



Author/Lead Officer of Report: James Barnes

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Report of: Executive Director, Operational Services

Report to: Co-operative Executive

Date of Decision: 20th April 2022

Subject: Sheffield Football Hubs

Is this a Key Decision? If Yes, reason Key Decision: -	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>
- Affects 2 or more Wards	<input checked="" type="checkbox"/>
Which Executive Member Portfolio does this relate to The Leader of the Council?	
Which Scrutiny and Policy Development Committee does this relate to? The Overview and Scrutiny Management Committee	
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, what EIA reference number has it been given? 981	
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below: -	
<i>Appendix 1 is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) being information relating to the financial or business affairs of the Council that is not in the public interest to publish.</i>	

Purpose of Report:

To seek approval to enter into a 25 year lease arrangement for two sites at Westfield and Woodbourn Road and to enter into negotiations regarding the existing Sheffield Football Trust leases for Graves and Thorncliffe which have 45 years remaining to the National Football Trust.

In addition, the report seeks approval to develop Woodbourn Road as a fourth football hub site, this will include granting a 25-year lease to the National Football Trust and approval to accept £2.1m investment from the Football Foundation into the site.

Recommendations:

Co-operative Executive is recommended to:

1. Note and endorse the work done by officers to date;
2. Approve the inclusion of Woodbourn Road Football Facility as a Football Hub site as proposed in this report and:
 - (a) approve acceptance of the proposed £2.1m grant funding from the Football Foundation for the capital costs of the Facility;
 - (b) delegate to the Executive Director of Resources/ Director of Culture and Environment in consultation with the Director of Legal and Governance the authority to enter into appropriate grant funding agreements for the Facility;
 - (c) note that a capital approval submission will be submitted for the necessary authority to undertake and procure the proposed works and award the contract for work at the Facility in accordance with Council procedures;
3. Delegate to the Executive Director of Place in consultation with the Director of Culture and Environment, the Director of Legal and Governance and the Chief Property Officer the authority to enter into all necessary property related legal documentation for the purposes of delivering the property related outcomes set out in this report;
4. Delegate to the Executive Director of Place in consultation with the Director of Culture and Environment and the Director of Legal and Governance the authority to enter into the collaboration agreement and any further necessary commercial legal documentation for the purposes of delivering the outcomes set out in this report; and
5. Delegate to the Director of Culture and Environment in consultation with the Director of Legal and Governance and the Director of Finance the authority to take such steps as they deem appropriate to achieve the outcomes set out in this report.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

November 2021 Co-operative Executive Report – Leisure Review and Investment

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Jane Wilby
		Legal: Kevin Carter and David Sellars
		Equalities: Annemarie Johnston
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	Mick Crofts
3	Executive Member consulted:	Terry Fox
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Lisa Firth	Job Title: Director of Culture, Parks and Leisure
	Date: 7th April 2022	

1. PROPOSAL

1.1 Background

Sheffield City Council has a long tradition of working together in partnership and in collaboration with the professional clubs, SUFC and SWFC Community Foundations, grassroots clubs, leisure operators and other local stakeholders who provide crucial local knowledge and input towards improving football provision and facility developments. We are proud of our achievements in Sheffield developing innovative approaches to facility provision and the structure of play for football across the city.

We have demonstrated that better grassroots football facilities can have a transformative impact on people's physical and mental health, bringing communities together and benefitting local economies. Our collaborative approach and existing partnerships bring a breadth of knowledge and experience of successfully delivering football improvement projects. We are ambitious and innovative and want to improve the quality of the offer made to the local community.

Working in partnership with others we want to develop a long-term sustainable future for four Sheffield Football Hub facilities (Hubs) at Graves, Thorncliffe, Westfield and Woodbourn Road so that they can deliver considerably more social, economic and environmental benefits and support long term recovery from COVID-19. It is vital that we take a thoughtful, coordinated approach to the future management of these facilities as we rebuild from the pandemic to create the football facilities that our communities need in the long-term.

In October 2016, the FA, the Premier League and Sport England (the Funding Partners) launched the Parklife Football Hubs Programme in Sheffield. The aim of the Parklife programme was to create a sustainable model for football facilities based around artificial grass pitches on hub sites. Sheffield's current Parklife facilities are located across three sites at Graves, Thorncliffe and Westfield.

The Graves and Thorncliffe sites, which each include two artificial grass pitches and grass pitches, are currently leased to the Sheffield Football Trust (SFT) on a 50-year term. In 2017 the SFT supported by the Council and the FA appointed Pulse Soccer to manage the sites via a Leisure Services Management Agreement, with Leisure United as the day-to-day operator of the sites.

Pulse Soccer was also appointed as preferred operator for the Westfield site which includes two full size artificial grass pitches and a gym with fitness suites, education classroom/community meeting space and a café. Pulse Soccer sub-contracted Leisure United to undertake the day to day running of this site.

These arrangements with Pulse Soccer at all 3 sites came to an end in 2019 due to the failure to agree acceptable final contractual terms, including the associated management fee. When these ended, Leisure United were engaged as temporary operator and these arrangements are due to expire in June 2022.

The interim arrangements with Leisure United have been supported and underwritten by the Football Foundation (FF) whilst a long-term sustainable solution was developed. It should be noted that Covid-19 has also had a significant impact on the operation of the Hubs in Sheffield with periods of closure due to national lockdowns and reduced capacity due to Covid-19 restrictions. The cost implications related to Covid-19 have been met in full by the FF.

1.2. The Proposal

This report seeks approval to progress with the negotiations of a new management and operational model across the four Hubs in Sheffield. A number of options have been considered including retendering operation of the facilities, bringing facilities in house and working in Partnership with the FF to place the facilities into a National Football Trust (NFT).

The Council has undertaken due diligence to ensure that the proposed future management model is cost effective and meets the needs of residents.

The preferred model is for the Council to place the leases for the four hub sites into a newly formed National Football Trust. The NFT has been developed by the FF with the aim of establishing a single cost-effective structure for operating Hub facilities nationally. The FF has undertaken significant due diligence to find a long-term solution with the support of the Funding Partners.

On 4 March 2021, the FF Board approved the creation of the NFT and local authorities with existing football hub sites (Sheffield, Liverpool and Sunderland) were invited to transfer the leases for their hub sites into the model.

The NFT model enables the Council to continue to benefit from the expertise of Leisure United, who currently operate the three existing Hubs. They have a highly experienced senior management team and experience of working in partnership with the Council and partners. Leisure United is wholly owned by the NFT, providing clear governance and controls to all stakeholders.

The NFT is a charitable organisation and in entering into this model agrees that all surplus money generated from the Sheffield Hubs is ringfenced, without commercial leakage, for reinvestment into grassroots football in Sheffield within the arrangements.

Under this model the Council will continue to have its landlord rights over the existing as well as new sites alongside certain assurances committing the NFT to adhere to the existing funding conditions and outcomes included in the original Sport England and FF funding agreements for the sites which the Council is contractually committed to abide by, as well as in respect of the proposed funding agreement for the new Hub at Woodbourn Road. This is discussed in further detail in Appendix 1.

The Council has undertaken due diligence with Strategic Finance, Tax, Commercial and Property colleagues to ensure that the business case for the NFT model is financially viable. We are confident that the new model will enable the Council to meet the prudential borrowing requirements associated with the Hubs (via a lease payment for the Woodbourn Road site). In addition, future life cycle maintenance and sinking fund requirements will be the responsibility of the NFT, reducing the financial exposure to the Council. In the event that the sites make losses then the NFT/LU would be responsible. There would be no obligation on either SCC or FF to provide any financial support.

1.3 Woodbourn Road site

In addition, the report seeks approval to develop the site at Woodbourn Road as a fourth Hub. This will include granting a 25-year lease to the NFT in return for accepting £2.1m investment from the FF into the site.

In addition, it has been agreed that the Woodbourn Road Stadium will be renamed 'The Gordon Banks Stadium'. This is part of a City memorial to Gordon Banks as he was born and played football in the local vicinity.

The Council has explored the option of developing the Woodbourn Road Football Facility for some time. The 5-a-side football pitches and pavilion building at Woodbourn Road were previously run by Powerleague, who announced their withdrawal from the site as part of a national rationalisation programme affecting similar sites across the country with their operation ending in January 2019.

When the Powerleague arrangement ended the Council was left with a site with significant Health and Safety issues both on the football playing area and within the pavilion building. The Council has invested funding to enable the facility to continue operating in the short term whilst additional funding was secured to significantly improve and modernise the site.

The Council has worked closely with the FF and the local community to identify a mechanism to bring significant investment to the site. The FF recognise the significant contribution the Woodbourn Road site has for football in Sheffield and has allocated £1.5m for the development of the site. This funding is specifically allocated against Woodbourn Road and would not be available for any other site in Sheffield.

Adding Woodbourn Road as the fourth Hub in Sheffield will secure the long-term future of the site as a community football facility by bringing it under the NFT portfolio. In addition, the NFT will pay an annual lease payment for operation of the site.

This proposal supports both the Council's city-wide strategy to improve access to sport, health and well-being and the FA's national strategies aimed at improving access to year-round, high quality footballing facilities.

1.4 Strategic Context

The Council is currently refining and resetting its strategic approach to leisure, physical activity, sport and wellbeing linked to strategic priorities. This is particularly important following the impact of the global pandemic and its impact on the leisure industry and behaviour in relation to sport and physical activity.

In 2019 the Council commissioned SLC (Sport Leisure Consultancy) to undertake a review of leisure facilities. This examined the ways in which the City's Leisure and Sport assets and services could be redeveloped to become as close to self-funding as possible through investment and service transformation and how the facilities could be managed in the future. This was driven partly by financial challenges, but largely by an ambition to improve the quality and accessibility of leisure facilities, the customer experience and to help achieve the vision and mission of the city's Move More Plan.

In November 2021 the Co-operative Executive agreed proposals to invest in new and improved sport and leisure facilities across the city. Adopting the Hub model and accepting investment into the Woodbourn Road site will build on this and help to attract and retain increased participation and usage across our Hub sites. A welcoming grassroots football and combined gym offer will meet customer expectations of a modern and welcoming service.

The investment in the Woodbourn Road site will help to reduce inequalities by improving access and removing barriers to participation and encourage more people to be more active, more often, for example improved disabled access and changing facilities and provision of a multi faith room. This will contribute to our Public Health objectives and the City's Move More outcomes.

We know that Sheffield faces significant challenges. Preventable yet life-changing illnesses like obesity and diabetes are increasing and the recent pandemic has undermined participation in the one of the most effective preventative measures; being active. The Sheffield Football Hubs will provide opportunities for people to be physically active and support improved health outcomes.

The NFT model will improve financial viability and long-term sustainability across the Hubs. It will ensure that improvements are made to Woodbourn Road to ensure the site is up to date, relevant.

The Woodbourn Road site will help to deliver against the Council's commitment to the climate emergency by improving the environmental sustainability of facilities. As the largest single funder of artificial pitches in Europe, the FF is seeking to use the Woodbourn Road site to undertake research into recyclable artificial football pitch surfaces with organic infill materials. Investing into a multi-pitch site for the purpose of 'real-life' research of different pitch systems will provide a unique opportunity to gather objective 'live' performance data. The Woodbourn Road site will provide a platform for innovation and incentivise the

industry to push forward with better performing and more environmentally sustainable artificial pitches.

In July 2021 the Council adopted a One-Year Plan that was agreed by the Co-Operative Executive. Under the Communities and Neighbourhoods theme of the plan, key objectives of include agreeing a long-term investment strategy for modern sport and leisure facilities across the city and consultation on new activity strategy for the city.

This proposal supports both the One-Year-Plan priorities by improving access to sport, health and well-being opportunities, and the FA's national strategies aimed at improving access to year-round, high quality footballing facilities.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 City wide consultation has recently taken place which will help the Council to shape how future funding is invested in our sport and leisure facilities and how services are delivered to meet the needs of residents. The consultation will provide important feedback, information provided which relates to the Hubs will be fed into Sheffield's Football Facilities plan which will be used to shape future investment into football sites across the city. The Sheffield Local Football Facility Plan will also be the basis for the NFT to allocate funding towards future projects in Sheffield.
- 3.2 There have been discussions with the Funding Partners and benchmarking undertaken with the Local Authorities of Sunderland and Liverpool. Consultation has been undertaken with a range of internal and external partners and users, including Co-operative Executive members, local Councillors, Council departments and users of the facilities. The outcomes of this consultation have helped to shape the identified proposal included within this report.
- 3.3 We have also consulted with the SFT including Sheffield and Hallamshire FA, FF and both Sheffield United and Sheffield Wednesday Community Foundations and independent local trustees.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

The proposals identified within this report are expected to have positive equality of opportunity impacts as our consultation and subsequent investment in facilities will help to reduce barriers to participation and encourage more people to be more active, more often, especially those who don't currently use the facilities.

Investment in facilities including a multi faith room and gender neutral and disabled access toilets will improve equality of access and inclusivity. The principles of equality, diversity and inclusion are embedded in everything we do. It is important to us that our communities are at the forefront of

planning and designing our projects to support long-term behaviour change and create a sustainable legacy.

Commercial Implications

Having considered a number of alternative options including undertaking an external procurement and bringing the services in house (further information included in section 'Other Options Considered' below) the preferred option is to place the Sheffield Football Hubs into the National Football Trust.

The arrangements with the National Football Trust include a £2.1m grant from the Football Foundation for Woodbourn Road, repayment of £2.1m prudential borrowing and £3.25m lifecycle maintenance allocation and an estimated £4.6m profit which is 100% ringfenced for investment in Sheffield.

The market testing exercise undertaken by FMG consulting on behalf of the FA, Premier League and Sport England found no credible alternative operator solution that provides the required certainty, stability, and transfer of risk away from the Football Foundation and Local Authorities in comparison to the National Football Trust Model with Leisure United as an operator.

The Council did not undertake its own due diligence on this matter because the information provided by the Football Foundation covered the key elements which would have been included in a Council led soft market testing exercise. It was felt that this would be duplication of work already undertaken and would not represent good use of public money.

Work to build the Woodbourn Road Football Facility will be subject to Procurement Rules and Subsidy Control law. Procurement of the works will also comply with the Council's own standing orders.

Financial Implications

- 4.2.4 The financial modelling done to support the recommendations in this report shows that the submitted 10 Year Consolidated Business Plan for the whole football finance model will meet both the historic and new prudential borrowing requirements. In addition, the financial business case meets life cycle sinking fund requirements at all sites including replacement of pitch surfaces every ten years.

The 10-year Business Plan shows the overall surplus position of Sheffield as a portfolio. As a Charity, neither Leisure United nor the National Football Trust can generate profit. Therefore, after making eligible deductions from revenue, set out in the surplus share

agreement, (which include ordinary expenditure as well as the sinking fund, operating reserve, lease payments) a 100% of any net income (surplus) would be held in a restricted fund for investment in Sheffield endorsed through the Local Football Facility Plan.

The National Football Trust or Leisure United will not 'hold' any money back or 'top slice' any other income received in for any other purposes. In addition, Sheffield City Council was invited to apply to the Football Foundation for £2.1m funding to support developments at the Woodbourn Road Facility. The grant will contribute to the total project cost of c£2.6m for the pitches and new sports hub building at Woodbourn Road. Sheffield City Council will be the Accountable Body for the funding application, and this will be agreed through a Funding Agreement with specific conditions with the Football Foundation.

The proposal is for Sheffield City Council to provide match funding of £500,000 through prudential borrowing. The cost of the prudential borrowing will be met via a lease payment from the National Football Trust on an annual basis.

Specialist tax advice has been sought on this investment plan and no further risks are presented to the authority as a result.

5.0 Legal Implications

5.1 External legal advice has been sought on the proposed structure and this is set out in Appendix 1.

Section 1 of the Localism Act 2011 allows a local authority to do anything that an individual may do as long as whatever is proposed is not prohibited by law.

The granting of a lease is deemed to be a disposal and therefore is subject to section 123 of the Local Government Act 1972 which deals with achieving best value for the disposal. For the reasons set out above and in the relevant part of the Property Implications section below it is considered that the overall benefits achieved secure best value for the Council.

Should the parties decide to agree a surrender and re-grant of new leases for the sites already under lease the surrender would be deemed to be an acquisition which is allowed under section 120 of the Local Government Act 1972. Further as an acquisition there is potentially a liability for a payment of SDLT. This option is not currently a point of discussion between the parties if it becomes a serious consideration the cost implications will be explored in greater detail.

Alternatively, if the sites already under lease are assigned to a new leasee then this would be subject to section 19(1) of the landlord

and tenant Act 1927 and any consent to assign should amongst other things take into consideration whether any incoming tenant can comply with the terms of the leases. It is reasonable to believe that this would be the case.

The Council has the power to take steps to provide such recreational facilities, indoors and outdoors, as it thinks fit by virtue of section 19 of the Local Government (Miscellaneous Provisions) Act 1976 including outdoor pitches for team games. It also includes such facilities in connection with recreational facilities as the authority considers it appropriate to provide, including providing buildings, equipment, supplies and assistance of any kind.

Further approvals will be sought in accordance with the recommendations set out in this report, at which time legal implications will be provided on all legal agreements currently being negotiated.

6.0

6.1

Property Implications

Woodbourn Road Football Facility: The lease from Sheffield City Council to the National Football Trust of the Woodbourn Road site will be a disposal of the land. The specific lease terms are still to be negotiated, but it is anticipated that it will be granted at a rental value of £150,000 per annum.

Approval was granted to dispose of the land to Powerleague Fives Limited and a Deed of Surrender was signed on the 31st January 2019. The surrender was due to Powerleague Fives Limited entering a Company Voluntary Arrangement

St Georges Park Graves and St Georges Park Thorncliffe: The leases at St Georges Park Graves and St Georges Park Thorncliffe will be an assignment of the existing leases from the Sheffield Football Trust to the National Football Trust. The current lease terms will be duplicated and assigned. The leases will be granted at a nil value.

St Georges Park Westfield: The lease from Sheffield City Council to the National Football Trust at the Westfield site will be a disposal of the land. The specific lease terms are still to be negotiated, but it will be granted at a nil value. The disposal of land approved at Cabinet on 7th November 2016.

Under s123 Local Government Act 1972 the Council cannot dispose of property for less than the best price reasonably obtainable, unless it obtains the consent of the Secretary of State. Pursuant to the powers conferred by section 128(1) of the 1972 Act. the Secretary of State has issued the General Disposal Consent (England) 2003. Where the terms of a proposed disposal fall within the scope of this

consent there is no requirement to obtain a specific consent for it. This consent permits the disposal of land at an undervalue of up to £2,000,000 where the Council considers that it will help to secure the promotion or improvement of the economic, social or environmental well-being of its area. The benefits of the proposal in economic, social and environmental terms are detailed in this report and the value of both sites is significantly less than the £2,000,000 limit so there will be no requirement to obtain a specific consent from the Secretary of State for the grant of the proposed leases to the football trust.

SCC will not be allowed to mortgage, lease, licence, dispose or change the use of Football Hubs during the lease term (25 years), without the prior consent of Football Foundation. The Council will be tied into the obligations of the leases and the Collaboration Agreement and its schedules, and the decision maker needs to be happy that the Council can comply with these obligations and the monitoring conditions

7. ALTERNATIVE OPTIONS CONSIDERED

7.2 Do Nothing

Doing nothing is not an option. The current arrangement with Leisure United come to an end in June 2022 and the facilities themselves require significant investment just to remain open and functioning. Without investment facilities will continue to decline and eventually close.

Bring Services In-house

The in-house option was not financially viable as it would be more expensive and present a greater level of financial uncertainty and risk to the Council. They would not allow for the level of investment needed for the Council to offer significantly improved leisure facilities.

Procurement exercise

The Council would not be able to put all four sites out to tender because the current arrangement for the Graves and Thorncliffe sites sit with the Sheffield Football Trust (SFT), who entered into 50 year lease arrangement with the Council in 2016. Whilst the Council can agree for the SFT to assign the leases to the NFT (as included in this proposal) the Council cannot put the Graves and Thorncliffe facilities out to tender.

8. REASONS FOR RECOMMENDATIONS

8.1

The investment into new and improved facilities will help to attract and retain increased participation and usage of venues. Improved facilities will better meet customer expectations of a modern and welcoming grassroots football offer. This will help to reduce barriers to participation and encourage more people to be more active, more often. It is therefore critical that a long-term management solution is put in place to secure the future of the Sheffield Football Hubs.