

REPORT TO THE MEETING OF THE EXECUTIVE – 5 FEBRUARY 2020

PORTFOLIO: ENTERPRISE

REPORT FROM ASSISTANT DIRECTOR, ASSETS & COMMERCIAL

SUBJECT: LEASE OF LAND AT SPORTS GROUNDS COMPRISING 4.43 HECTARES OF LAND NORTH OF LONDON ROAD, RAYLEIGH TO RAYLEIGH TOWN SPORTS AND SOCIAL CLUB

1 DECISION BEING RECOMMENDED

- 1.1 To lease the Council-owned land (edged red on the map annexed hereto as Appendix 1) to Rayleigh Town Sports and Social Club for use as a sports ground and social use for a period of 28 years.

2 REASON/S FOR RECOMMENDATION

- 2.1 Rayleigh Town Sports and Social Club 'RTSSC' has had the benefit of a lease for the above land for a period of 21 years.
- 2.2 The Club continues to thrive and to deliver sports provision and community benefits to the local area and the wider District. A new lease would enable this provision to continue.

3 SALIENT INFORMATION

- 3.1 RTSSC is a not for profit co-operative organisation of circa 1000 registered members delivering sports provision and community activities. The club has been proactive in seeking external funding to further enhance the on-site facilities and services it provides.
- 3.2 The basis of the lease will be a 28-year term with RTSSC being responsible for maintenance of the land.
- 3.3 The access road off London Road is outside of this lease but a right of way will be granted to RTSSC and is edged green on Appendix 1.
- 3.4 For the avoidance of doubt, RTSSC owns the clubhouse and will retain full repairing and insuring responsibility for all buildings currently erected on the site.
- 3.5 A break clause provision will be included within the terms of the lease and there will be rent reviews every three years. In the event that the Council exercises the break clause to terminate the lease the Council shall use reasonable endeavours to assist RTSSC being offered a suitable similar site if

this is required at a future date. Any alternative site would require appropriate facilities equal to the those enjoyed at the date of termination.

4 HEADS OF TERMS

- 4.1 The main Heads of Terms that have been negotiated between the Council and RTSSC are as follows:
- 28-year lease
 - Rent review every three years
 - Mutual break clause, after 3 years or on every 3rd year anniversary thereafter from commencement of lease
 - Tenant responsible for building and contents insurance and public liability insurance

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The land that forms the subject of this report could be considered a strategic development opportunity for the Council given its location and the planned development of land in private ownership in the immediate vicinity.
- 5.2 If the Council were not to renew the lease, RTSSC would need to find a new location, resulting in loss of the community benefit the club provides. Notwithstanding that there could be a legal challenge in the court against the Council.

6 RESOURCE IMPLICATIONS

- 6.1 RTSSC currently pays a rental of £5038.96 per annum. A market appraisal (Exempt Appendix 2) suggested the land could command a rental figure of between £6,000-£8,000 per annum. The Council's lease policy (amended in 2018) allows for a discount to be applied to reflect the community value that the use of the asset contributes; this has been applied in this instance given the activities that RTSSC undertakes at the site.
- 6.2 It is proposed therefore that the initial sum be £5134.70 per annum. This increase reflects an uplift of 1.9%, being the current Consumer Price Index. Rent reviews will be carried out every three years and will be linked to inflation. The Council will also benefit from not having to budget for the grounds maintenance costs associated with the land for the period of the lease.

7 LEGAL IMPLICATIONS

- 7.1 Under section 123 of the Local Government Act 1972, Local Authorities are under a legal obligation to secure best consideration for use of their assets,

unless a lower value can be justified because of the benefits to the economic, environmental or social well-being of the community. This lease has been negotiated with due regard to the Council's Disposal Framework (2018) and Lease Policy (amended 2018).

- 7.2 The Club can rely on the Landlord and Tenant Act 1954 to request a new lease and unless the Council can rely on a statutory ground set out with that Act it will be difficult to refuse to the renewal. A legal challenge may result in the Court ordering a new lease, award of costs and even setting the terms of the new lease. Under the Council's lease policy, there will be no security of tenure (right to renew).

8 EQUALITY AND DIVERSITY IMPLICATIONS

- 8.1 An Equality Impact Assessment has been completed and found there to be no negative impacts on protected groups as defined under the Equality Act 2010.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.



LT Lead Officer Signature: _____

Assistant Director, Assets & Commercial

Background Papers:-

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

