



SHEFFIELD CITY COUNCIL

Cabinet Report

Report of: Simon Green: Executive Director PLACE

Date: 18 June 2014

Subject: **Proposed Lease of Stocksbridge Leisure Centre**

Author of Report: Dave Wood (2734095)

Summary:

At a meeting of Cabinet on 10th April 2013 the Council resolved to withdraw the funding from Stocksbridge Leisure Centre. Subsequent to that at the same meeting, Cabinet acting in their capacity of the Oxley Park Charity, in which the site of the leisure centre is vested, resolved to close the Leisure Centre if a viable business plan was not forthcoming which would secure the future running of the leisure centre. Further to that 4SLC (For Stocksbridge Leisure Centre), a registered charity (charity registration 1153527) that was created by the local community to provide sports facilities within the locality following the Council's decision to withdraw all funding from the leisure centre, put proposals to the Council that demonstrated commitment and an ability to run the leisure centre for the foreseeable future. Negotiations have taken place to agree in principle terms for the grant of a lease of Stocksbridge Leisure Centre to 4SLC to enable them to seek grant aid to secure funding to invest in the future running of the leisure centre. This report seeks Cabinet approval for the grant of that lease. As the leisure centre is built on part of Oxley Park which is held on charitable trust the consent of Cabinet Members on behalf of the Council as Charity Trustee of the Oxley Park Charity is required. The proposal is for the leisure centre to be disposed of by way of a 25 year lease to 4SLC. A separate approval to the lease is required from the Charity Commission.

Reasons for Recommendations:

Recommendations:

That Cabinet acting for the Council as trustee of the Oxley Park Charity in accordance with the powers given to the Council as Trustee under the provisions contained in the Trusts of Land and Appointment of Trustees Act 1996:

- R1: Declare the former Stocksbridge Leisure Centre surplus to the requirements of the Oxley Park charity.

- R2: Approve the 25 year lease of the Stocksbridge Leisure Centre to 4SLC in accordance with the terms of this Report and a Surveyor's Report in compliance with Section 119(1) Charities Act 2011.
- R3: Authorise the Director of Capital & Major Projects to instruct the Director of Legal & Governance to prepare and complete all the necessary legal documentation in accordance with the agreed terms and Charity Commission requirements to conclude the lease.
- R4 Authorise the Director of Legal & Governance to contact the Charity Commission and take such steps and enter into such documents are required by the Charity Commission in order to give its consent to the lease.
- R5 Authorise the Director of Capital & Major Projects or the Director of Legal & Governance to give public notice in accordance with Section 121 Charities Act 2011, in the local press to notify people within the beneficial area of the charity that the Charity Trustees intend to dispose of the leasehold interest in the Stocksbridge Leisure Centre.

Background Papers: Report of the Executive Director Place to Cabinet at its meeting on 10th April 2013 in relation to the future of Stocksbridge Leisure Centre and a report of the of the Executive Director Place to Cabinet, acting for the Council in its capacity as trustee of the Oxley Park Charity, at its meeting on 10th April 2013 in relation to the future of Stocksbridge Leisure Centre from the perspective of the Oxley Park Charity.

Category of Report: Open

Statutory and Council Policy Checklist

Financial Implications
YES: Paul Schofield
Legal Implications
YES: David Blackburn
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
YES: Dave Wood
Area(s) affected
Relevant Cabinet Portfolio Leader
Cllr Isobel Bowler
Relevant Scrutiny Committee if decision called in
Economic and Environmental Wellbeing Scrutiny & Policy Development Committee
Is the item a matter which is reserved for approval by the City Council?
NO (Cabinet acting as Charitable Trustees)
Press release
No

Proposed Lease of Stocksbridge Leisure Centre

1.0 SUMMARY

- 1.1 This report seeks approval from Cabinet acting for the Council in its capacity as trustee of the Oxley Park Charity to declare the Stocksbridge Leisure Centre surplus to the Charity's requirements.
- 1.2 Following a resolution by Cabinet on 10th April 2013 to withdraw the funding for the running of Stocksbridge Leisure Centre, the building shown by red outline on the attached plan (Appendix One) was closed in April 2013. 4SLC was created at the time in order to take over responsibility for the leisure centre and to continue to provide leisure facilities for the benefit of local people. 4SLC took over the operation of the centre soon after closure and re-opened all facilities apart from the swimming pools.
- 1.3 This leasehold disposal will enable 4SLC to obtain sufficient security to apply for external grant aid to assist with the maintenance and running of the property and to give them security to prepare a sustainable business plan to run the facility for the foreseeable future.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 The proposed disposal will support the ongoing provision of leisure facilities in the Stocksbridge area for the benefit of the local community.
- 2.2 Subject to a Charity Commission approved scheme, the disposal by way of a 25 year lease will remove liability for the leisure centre from the Charity. As the Charity has insufficient funds itself for the future running of the leisure centre, Cabinet, acting for the Council as trustee of the Charity, also resolved at the meeting on 10th April 2013, to demolish the leisure centre if no viable business plan was submitted for the future running of the leisure centre. The demolition of the leisure centre would remove any prospect of this type of leisure facility being provided for the local community for the foreseeable future.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 The leasehold disposal of the property will enable a new social enterprise to operate the centre and provide employment and leisure opportunities for the local area.

4.0 LEGAL, PROPERTY & CHARITY IMPLICATIONS

- 4.1 Oxley Park was acquired originally by Stockbridge Urban District Council in two separate conveyances in 1921 and 1925 from Thomas Oxley, which state that the land is held upon trust "for ever for perpetual use by the inhabitants of Stockbridge as a Park or Recreation Ground...". This created a charitable trust subject to which the Council now holds the

park. The legal implications relating to this charitable status further informs the recommendations being made to Cabinet as Trustees which follow within this report

- 4.2 The granting of a lease to another person constitutes a disposal of the charitable land here and must comply with all relevant legal requirements. The overriding principle governing the disposal of charitable land is that the Charity Trustees must be satisfied that the terms on which the disposition is proposed to be made are the best that are reasonably available to the Charity in the circumstances.
- 4.3 In accordance with the Charities Act 2011 a Section 119(1) Qualified Surveyor's Report dated 10 June 2014 has been prepared which advises that the terms provisionally agreed with 4SLC represent the best that are reasonably available for the Charity. It also advises that, given the widespread publicity of the Council's decision to close Stocksbridge Leisure Centre, there is no reasonable prospect in anyone other than 4SLC being interested in taking a lease of the leisure centre. Consequently, seeking to advertise and actively market a leasehold interest in the leisure centre would not be in the best interests of the Charity.
- 4.4 The Qualified Surveyor's Report has been prepared in accordance with instructions from the Council that the interest to be conveyed will be leasehold with certain restrictions on the property's use. This is to ensure that the Leisure Centre continues to provide leisure facilities for local people at affordable prices.
- 4.5 The main lease terms are as follows:
- 25 years from a date to be agreed
 - The rent shall be a peppercorn for the initial 10 year period subject to review to market rent thereafter
 - The lessee shall be responsible for maintaining and repairing the premises and keeping them in no worse condition than they are currently
 - The premises shall be used as a community leisure centre only
 - The prices charged to the public for pay and play access must not exceed the prices charged for other publicly funded facilities in Sheffield
 - The lessee shall not be entitled to assign, transfer or further let the whole of the premises to any other organisation, but shall be allowed to underlet part of it subject to the Council's consent as trustees
- 4.6 Prior to exchanging contracts it will be necessary for the Charity Trustees to give notice under Section 121 Charities Act 2011. The Notice will advertise the Charity Trustees general intention to dispose of the leasehold interest in the leisure centre. If they fail to give notice, the agreement for the disposal will be invalid.

At the time of writing this report the approval of the Charity Commission to the proposed lease is outstanding. However, it is anticipated that the

granting of this consent will not be an issue.

5.0 FINANCIAL IMPLICATIONS

5.1 The disposal will not attract a direct financial return to the charitable trust but it will remove a maintenance liability. However, whilst the centre remains under new management and is seeking to establish a new business model, the council as trustees will remain responsible for meeting the costs of demolition if the centre proves to be unsustainable.

6.0 ALTERNATIVE OPTIONS CONSIDERED

6.1 The property is surplus to the Council's and Charity's requirements.

6.2 The cost of the demolition of the leisure centre would have to be met by the Council at the request of the charitable trustees and would also remove any prospect of this type of leisure facility being provided for the local community for the foreseeable future.

7.0 REASONS FOR RECOMMENDATIONS

7.1 The disposal of the surplus property will benefit the Charity and the local community by :

- removing a long term maintenance liability
- providing a new local social enterprise opportunity
- continuing to provide leisure facilities for local people

8.0 RECOMMENDATIONS

That Cabinet acting for the Council as trustee of the Oxley Park Charity in accordance with the powers given to the Council as Trustee under the provisions contained in the Trusts of Land and Appointment of Trustees Act 1996:

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