

**REPORT NO. 3**

**REPORT TO THE EXECUTIVE MEETING OF 29 JUNE 2017**

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**Meeting:** Executive

**Date:** 29 June 2017

**Subject:** Land at Northampton Road, Market Harborough

**Report of:** Mark Perris

**Portfolio Holder:** Councillor Phillip King; Financial & Commercialisation

**Status:** Decision (part, Appendices C, E 1& 2 and F exempt by virtue of paragraph 3 of Schedule 12 A to the Local Government Act 1972)

**Relevant Ward(s):** Market Harborough – Welland

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1. Purpose of the Report

1.1. To consider requests and options for the land holding at Northampton Road, Market Harborough.

2. Recommendations:

2.1. To approve the proposals as set out in 4.14.1, 4.14.2 and 4.14.3 highlighted below.

2.2. To delegate authority to the Corporate Director (BJ) in consultation with the Head of Legal and Democratic Services and the Portfolio Holder Financial and Assets to finalise the surrender of the existing leases and the grant of the two new leases and take whatever steps are necessary to implement the decision outlined in 2.1 above.

3. Summary of Reasons for the Recommendations

3.1 To satisfy Corporate Delivery Plan 2017/18 Objective CO8 “The Council makes effective use of its assets and resources” and to further good asset/property management of the Council’s assets.

3.2 To realise the maximum benefits from the Council’s assets.

3.3 To enhance the recreational activities at Northampton Road, Market Harborough. The proposals will, also, assist with Corporate Delivery Plan 2017/18 Objective CO4 People have opportunities to access a range of leisure, sport and physical activities.

#### 4. Key Facts

- 4.1 Harborough District Council (HDC) were approached by both Market Harborough Rugby Football Club (MHRFC) and Harborough Town Football Club (HTFC) in April 2015, with regard to requests to vary their current occupational arrangements at Northampton Road, Market Harborough.
- 4.2 A number of meetings have been held with both parties since June 2015 which have included attendance by the Corporate Director (BJ), Head of Legal and Democratic Services, Corporate Asset Manager and representatives from the individual organisations. The numerous meetings have been held to ensure all parties benefit from the revised arrangements and it meets the needs of each organisation.
- 4.3 In summary, both clubs are currently having difficulty in meeting demand, and would like to address this. In addition, the Football Club have proposals to improve the club and to put it in an even stronger financial position.
- 4.4 A summary of the requests is outlined below;

<b>Club</b>	<b>Request</b>
Market Harborough Rugby Football Club	2 additional full size pitches to address current demand
Harborough Town Football Club	To acquire the freehold of the main pitch and surrounding associated land. This is due to the desire to install a new 3G pitch, and a freehold acquisition would assist with funding bids. HTFC are exploring the opportunity to deliver the 3G pitch, and have secured s. 106 funding and are currently exploring significant investment from the Football Association/Football Foundation. The FA funding application needs to be completed by October 2017.

- 4.5 In September 2015, the Executive agreed to explore options for transfer of any remaining land to HTFC under a new lease or other legal arrangement to provide improved facilities, access and management of the site, including reduction of HDC's operational costs.
- 4.6 The football operations are operated and organised by Harborough Town Community Trust, who if approved, would be the lessee. The objectives of the Trust are;
- to promote community participation in healthy recreation as well as social development of the players and their families by providing facilities for the playing of association football (facilities in this Article 3 means land, buildings, equipment and organising sporting activities)

- to provide and assist in providing facilities for sport, recreation or other leisure time occupation of such persons who have need for such facilities by reason of their youth, age, infirmity or disablement, financial hardship, poverty or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving their conditions of life.

They currently have in excess of 650 junior players in c. 45 teams plus over 60 members senior teams (1st Team, Reserves, Veterans, Walking Football).

4.7 The land, which is one of the largest land holdings owned by the Council, is on the south side of Market Harborough, in a predominantly residential area, as such, this land, if the current uses were re-located, could offer a redevelopment opportunity for alternative uses in the future.

4.8 If the Council wished to consider the redevelopment option, there are several factors to contemplate, which impact on the current decision making process to ensure that any decision does not preclude opportunities at a future point;

- In order to obtain a planning consent for residential redevelopment, the current uses would have to be re-located, as planning permission would be unlikely to be achieved without such due to the loss of public open space and recreation facilities, Sport England for instance could refuse permission for a scheme that removes playing pitches. These pitches would need to be within a reasonable distance and accessible by the residents of Market Harborough.
- There would be a need to have co-operation from existing occupiers, if the timescales did not meet the lease expiry or break dates;
- There would need to be certainty over future residential allocations in the Local Plan at the time, as otherwise, the acquisition of alternative land will be problematic due to the expectation level of vendors and an anticipation that they could get residential land values, which would negate the financial benefits of this option.
- HTFC stated that they require a minimum 25 years term after completion of the improvement works as a requirement of Football Association/Football Foundation funding with suitable break options to protect HDC's interest, and HTFC would require suitable re-location provisions within any variation to protect their interest.
- The request from MHRFC, should be considered with regard to the existing leases, and as such, any agreement should be capable of co-terminating with the existing agreement/s. This would be good estate management practice in any situation.
- There would be a requirement to re-provide the recreational facilities elsewhere.

- 4.9 The Cemetery adjacent to the site has c. 3 years future capacity. There is an option to extend this in to the pitch area. However, this would have an adverse impact on recreation users. There would be planning issues to resolve if this were considered. An alternative option is to secure an alternative site for cemetery use which is currently being explored.
- 4.10 The land nearest the Leisure Centre would be retained under the proposals in case it is required to facilitate the future need to improve the leisure centre either by replacement (preferred) or refurbishment.
- 4.11 Discussions with the Football Club have identified that in the event that the 3G pitch is delivered, this will significantly improve the time this main pitch could be utilised and reduce wear and tear on the grass pitches.
- 4.12 The proposal includes HTFC assuming responsibility for land currently held by HDC and managed by letting pitches to lower level football teams such as “Sunday Morning” teams. The proposal would, also, pass responsibility for maintenance to HTFC. The only areas to be retained by the Council are;
- The “mound” which forms a divide between the playing pitches and residential accommodation at Rainsborough Gardens.
  - Land adjacent to the Leisure Centre retained in the event it is required to facilitate redevelopment of the Leisure Centre site.

Nevertheless, the greater areas will be occupied by the Clubs under the new leases, and the market rental levels to be paid as well as the assumption of responsibility by the Clubs for the ongoing cleaning of the ditch (running from A to B on the attached plan at Appendix D), all serve to reduce HDC’s ongoing liability.

- 4.13 The recommended solution allows all land occupied by MHRFC to be contiguous, which under the current arrangements would not be possible.
- 4.14 In order to achieve the recommended outcome, the following is proposed;

**4.14.1 To surrender the following leases between Harborough District Council and the respective tenants as outlined below;**

<b>Lease</b>	<b>Tenant</b>	<b>Lease Date</b>	<b>Term</b>
<b>1</b>	<b>The Trustees of Harborough Town Junior Football Club</b>	<b>17 October 1990</b>	<b>28 years from 1 April 1990</b>
<b>2</b>	<b>The Trustees of Kibworth Mini and Junior Rugby Club</b>	<b>16 September 2002</b>	<b>28 years from 16 September 2002</b>
<b>3</b>	<b>The Trustees of Harborough Town Junior Football Club</b>	<b>1 October 2003</b>	<b>28 years from 1 October 2003</b>

4	<b>Harborough Town Football Club</b>	6 May 2008	28 years from 6 May 2008
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In addition, to terminate short term licences to HTFC and MHRFC agreed as part of the interim arrangements pending consideration of this report.

**4.14.2 To grant Harborough Town Community Trust a new 50 year lease with break clauses in 2043 and 10 yearly thereafter on the land shown coloured pink on the attached plan and as outlined in the Heads of Terms as Appendix E1.**

**4.14.3 To grant MHRFC a new 50 year lease with break clauses in 2031, 2043 and 10 yearly thereafter on the land shown coloured green on the attached plan and as outlined in the Heads of Terms as Appendix E2.**

4.15 A public notice regarding the “disposal” of the land to the 2 clubs was placed in the Harborough Mail on 1 and 8 June 2017. The cost of the advertisement is underwritten by the two clubs. It is, also, available on the Council’s website, and has been displayed on notices around the site. HTFC and MHRFC have been advised of the formal notice process. The notice invites written representations concerning the proposal by 22 June 2017.

4.16 The above proposals will support the draft Sports & Leisure Strategy considered by the Executive in June 2016.

4.17 If the recommendations are approved, opportunities to enhance facilities at Burford Green could be explored to enhance alternative provision.

## 5. Legal Issues

5.1 A plan identifying the ownership of HDC, and the various leases currently in place is attached as Appendix A.

5.2 The Heads of Terms for the proposed leases are included as Appendix E1 and E2.

5.3 The Valuation has been established by an Independent Valuer providing a figure compliant with the RICS Red Book standard.

5.4 Harborough Town Football Club - The rent payable under the terms of the lease is subject to rent reviews every 5 years and is to Market Value. There are to be mutual break clauses 26 years from commencement of the term subject to 12 months notice and every 10 years thereafter.

5.5 Market Harborough Rugby Football Club - The rent payable under the terms of the lease is subject to rent reviews every 5 years and is to Market Value. There are to be mutual break clauses 14 and 26 years from the commencement of the term subject to 12 months notice and every 10 years thereafter.

## 6. Resource Issues

- 6.1 A future rental income receipt will support the revenue budget. The rental valuation is included as Appendix C.
- 6.2 HTFC have been granted £230,000 s. 106 funding by HDC for the proposed 3G pitch. In addition, HTFC are seeking significant FA investment to support the project.
- 6.3 The sites outlined in Appendix D has not, to date, been “Opted to Tax” under VAT legislation, this has meant input VAT cannot be recovered on costs impacting the Authorities partial exemption calculation, and the income that has been charged to tenants has been exempt from VAT and not been subject to standard rated VAT.
- 6.4 The proposals would result in a reduction of £8,500 per annum in the grounds maintenance contract.
- 6.5 The property is funded from Special Expenses for Market Harborough.
- 6.6 The financial impact of the proposals are outlined in Appendix F.

## 7. Equality Analysis Implications/Outcomes

- 7.1 There are no direct equality impact issues as a result of this report.

## 8. Risk Management Implications

- 8.1 The risk management issues relating to the existence of several leases with differing terms and of non contiguous land uses have been mitigated by virtue of these new arrangements.
- 8.2 The risk of HTFC not being able to secure FA and FF funding would be removed by virtue of this lease arrangement.
- 8.3 If the Council decides to ‘Opt to Tax’ on this property, there is a risk that Harborough Town Community Trust do not proceed with the proposals as they are not VAT registered, and the Council would, therefore, in essence be increasing the cost by 20%. However, the Council should ensure that its own partial exemption calculation is protected in the first instance.

## 9. Consultation

- 9.1 Full and constructive discussions have taken place with both occupiers as part of the process.
- 9.2 The Sunday League football teams utilising the facilities are aware of the proposals and we have received no objections. Although, they have a further opportunity to comment as part of the consultation process.

- 9.3 The Rounders League utilising the facilities during summer months are aware of the proposals and we have received no objections. Although, they have a further opportunity to comment as part of the consultation process.
- 9.4 Public consultation will take place to consider the proposals outlined in the report as described earlier in 4.16.
- 9.5 Ward Members have been advised of the proposals.
10. Options
- 10.1 A summary of options is outlined in Appendix B, including the strengths and weaknesses of each.
11. Background Papers
- 10.2 None.

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**Previous report(s): Executive; 7 September 2015 – Land at Northampton Road, Market Harborough**

**Information Issued Under Sensitive Issue Procedure: Yes**

**Ward Members Notified: Yes**

**Appendices:**

<b>Appendix A</b>	<b>Plan of the Land as currently Let</b>
<b>Appendix B</b>	<b>Summary of Options S.W.O.T. Analysis</b>
<b>Appendix C</b>	<b>Independent Valuation Report (exempt)</b>
<b>Appendix D</b>	<b>Plan of Land reflecting the pattern of occupation recommended surrender of existing leases and the grant of new leases, to Harborough Town Football Club and Market Harborough Rugby Football Club.</b>
<b>Appendix E</b>	<b>1 HTFC Heads of Terms (exempt)</b> <b>2 MHRFC Heads of Terms (exempt)</b>
<b>Appendix F</b>	<b>Financial Impact of the Proposals (exempt)</b>