

Owen Street Recreation Ground 3G Pitch

Cabinet Decision

- At their meeting on Tuesday 28 March 2023, Cabinet approved that delegated authority be given to the Strategic Director (Place), in consultation with the Section 151 Officer and the Portfolio Holder for Community Services, subject to due diligence having been undertaken, to agree a 25-year lease of Owen Street Recreation Ground to enable the installation of a 3G pitch at the site.

Due Diligence

- Meetings have been held with both CTYFC and the Football Foundation (FF) to understand what mitigations are in place that would;
 - Safeguard the asset
 - Safeguard the reinvestment of any surplus made back into the community

CTYFC

Asset Safeguarding

- 5 year Business Plan approved by FF
- £30k per annum allocated to the sinking fund for capital investments

Surplus Safeguarding

- CTYFC never have financially supported CTFC. All funding and income generated remains within CTYFC for the benefit of its members and the community and this will continue following the building of the 3G pitch

Football Foundation

Asset Safeguarding

- A 5yr Business Plan is deemed sufficient as on the basis of experience, if this plan is robust and can clearly demonstrate an adequate annual allocation into the sinking fund, then barring any unforeseen circumstances, this will continue to be the case for the duration of the funding agreement and all lifecycle costs during this period will be covered
- An annual allocation of £25k into the sinking fund
- Annual performance report submitted by CTYFC outlining, amongst other things, the amount allocated to the sinking fund, and the maintenance undertaken on the pitch
- A site visit within the first 18 months to understand if there are any issues, and to undertake a more detailed assessment of finances and maintenance. If this was positive then this would be repeated every 3 years, more frequently if any potential issues were identified
- If the Council were to have any concerns, they would be able to call this in to the FF to allow for a more immediate site visit and assessment

- The most important element is to highlight asap if there are any potential issues so the FF can work closely with the football club and the Council to support this and to put in place interventions

Surplus Safeguarding

- The annual performance report submitted by CTYFC would include how any surplus will be or has been reinvested
- The site visits would also assess this in more detail
- Any surplus must be reinvested back into CTYFC for the benefit of the members

Conclusions

- Whilst FF measures are in place to safeguard the asset and the surplus, it is unknown how robust these processes are
- Whilst CTFC and CTYFC currently work very closely together and we don't anticipate issues in the short-term, the duration of the FF funding agreement and the lease are both in excess of 20 years. During this period it would not be unreasonable to expect that the key personnel at each club will change which may or may not impact on the relationship between the clubs. It's important that as the landlord we mitigate as far as reasonably practicable against any unforeseen issues between the 2 clubs, should they arise, with a view to safeguarding the asset, the Council's investment, and to ensure any surplus continues to be reinvested in an appropriate manner
- There will be a public expectation that the Council, in addition to the FF, also has mechanisms in place to further safeguard the asset and surplus
- Any mechanisms that the Council put in place to safeguard against the asset and surplus need to be proportionate to the level of funding being awarded by NWLDC and the terms of the lease
- As funding from both the FF and NWLDC will be issued to CTYFC, it would be more appropriate to have a lease direct with CTYFC for the area with the 3G pitch on it, rather than a lease with CTFC that allows them to sub-let to CTYFC
- The FF have indicated that the issuing of a lease direct to CTYFC would not be an issue providing that the lease agreement includes the access, car parking, and original changing pavilion
- If a lease agreement between NWLDC and CTYFC includes the car park and original changing pavilion, it would be appropriate for this to be a full repairing and maintaining lease. Consequently, CTYFC would take on the structural responsibilities for both areas that currently sit with NWLDC as landlord, effecting a saving to Coalville Special Expenses, as well as removing any future risk or liability for those elements

Recommendations

- The current lease that runs until June 2027 with CTFC is surrendered
- A 25 year full repairing and maintaining lease is agreed with CTYFC for the area containing the 3G pitch, and to include the access, the car park and the original changing pavilion

- A new lease is agreed with CTFC for the remainder of the areas that will be on the same terms and conditions as the existing one and for the same duration until June 2027

Asset Safeguarding

- The lease contains a clause that ensures that all pitches are appropriately managed and maintained to ensure that the level of sport for which they are suited doesn't diminish
- The funding agreement contains clauses that CTYFC shall provide to the Council;
 - evidence on the condition and maintenance of the 3G pitch
 - evidence of regular payments into a sinking fund to cover future repair costs

Surplus Safeguarding

- The funding agreement contains a clause that CTYFC shall provide to the Council evidence of how surpluses are being reinvested into its footballing activities
- As CTYFC are registered with the Charity Commission, Legal Services have advised that if the club operate outside the requirements of the commission with regards to the reinvestment of surpluses for the benefit of the charity or community, then there is a mechanism in place whereby the Council may, if it so desired, report the club for investigation by them
- In addition, the funding agreement has a clause which allows repayment of all or part of the funding issued by NWLDC if CTYFC;
 - is in breach of any of the conditions of the grant
 - provides the Funder with any materially misleading or inaccurate information
 - commits or committed a Prohibited Act
 - fails to comply with any of the terms and conditions set out in the funding agreement and fails to rectify any such failure within 30 days of receiving written notice detailing the failure
 - is in breach of the Lease
- The funding agreement also requests from CTYFC that any submissions to the FF are shared with NWLDC

Next Steps

- CTYFC have agreed in principle to the proposed conditions to be included in the funding agreement and lease, as highlighted above
- If delegated authority is granted, the lease and funding agreements will be drafted and shared with the football club with a view to refining them to a final version
- The lease will also be shared with the FF to ensure it meets their requirements