintained until the expiry of the Lease in 2017.**

**3. KEY ISSUES**

**Background**

- 3.1 As members will be aware, officers have been in discussions with the football club for a little over 2 years concerning the financial difficulties that the club face and the extent to which the Council as Landlord of the Ground and deliverer of Leisure Services within the Borough can work together with the club to ensure where possible the provision of community based football.

- 3.2 In November 2012 the club presented officers with an indicative business proposal that would result in the relocation of the football club from its existing Council owned ground to Council owned land within the Arrow Valley Park.
- 3.3 It is clear from the business case submitted that the club seek to engage with the Council in a formal business arrangement. This arrangement requires both the sale of Council assets and the future financial investment of the Council to generate sufficient capital for the scheme to be viable.
- 3.4 In legal terms the Council has limited ability to engage in such a proposal. The extent to which community benefit would be achievable needs to be established in an open and transparent way and any potential schemes will need to be considered within the legal and financial framework in which local government operates when expending public money.
- 3.5 Indeed it is fair to say that the extent to which the Council can seek to provide assistance to the club outside of the provision of the ground at a reduced rent, whilst the club are continuing to deliver community based sporting activity, are limited by the club being a commercial entity.
- 3.6 Since November 2012 Officers have met with the club on several occasions to review these matters and to seek to explore options that might support the club moving forward. Officers have also worked closely with the club and the FA to aid and assist where possible.
- 3.7 In addition to this, officers have sought to provide assistance to the club in validating their proposals. At the same time they have reiterated the restrictive environment within which local authorities operate.
- 3.8 Members are advised that as a result of these discussions the club has presented a business case which they have to date refused to allow within the public domain.
- 3.9 The club's proposals are predicated on RBC selling the Council owned site at the Valley Stadium to a housing developer. This would enable the Council to obtain a capital receipt large enough to cover the new site's costs and also provided a return to RBC.
- 3.10 Within the overall proposal there are a number of key issues that will need to be revisited as follows:

**Financial Implications**

**Valuation**

- 3.11 Members are advised that the business proposals are dependent on the Council releasing its current asset Valley Stadium for sale. The funds that would be realised from this transaction would then have to be reinvested in a new club facility. The new facility would need to be sited on Council owned land.
- 3.12 The business proposals put forward by the Club have put values on this hypothetical sale which are not agreed by the District Valuer, who has made an assessment of them on behalf of the Council and has indicated that the financial gain may fall short of the anticipated income
- 3.13 The business case proposal is that the capital receipts from the sale of the Valley Stadium site would be re-invested by the Council in building a football stadium at the alternative Council owned site at Arrow Valley Park for occupation by the club. Based on 3.12 the shortfall would have to be met by the Council, which represents a considerable financial commitment. This may not represent the best use of Council resources at a time when budgets are becoming increasingly squeezed, and the financial and budgetary landscape is so uncertain.
- 3.14 Similarly, the costs required to develop the Arrow Valley Park would commit the Council to expending considerable sums in a facility that would be of limited functionality. If the scheme were not to succeed there is a risk that the Council would own and manage a facility that could be underused, costly to maintain and potentially difficult to dispose of.
- 3.15 The Financial Business case from the club makes a number of assumptions in relation to the operational costs and revenue that may be generated over the next 4 years. The income estimations are relatively optimistic over a period of economic recovery and the validity of these assumptions and their associated risks would need to be considered as part of any feasibility review.
- 3.16 Members will appreciate that officers have been working with the club in an attempt to establish a viable proposal that might further the club's ability to continue in a viable form.
- 3.17 This has led to officers working with the club to properly scope the extent to which community activities might be delivered by the club
- 3.18 Members are advised that under the terms of the current lease to the club of the Valley Stadium ground there is a rent review pending.

- 3.19 The club has asked the Council not to increase the current rental charge for the remainder of the term. The Council recognises the health and leisure benefits to the community of the sporting opportunities provided by the club, including a broad spectrum of teams for juniors, women and those with disabilities. This contribution to the well-being of the community enable the Council to let the site at less than best consideration and not require the Council to demand the market rent.
- 3.20 It is fair to say that there is a degree of public interest in the site and the club and it is for this reason that officers are appraising members of the current position. The club have chosen to make their desire to develop a new stadium very public and that this has led to a very confused picture within the public domain, particularly in relation to what this Council can and cannot do.
- 3.21 In the circumstances, officers believe that it is important for the reputation of the Council for the public to be made aware of the restrictive environment that the Council quite properly operate within.
- 3.22 Members are therefore being asked to note the current position of the club and to consider the continuance of the current rental for the duration of the term of the lease.

**Legal & Planning Implications**

- 3.23 Council operates within a very restrictive financial framework that severely restricts its ability to provide financial assistance to commercial organisations unless very clear and accountable community benefits can be established.
- 3.24 The Council currently leases the Valley Stadium to the Club at a less-than-commercial rent. The power to fix a less than best consideration rent is derived from the general Consent (England) Regulations 2003 (made under the Local Government Act 2000)
- 3.25 There is a restrictive covenant placed against the whole of Arrow Valley Park which precludes development that leads to the loss of public open space (POS) so that if the Council were to develop the land as envisaged in the club's scheme, it would breach the restrictive covenants. Although there is an issue as to whether they would be enforceable against the Council, this could impact on the Council's ability to borrow or attract funding for the land to carry out enhancement works that are directly linked to the breach.
- 3.26 In addition, if the Council is at any time minded to engage in activities with third party providers, then there must be a clear and transparent mechanism for determining who those providers are.

**Service / Operational Implications**

- 3.27 There are no direct Service or Operational Implications contained within this report.

**Customer / Equalities and Diversity Implications**

3.28 None.

**4. RISK MANAGEMENT**

4.1 Even if the legal obstacles to progressing the RUFC proposals were to be overcome, there are considerable risks to the Council associated with the proposals:

- Both parcels of land are designated as primarily green space or public open space and would need to be changed to leisure and residential use in order to progress the scheme through the planning process and this is not certain of success.
- The Arrow Valley park site has restrictive covenants placed upon it that would need to be either broken or formally addressed to progress the project.
- Political and reputational impacts in the localities would need to be considered given previous planning histories and opposition to developments.
- There are a number of costs associated with the scheme that need to be incurred by the Council and outside of any formal process for achieving this both in terms of best value and competitive marketing the Council would not be able to proceed.

4.2 The Council is obliged to manage its assets in accordance with the needs of the Borough and the wider community benefits to the Council Tax payer. In this regard there would need to be detailed works carried out to assess the need within the District for such a facility and a formal procurement exercise in relation to the provider.

- RUFC have stated that the current position of the club is financially unsustainable and potentially the Chairman could place the club up for sale if this scheme is not progressed.
- The continued existence of the club is uncertain.

**5. APPENDICES**

1. Redditch Borough Council letter to Redditch United Football Club dated 26<sup>th</sup> September 2013
2. District Valuer statement on the Arrow Valley Stadium site **(To Follow)**
3. Financial appraisal of relocation – exempt
4. Financial appraisal of relocation – RBC input – exempt
5. Legal advice on covenant restriction
6. Valley Stadium plan

**6. BACKGROUND PAPERS**

These papers are exempt under paragraph 3 of Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006.

Business Plan Summary Spread Sheet – June 13  
Sketch Scheme Costs May 13 & RUFC Relocation Assessment  
RUFC Risk Register June 13  
Proposed Site Plan  
Proposed Club House Layout  
Proposed Stadium Layout  
Club Development Plan Existing  
Club development Plan New Facility  
Developer Offer at Valley Stadium  
E-mail from RUFC to Sue Hanley dated 27<sup>th</sup> September 2013  
Letter from RUFC to Sue Hanley dated 28<sup>th</sup> October 2013

**7. KEY**

RUFC – Redditch United Football Club  
FA – Football Association  
DV – District Valuer

**AUTHOR OF REPORT**

Name: John Godwin  
E Mail: J.Godwin@bromsgroveandredditch.gov.uk