

North Tyneside Council

Report to Cabinet

Date: 10th December 2012

ITEM 6(f)

Title: Seaton Burn
Recreation Ground

Portfolio(s): Elected Mayor Regeneration	Cabinet Member(s): Mrs Linda Arkley Councillor Judith Wallace Councillor George Westwater
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Report from Directorate: Chief Executive's Office

Report Author: Ken Wilson Tel: 643 6091
Head of Regeneration, Development and
Regulatory Services

Wards affected: Weetslade

PART 1

1.1 Purpose:

To consider and agree proposals for the leasehold transfer of Seaton Burn Recreation Ground to Barmoor Ltd in order to secure investment in new and improved leisure facilities for the benefit of residents of Seaton Burn and the wider community.

1.2 Recommendation(s):

It is recommended that Cabinet:-

- i. declare the Council's land at Seaton Burn Recreation Ground surplus to requirements and available for transfer by way of a long leasehold interest to Barmoor Ltd.
- ii. authorise the Client Manager - Property, in consultation with the Head of Regeneration, Development and Regulatory Services, the Strategic Director of Finance and Resources, the Head of Legal, Governance and Commercial Services and the Elected Mayor, to negotiate and agree the terms of a leasehold transfer of the land at Seaton Burn Recreation Ground to Barmoor Ltd in accordance with all relevant legal requirements, the Council's Constitution and Financial Regulations; and
- iii. authorise the Client Manager - Property to deal with all ancillary matters arising that are consistent with the preceding recommendations.

1.3 Forward plan:

The report is identified in the Forward Plan for the period 1st December 2012 to 1st March 2013.

1.4 Council plan and policy framework:

This report is relevant to the following theme within the Council Strategic Plan 2012-2015:

Priority 4 – Introducing new income streams to maximise the benefit of our assets, not dispose of them forever.

1.5 Information:

The ownership of Seaton Burn Recreation Ground was transferred to the Council in 2003 by the Trustees of Seaton Burn Miners Recreation Ground. The Ground is now held by the Council in Trust on behalf of the Coal Industry Social Welfare Organisation (CISWO), which is a Registered Charity. The extent of the ground is shown hatched on the plan attached as an Appendix to this report.

Facilities within the ground include a cricket pitch, football pitch, bowling green and car parking facilities. There is also a pavilion which accommodates changing and ancillary facilities for the users of the leisure facilities. The pavilion is currently in poor condition and will require a substantial level of investment to bring it up to modern standards.

Barmoor Ltd owns the unhatched land which surrounds the ground within the black outline shown on the plan. The company has recently secured outline planning permission to develop leisure facilities across the land within its ownership and that of the Council. These facilities include:-

- A 36 bay golf driving range
- A 9 hole par 3 "pitch and putt" golf course
- A golf clubhouse
- 10 all weather 5-a-side football pitches and changing rooms
- A replacement changing pavilion
- A children's play area
- A new car parking facility.

The planning permission also requires the retention of the cricket pitch, bowling green and football pitch. A further Reserved Matters application will be required to address the detail of layout, scale, appearance and landscaping.

Barmoor Ltd has offered to take a long leasehold interest in the recreation ground from the Council in order to develop out the leisure facilities in accordance with the planning permission. The company would then enter into sub-lease arrangements with an operator of the golf driving range, course and clubhouse, and a separate operator of the five-a-side football facility who would also take responsibility for the management of the new pavilion. The detailed terms of the lease would be the subject of further negotiation but it is expected that it would need to be for a period in excess of 60 years to justify the substantial level of investment that will go into the project.

Barmoor Ltd is a company that was established specifically to develop out the land at Seaton Burn. The company purchased the adjacent land approximately four years ago to demonstrate this commitment. The Board members also have extensive experience in property development within North Tyneside and the wider region.

Tied in with the planning permission there is an associated Community Use Agreement which ensures that members of the public will continue to benefit from the improved facilities.

The benefit to the Council with this arrangement will be that a new pavilion will be made available to the existing cricket, football and bowling clubs on the same basis and same rates as they currently pay. Charges will increase in subsequent years in line with other charges made by the Council elsewhere for similar facilities. These charges will be reviewed after five years.

The Community Use Agreement ensures that the golf and 5-a-side facilities are made available to schools and other community groups at agreed times free of charge.

Before the Council can lease the ground to Barmoor Ltd, the formal consent of the Coal Industry Welfare Organisation (CISWO) is required. This organisation has already confirmed agreement in principle to the arrangements because it understands the benefits that the proposal will bring to residents of Seaton Burn and the wider community. Their formal approval will also depend upon the Council obtaining an order approving the disposal from the Charity Commission.

It is intended that the Council will benefit from a rental income as part of the leasehold arrangement. This may comprise of a base rent with a profit share arrangement. However the amount of financial benefit to the Council will remain uncertain until CISWO and the Charity Commission confirm their conditions for providing consent to the ground being transferred. There will also be an additional benefit to the Council because current grounds and facilities maintenance costs currently borne by the Council will be met by Barmoor Ltd from the date of transfer.

As the Lease would be in excess of 7 years and the land comprises open space it will be necessary to advertise the leasehold disposal in accordance with Section 123 of the Local Government Act 1972.

1.6 Decision options:

There are two decision options available to Cabinet:

1. To agree to the leasehold transfer of Seaton Burn Recreation Ground to Barmoor Ltd as detailed in this report which will result in the improvement and enhancement of existing leisure facilities.
2. To retain Seaton Burn Recreation Ground within the management of the Council.

1.7 Reasons for recommended option:

The recommended option, Option 1, is considered to be the best way to secure the delivery of investment in new and improved leisure facilities within Seaton Burn Recreation Ground for the benefit of local residents and the wider community.

The Council will also benefit from a rental income and a small annual saving on grounds and facilities maintenance costs.

1.8 Appendices:

Appendix 1: Plan of Seaton Burn Recreation Ground and adjacent land.

1.9 Contact officers:

Niall Cathie – Client Manager - Property – Tel. 0191 643 6517
Alison Campbell – Finance Business Manager – Tel: 0191 643 7038

1.10 Background information:

Property ownership records.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

It is intended that the Council will benefit from a rental income as part of the leasehold arrangement. This may comprise a base rent with a profit share arrangement. The financial arrangements will be the subject of further negotiation and will be authorised in accordance with Recommendation (ii) detailed in this report.

There will also be a small annual cost saving when the grounds and facilities maintenance liability passes from the Council to Barmoor Ltd under the leasehold arrangement.

2.2 Legal

The lease to Barmoor Limited will be granted in compliance with Council's Financial Regulations, Contract Standing Orders and all applicable legislation..

As the land is held on trust for the Coal Industry Welfare Organisation, a charitable organisation, in accordance with s117 of the Charities Act 2011, the Council must obtain an order from the Charities Commission to the disposal of the land.

The proposed disposal will need to be advertised pursuant to s123 of the Local Government Act 1972 as the area comprises open space. S123 also imposes a duty on local authorities to obtain best consideration for the disposal of land. Best consideration does not necessarily mean highest price and in this case can take into consideration wider benefits to the community, as described in paragraph 1.5.

2.3 Consultation/community engagement

Internal consultation has been undertaken between relevant officers, Cabinet Members and the Weetslade Ward Members.

Barmoor Ltd held consultation meetings with the user groups of the recreation ground facilities and with local residents during the outline planning application process.

Members of the public will have a further opportunity to express their views on the Reserved Matters planning application which will address the detail of layout, scale, appearance and landscaping.

2.4 Human rights

There are no human rights issues arising from this report.

2.5 Equalities and diversity

There are no equality and diversity issues arising from this report..

2.6 Risk management

Risks associated with the leasehold transfer have been considered. At this stage, it is considered no specific risk needs to be added to the Directorate risk register.

2.7 Crime and disorder

Crime and disorder issues were considered as part of the planning application process.

2.8 Environment and sustainability

Environment and sustainability issues were considered as part of the planning application process.

PART 3 - SIGN OFF

- Strategic Director(s)
- Mayor/Cabinet Member(s)
- Chief Executive
- Chief Finance Officer
- Monitoring Officer
- Strategic Manager,
Policy and Partnerships

Report author Ken Wilson - Head of Regeneration, Development and Regulatory Services