

REDDITCH UNITED FOOTBALL CLUB – VALLEY STADIUM CONCESSIONARY RENT

Relevant Portfolio Holder	Cllr Pat Witherspoon
Portfolio Holder Consulted	Yes
Relevant Head of Service	John Godwin – Leisure & Cultural Services
Wards Affected	All
Ward Councillor Consulted	N/A
Key Decision	Yes

1. SUMMARY OF PROPOSALS

Members are asked to agree to the surrender of the existing lease to Redditch United Football Club and the granting of a new 30 year lease at a concessionary rent in order to support the Redditch United Football Club (RUFC) in its project to provide facilities to the wider community of Redditch including the provision of a third generation (3G) Astro Turf Pitch (ATP) at Valley Stadium.

2. RECOMMENDATIONS

The Executive Committee is asked to RESOLVE that

- 1) The Council accepts the surrender of the existing Lease to the Redditch United Football Club Limited and grants a new 30 year lease to the club;**
- 2) within the terms of the new lease for the Valley Stadium there shall be no increase of rent applied over and above the current rent of the site and that rent of £2,000 per annum shall be reviewed in line with section 3.4 of this report until the expiry of the new lease in 2046.**

3. KEY ISSUES

Background

- 3.1 As Members will be aware following the November 2013 report to this committee, officers have been supporting RUFC from a landlord's perspective with their discussions with the Football Association and Football Foundation with regard to ensuring that a sustainable model for the club and its junior sections can be realised.
- 3.2 During these discussions the club has re-achieved its Community Club Status (the highest quality assurance award for a grass roots football club) and developed funding applications to create a stadium based 3G pitch and enhanced ancillary facilities to support its sustainability objectives.
- 3.3 The club has sought to formally engage with the Council to surrender and re negotiate its lease at a concessionary level to ensure that the funding

package and business projections that underpin the club's funding application/s can be realised.

Without the concessionary rent being agreed by the Council the business case prepared will not be seen as realistic and achievable by the funding body as it will prevent the club from borrowing the sufficient amount of capital required to finance the match funding element of the project.

Members should be aware that without the match funding percentages being realised it is not possible to make a successful application.

- 3.4 At present the lease arrangements for the Valley Stadium are subject to a lease dated 23 March 1994 between Redditch Borough Council and Redditch United Football Club Ltd.

The term of the lease is for a period of 25 years dating from 25 December 1992. Although the lease is due to come to an end on 24 December 2017, the Club has a right to renew under the provisions of the Landlord & Tenant Act 1954 on similar terms to that of the existing lease. The rent and lease length are however open to re-negotiation within certain parameters.

Further to the Club's grant application to the Football Association for Foundation grant funds to facilitate the construction of a 3G pitch at the stadium, it is a requirement of the application that the club have a security of tenure for the site for a period of 28 years. As such, it is proposed that the Club surrender its current lease early and be granted a new lease of 30 years on the terms outlined in the attached "Heads of Terms" document.

These terms include that the rent paid by the Club is maintained at £2,000 pa, rather than the Market Rent of £12,000 pa as provided by the District Valuer in his valuation report dated 19 February 2015.

The passing rent will be then reviewed upwards 5 yearly, based upon the rate of RPI. If, at a rent review date the Club is playing within the national League Step One, the rent will increase by the equivalent of 50% of the average of any annual profit before tax the Club reports.

The rent paid at any time will be capped at the Market Rent as determined by the District Valuer at that time.

The remaining terms of the lease are substantially the same as within the Club's current lease although requirements are placed on the Club to maintain its Community Status in accordance with FA requirements throughout the term of the lease and to enter into a Community Use agreement with the FA if required (see 3.6 below). The Club is also required throughout the term to provide information on its community provision performance and to agree annual targets with the Council and the Regional and County FA, Junior Section representatives.

- 3.5 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. We have also worked closely with the club and the FA to aid and assist where possible the development of these plans and feel that the scheme submitted

to the Football Foundation is a robust and a detailed submission that will enhance the local sports facility mix and lead to substantial benefits for local football groups and organisations who will be partnering with the club for the use of the site.

- 3.6 In order to successfully receive the funding offer from the Football Foundation the club has had to produce a number of key documents that include:
- A Business Case;
 - Usage & Cost plan; and
 - A Community Use Agreement

These documents overview the benefit the site will bring to the footballing community and the role it will play in enhancing football in the future, the way the club itself will use the funding to become sustainable for the longer term benefit of all parties and the way in which local residents will be engaged with and benefit from the facilities the site will bring.

Key areas for community benefit within the plans include;

- Increasing the availability of floodlight training spaces for team sports to reduce the pressure on grass pitches and to support increased teams generation.
- Providing a venue for the delivery of sports and coaching based vocational and educational courses/activities.
- Improved access and egress for disabled users and visitors to the site
- Increased participation rates in junior football and physical activity for health and wellbeing benefits.
- Allowing the club to ensure player pathways are maintained for football from grass roots through to semi-professional standard.
- Increased employment opportunities to support the delivery of the increased services provided on site.

These plans and the key performance measures that have been included within them to over view performance, have been scrutinised by the funding bodies in order to pass their due diligence checks and commented upon by the Council from a Sports Development and Landlord perspective.

They are felt to be robust and set up in such a way that they will clearly show how these improvements on site have contributed to the wider community aspirations of the FA and the Council in the short to medium term.

- 3.7 Finally Members are advised that given the decision that has been made to install a one star playing surface at the stadium pitch should the club be promoted in future seasons, there is a possibility that in order to comply with FA and League requirements that future home games may need to be played away from the Valley Stadium.

Financial Implications

- 3.8 As highlighted at Section 3.3 Members are advised that the business case proposals and the final funding award are dependent on the Council granting

a concessionary rent for the lease of the Valley Stadium in order to fund the club's borrowing requirements.

- 3.9 Although there are no direct financial implications that relate to this report as the Council would be agreeing to maintain its current income level for the site, it does mean that the future rent that could be achieved based on the information in Section 3.4 of this report would only be received in a limited number of circumstances based upon the club's ability to be successful in the football league structure.

Legal & Planning Implications

- 3.10 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.
- 3.11 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), which says that consent is not required for the disposal of any interest in land which the authority considers will help it to secure the promotion or improvement of the economic, social or environmental wellbeing of its area.
- 3.12 These considerations have been at the forefront of discussions with the Club as the Council has sought to ensure that any concession granted by the Council to support the club's project would ensure that the community benefits were clearly demonstrated and would meet the statutory test set out at 3.11. As highlighted in Section 3.6, Officers feel this position has been achieved and a concessionary rent can be put forward to Members for approval.
- 3.13 Members are advised that the scheme has been subject to a successful planning application that was supported by Leisure & Cultural Services as being a key improvement to the strategic facilities within the Borough and in line with the key actions contained within the Sport England Facility Planning Model for ATP's.
- 3.14 Subject to Members deciding that the concession is justifiable on the basis of the contribution to the well-being of the Borough that will be made by supporting the club's project and grant application, and approves the recommendation, all the key elements are now in place for the scheme to progress.

Service / Operational Implications

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

Customer / Equalities and Diversity Implications

- 3.16 None.

4. RISK MANAGEMENT

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.

5. APPENDICES

Appendix 1 - Valley Stadium Plan
Appendix 2 - Heads Of Terms

6. BACKGROUND PAPERS

RUFC Executive Report Nov 2013

7. KEY

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

AUTHOR OF REPORT

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