

**CABINET 12 NOVEMBER
2019**

**COUNCILLOR MARTIN TENNANT
MAJOR PROJECTS AND PROPERTY
PORTFOLIO HOLDER**

**KEY DECISION?:
YES**

REPORT No. RP1925

**ALDERSHOT TOWN FOOTBALL CLUB, HIGH STREET,
ALDERSHOT – GRANT OF NEW LONG LEASHOLD**

SUMMARY AND RECOMMENDATIONS:

This report seeks authority to grant a new long leasehold interest in Aldershot Town Football Club (ATFC), The EBB Stadium, High Street, Aldershot, GU11 1TW, to assist ATFC in regenerating the stadium.

Following discussions with ATFC it has proven more difficult than expected for the club to generate finance on the terms previously approved by Cabinet. This report, therefore, sets out alternative terms that will achieve the same aims and objectives related to the long-term sustainability of ATFC.

Recommendation

That Cabinet agrees to the grant of a new 118-year leasehold interest to Aldershot Town Football Club on the terms and subject to the conditions set out in the report and authorises the Executive Head of Regeneration and Property, in consultation with the Major Projects and Property Portfolio Holder, to conclude negotiations and enter into the new long lease.

1. INTRODUCTION AND BACKGROUND

- 1.1 At its meeting in May 2019 Cabinet considered report RP1912 and agreed to grant a new long lease to Aldershot Town Football Club (ATFC). The Council has supported ATFC in the past, and in May Cabinet confirmed that it wished to support the club in their ambition to regenerate the stadium for the long-term prosperity of the club and its supporters, many of whom are local residents.
- 1.2 The terms of the proposed new lease were set such that the football club would be able to undertake development at and around the grounds of the club which would provide income to support improvements to the football ground itself and thereby support the ongoing sustainability of the football club. Under the original terms proposed, the club was required to achieve planning permission before a new lease at a minimal rent of £1 per annum was issued.

- 1.3 The Club has recently approached the Council asking if the proposed terms and conditions of the lease could be altered to enable the lease to be entered into prior to the club obtaining planning permission. The club chairman has explained that the club being in possession of a long lease would increase the confidence of investors identified to fund the proposed redevelopment. The chairman has agreed to have time limited conditions restoring the rent to current levels (£25,000 per annum linked to RPI) included in the lease in the event that planning permission is not achieved within 3 years and the development not completed within 8 years of the planning permission being granted. The proposed terms will continue to contain safeguards to ensure that the benefits from redevelopment will continue to be invested in the club, any sales are agreed by the Council and the development value will be shared with the Council, as appropriate.

2 DETAILS OF THE PROPOSED LEASE

- 2.1 The site of the proposed lease is shown on the plan attached at Appendix 1. In exchange for a long lease at a rent of £1 per annum, ATFC will redevelop the stadium on the basis that all benefit / profits derived from developments are recycled back into the football club to assist with the club's financial sustainability, growth and potential promotion through the football leagues.
- 2.2 The Council has already agreed to grant ATFC a lease term equivalent to 118 years so that the proposed lease will expire prior to the expiry of the Council's right of access over adjacent land owned by BT in 119 years. This would be unchanged by the new proposal.
- 2.3 As explained in report RP1912 the existing access rights direct from the High Street will be retained and the use of the vehicular access off Ordnance Road adjacent to the Parsons Barracks car park site, which also services the Buddhist Community Centre, will be formalised as part of the new lease.
- 2.4 The rent payable under the current lease is £25,000 per annum, although ATFC receives both rent and business rates rebate funding under a financial package authorised by Cabinet in July 2017. The revised proposal would be a lease at £1 per annum subject to ATFC achieving planning consent for the proposed development works by 31 December 2022 and completion of the approved development by 31 December 2030. If these conditions are not met the annual rent will revert to £25,000 subject to review every five years in line with RPI indexation.

- 2.5 In May Cabinet considered that the loss of rent should be seen as the Council's increased contribution towards the Club in the context of the risk of the site reverting back to the Council with the liabilities associated with this.
- 2.6 The lease would be granted on terms which ensure the majority of the site remains in use for football and related uses. If in the event ATFC wishes to dispose of any part of the site which has been developed, officers have negotiated income sharing clauses which would ensure the Council receives a share of any profits made by a disposal.

3. OTHER IMPLICATIONS

Risk review

- 3.1 The ability to continue use of the stadium in its current configuration and condition is limited and poses a real risk of the club requiring new premises elsewhere if it is to continue as a viable club playing at a similar level.
- 3.2 Should discussions for a new long lease cease, there is a strong possibility that the site will revert back to Council responsibility at the end of May 2023. ATFC do have a repairing liability under the existing lease limited by a schedule of condition. In this scenario the site would be handed back in its current configuration. The Council would then be faced with a financial liability to ensure the site does not fall further into disrepair.
- 3.3 As this proposal is being considered on its own merits it is therefore not setting a precedent for other sports clubs and there are not implications for other assets within the Council's ownership.
- 3.4 The issue of lease does not mean that any application for development by the club would definitely be granted planning permission or that the club would be able to develop the site as currently proposed. For example, there could be planning policy implications and/or restrictions on the land. ATFC would need to accept the risk of this in signing the new lease.

Alternative options

- 3.5 In the event that a new lease is not issued as proposed, on expiry of the existing lease the following are potential options:
- 1) ATFC request a new lease which the Council agree to (lease term to be agreed between the parties)
 - 2) ATFC request a new lease. The Council can disagree

and take the site back for Council use or redevelopment.

- 3) ATFC decide not to renew the lease and the site reverts back to Council ownership / liability. The Council is then faced with a large financial liability to refurbish the stadium, redevelop the whole site or close the site for public access.

- 3.6 If a new lease of circa 15 years is granted to ATFC as could be the case under option (1), the club would be liable for payment of market rent (note the rent currently reserved at £25,000 pa is not necessarily the true Market Rent) but it would not allow redevelopment of the stadium as the lease term would not be long enough for ATFC to secure funding for a stadium redevelopment should it gain planning consent.

Financial and Resource Implications

- 3.7 The current lease expires 29 May 2023 (less than four years unexpired) and the current rent is £25,000 per annum. In July 2017 Cabinet approved a grant funding proposal detailing a combination of rent and rate relief from 2016 through to 2021. In the current 2019/2020 financial year, ATFC received 10% rent relief and 80% business rates relief. In 2020/2021, ATFC will receive no rent relief and will continue with 80% rate relief.
- 3.8 There is, therefore, a direct loss of £25,000 per annum to the Council's asset revenue budget until 2023 when the current lease expires. If the new lease is agreed the revenue budget will have to be reduced accordingly.
- 3.9 In the event that planning permission is not achieved within 3 years or the redevelopment is not completed within 8 years of the planning application being granted then the rent will revert to £25,000 per annum indexed from the commencement date of the proposed new lease.
- 3.10 If a new lease is not issued and the site reverts back to Council ownership prior to any direct development of the site the Council would be responsible for the costs associated with securing the site, managing the empty buildings, payment of empty business rates, utility bills, insurance, clearance of all fixtures and fittings. There would be a potential future financial benefit of developing the site.
- 3.11 In the event that there are capital returns from the sale of assets rather than income to support the Club, the Council would be entitled to receive a proportion of these receipts.

Legal implications

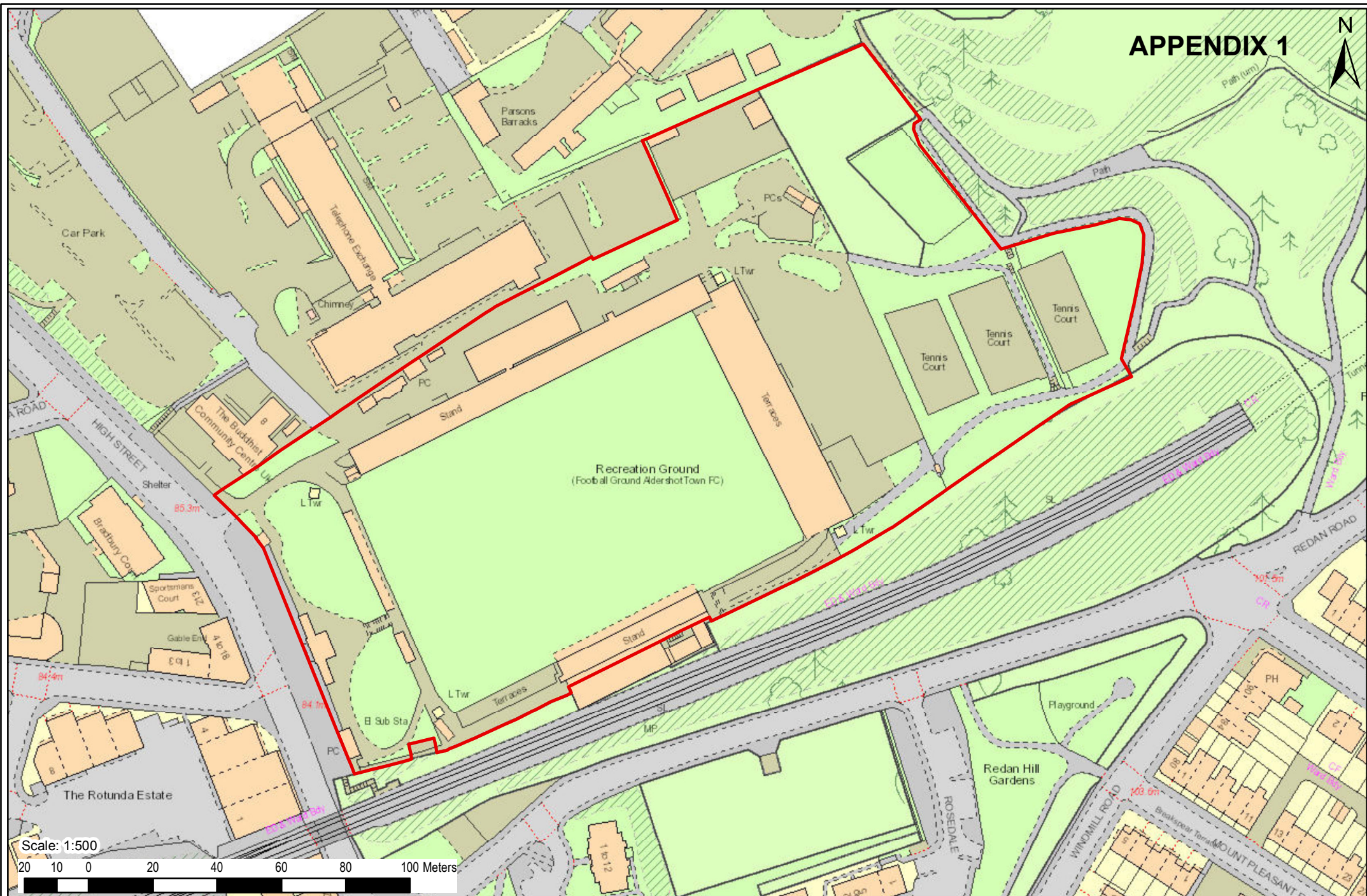
- 3.12 Careful consideration will need to be given in the final terms to the existing rights of way across the site being preserved in a manner that fits with the aspirations for development of the site; the user and alienation clauses in the final form of lease.
- 3.13 The agreement will also have to safeguard against a sale of the club without achieving the benefits anticipated from the creation of this new lease such that any new owner would be bound by the same terms and would not be able to allow the ground to decline without the Council having the ability to step in to take action.

4. CONCLUSIONS

- 4.1 Agreeing the revised long lease proposal set out in the report is a significant step in facilitating the redevelopment of the stadium which would help to secure the long-term future of the football club. The report sets out benefits and risks associated with this grant of a new long leasehold interest and concludes that on balance it is in the interests of both the Council and ATFC to grant a new long lease on the basis that the benefits of ATFC redeveloping the stadium site with the development returns being used to underpin the long term viability of the Club outweigh the risks for the Council of taking ownership of the site at the end of the current lease.

Background Papers : Report RP1912 Property – Leasehold Disposal
Aldershot Town Football Club, High Street, Aldershot

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Proposed Lease Plan