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**Report of:** Lorraine Manley, The Executive Director for Place

**Report to:** Cabinet

**Date of Decision:** 18<sup>th</sup> October 2017

**Subject:** Authority for Sheffield City Council to enter into a lease and Leisure Services Management Agreement with Pulse Soccer Limited for the operation of the Westfield Football Hub.

To authorise the disposal of public open space at Westfield to Pulse Soccer Limited and Mosborough Rugby Club via leases.

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 type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? <b>Culture Parks and Leisure</b>				
Which Scrutiny and Policy Development Committee does this relate to? <b>Economic and Environment Scrutiny and Policy Development Committee</b>				
Has an Equality Impact Assessment (EIA) been undertaken?		Yes	<input checked="" type="checkbox"/>	No
If YES, what EIA reference number has it been given?		930		
Does the report contain confidential or exempt information?		Yes	<input checked="" type="checkbox"/>	No
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<p><i>“The appendix A is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

**Purpose of Report:**

*(Outline the decision being sought or proposal being recommended for approval.)*

- The site at Westfield, Moss Way, Mosborough has been developed by the Council and the facility of St Georges Park, Westfield at The Isobel Bowler Sports Ground is now complete. This is a high quality football facility allowing year around access, with changing facilities, a club house and a gym. Along with rugby pitches and related facilities.
- As part of the Parklife Project, the Sheffield City Council and the Football Association (FA) previously appointed Pulse Soccer Limited as the operator in respect of three football hub sites within Sheffield. The Westfield site and its operational arrangements is the subject of this report.
- The proposal is for the Council to enter into a lease and a leisure management agreement with Pulse Soccer Limited. The Council will also need to enter other legal agreements with the Sheffield Football Trust, which relate to the collaboration between the Council and the Football Trust in respect of the current hub sites and any future sites which become part of the Parklife Project.
- It is also proposed that the rugby facilities at the site will be leased to the Mosborough Rugby Club, as part of a separate transaction.
- Cabinet previously made a decision on the 26<sup>th</sup> March 2008, which approved the disposal of the former Westfield School Playing Fields, off Moss Way to the Sheffield and Hallamshire County FA with definite user rights to the Mosborough Miners Welfare Club. It is the intention of this report to request that the previous decision is amended. Instead it is proposed that a lease will be granted to Pulse Soccer Limited in respect of the football and leisure facility known as St Georges Park, Westfield, with a further separate lease to the Mosborough Rugby Club for the rugby facilities.

**Recommendations:**

That Cabinet:

1. Delegate to the Executive Director of Place in consultation with the Director of Legal and Governance the authority to enter into the Collaboration Agreement and a Grant Agreement with the Sheffield Football Trust.
2. Delegate to the Executive Director of Place in consultation with the Director of Legal and Governance the authority to enter into a Leisure Services Management Agreement with Pulse Soccer Limited for an initial period of 8 years, to manage the facility at Westfield.
3. Notes the previous Cabinet decision of the 26<sup>th</sup> March 2008 to dispose of the land to the Sheffield & Hallamshire County Football Association and now revises that decision and authorises the Chief Property Officer and the Director of Legal and Governance to dispose of the public open space at Westfield to Pulse Soccer Limited via a lease for the period of 8 years and via another lease to the Mosborough Rugby Club for a period of 25 years.
4. Delegates authority to the Executive Director of Place in consultation with the Director of Legal and Governance and the Director of Finance and Commercial Services to agree the terms of the various agreements detailed within this report or any other legal documentation needed to achieve the outcomes set out within this report.
5. Delegates authority to the Executive Director of Place in consultation with the Director of Legal and Governance and the Director of Finance and Commercial Services to take such other steps as may be deemed 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.)*

- a) The 'Sheffield City Council Partnership with the Football Association' Cabinet Report 12<sup>th</sup> November 2014. (Appendix B)

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: Chris Nicholson/ Anoop Rughani
		Legal: Nadine Sime
		Equalities: <i>Beth Storm</i>
<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	<b>EMT member who approved submission:</b>	<i>Laraine Manley</i>
3	<b>Cabinet Member consulted:</b>	<i>Mary Lea</i>
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.	
	<b>Lead Officer Name:</b> <i>James Barnes</i>	<b>Job Title:</b> <i>FA Project Manager</i>
	<b>Date:</b> 3 <sup>rd</sup> October 2017	

## 1. PROPOSAL

*(Explain the proposal, current position and need for change, including any evidence considered, and indicate whether this is something the Council is legally required to do, or whether it is something it is choosing to do)*

### **Background to the Sheffield Parklife Project**

- The wider Project represents the first of what the FA anticipates will be many similar approaches adopted across the country where discretionary budget challenges are being faced. It is a nationally significant project which has the open support of the senior executive of The FA.
- The FA identified three initial sites in Sheffield at Graves, Thorncliffe and Westfield to become the first football hubs as part of the launch of the Parklife Project.
- The FA and its partners committed to funding for the pilot in Sheffield. The FA, the Premier League, Sport England and the Department of Culture, Media and Sport have agreed a partnership approach for Phase 2 (Westfield).
- This is a continuation of the Council working with the FA to develop a radical, but realistic approach to facility provision and the structure of play for football across the city in order to overcome challenges and improve quality.
- The dedicated Sheffield Football Trust will provide strategic governance for the football hubs, but also play a key role in shaping future football facilities in the City. However, the Football Trust will not carry out the direct day to day operational management of the Football Hubs.
- The aspiration is that these facilities will run at zero cost to the project partners.
- This will promote sustained and increased participation in football to achieve wider social outcomes, for all participants from aged 5 up.

### 1.2 **Westfield FA Hub Project**

- The development at Westfield supports both the local authority'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.
- The aims were to improve existing football and rugby facilities at the former Westfield School, Mosborough, by providing improvements to the natural turf pitches and the development of two new floodlit AGP supported by changing facilities, a club house and gym facilities. As detailed above the build is now complete.

- The proposal is for the Council to enter into a lease and a leisure management agreement with Pulse Soccer Limited. The Council will also need to enter other legal agreements with the Sheffield Football Trust, which relate to the collaboration between the Council and the Football Trust, in respect of the current hub sites and any future sites which are part of the Parklife Project.
- The Council will have a direct relationship with the operator and will enter into a collaboration agreement and a grant agreement with the Sheffield Football Trust to cover the wider objectives of the Parklife Project.
- The Leisure Management Agreement and lease at Westfield Football Hub between the Council and the operator will be for 8 years.
- It is also proposed that the rugby facilities at the site will be leased to Mosborough Rugby Club, as part of a separate transaction.
- The Sheffield Trust and the Council will manage the contractual relationship with Pulse Soccer Limited to ensure that the hubs are financially sustainable and the development outcomes realised.

Please also see exempt items.

## 2. HOW DOES THIS DECISION CONTRIBUTE ?

*(Explain how this proposal will contribute to the ambitions within the Corporate Plan and what it will mean for people who live, work, learn in or visit the City. For example, does it increase or reduce inequalities and is the decision inclusive?; does it have an impact on climate change?; does it improve the customer experience?; is there an economic impact?)*

- 2.1
- The Sheffield City Strategy 2010-2020<sup>1</sup> sets out clear, high-level ambitions for achievement in Sheffield by all of the city's partners working together. The Sheffield Football Project will be achieved through working closely with both city partners and external national partners.
  - The current Council Corporate Plan 2011-14, Standing Up for Sheffield identifies six strategic outcomes for the city where we will focus our efforts and direct our investment. This project links to:
    - A Great Place to Live
    - Better Health and Wellbeing

A Great Place to Live Benefit Areas:

### i) Quality Place Management

- Green and open spaces are well-managed and maintained.
- People can participate in sports and leisure activities.

Place Measures

- % of public open space sites in Sheffield managed to the Sheffield Standard

#### Infrastructure and Built Environment

- Neighbourhoods are distinctive, well-planned and designed.

#### Place Measures

- % satisfaction with ease of access to key neighbourhood facilities

#### ii) Better Health and Well Being

This development supports both the local authority'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. The pavilion, AGP and grass pitch provisions are designed to increase participation and raise the level of footballing skill in players, coaches and referees. The proposal aims to address the shortage of playing field space identified in the Council's Playing Pitch Strategy published in 2012.

The 'Outdoor Sports Strategy' Cabinet Report (June 2014) asked for a renewed approach to outdoor sport in response to the rapidly changing sporting and economic context. The longstanding approach of the local authority being by far the biggest funder and provider of outdoor sport must change as the Council faces continuing and unprecedented budget pressures.

In response, there are new opportunities for the sports to take a greater lead and to seek new investment, work with the Council to shape the city's priorities and find new ways of managing the delivery of programmes and venues.

Therefore the collaboration between the Council and the FA and opening of the hub facilities will develop a radical, but realistic approach to facility provision and the structure of play for football across the city in order to overcome this challenge and hopefully improve the quality of experience for young footballers across the city. The FA anticipate wider use of 3G Artificial Grass Pitches (AGPs) to reduce the overall reliance on natural turf although natural pitches will remain a key component of local football delivery.

### **3. HAS THERE BEEN ANY CONSULTATION?**

*(Refer to the Consultation Principles and Involvement Guide. Indicate whether the Council is required to consult on the proposal, and provide details of any consultation activities undertaken and their outcomes.)*

- 3.1 Consultation on the Westfield Hub site has been two-fold. Initial public consultation took place in July 2016 and there was statutory consultation as part the planning application process.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality of Opportunity Implications**

4.1.1 Please see attached Equality Impact Assessment EIA reference number 930.

#### 4.2 Financial and Commercial Implications (see also Exempt items)

4.2.1 Given previous decisions to:-

- Dispose of the land at Westfield playing fields (Cabinet March 2008).
- Procure an operator (Pulse Fitness) to carry-out day to day management of the facilities at Westfield. The procurement process for an operator was approved at Cabinet 12<sup>th</sup> November 2014 and after a tender process Pulse Fitness were appointed as the Leisure Operator in December 2015 for all three FA Hubs
- Approve the Capital Funding of the project/facilities at Westfield (Cabinet June 2016).

There are no new/additional financial implications arising from recommendations in this report.

4.2.2. In summary those implications included the operator paying SCC a licence fee for the Westfield facilities, which will be used to cover contractual sinking fund requirements to replace the pitches and the Revenue costs of the prudential borrowing above.

#### 4.3 Legal Implications

4.3.1 The Local Government (Miscellaneous Provisions ) Act 1976 permits the Council to provide such recreational facilities as it thinks fit which includes:

(a) indoor facilities consisting of sports centres, swimming pools, skating rinks, tennis, squash and badminton courts, bowling centres, dance studios and riding schools; .

(b) outdoor facilities consisting of pitches for team games, athletics grounds, swimming pools, tennis courts, cycle tracks, golf courses, bowling greens, riding schools, camp sites and facilities for gliding; .

(c) facilities for boating and water ski-ing on inland and coastal waters and for fishing in such waters;

(d) premises for the use of clubs or societies having athletic, social or recreational objects;

(e) staff, including instructors, in connection with any such facilities or premises as are mentioned in the preceding paragraphs and in connection with any other recreational facilities provided by the authority;

(f) such facilities in connection with any other recreational facilities as the authority considers it appropriate to provide including, without prejudice to the generality of the preceding provisions of this paragraph, facilities by way of parking spaces and places at which food, drink and tobacco may be bought from the authority or another person.

To the extent the proposals are not covered in this piece of legislation, power to proceed is also provided through the General Power of Competence in Part 1 of Localism Act 2011. It also has the power to deliver the project, under s.111 of the Local Government Act 1972.

The proposal is for the Council to enter into a Leisure Services Management Agreement, along with a lease on the Council owned site, with the Pulse Soccer Limited. The Leisure Services Management Agreement will be for a period of 8 years and will allow the operator to manage and operate the Westfield hub site. It will also clearly set out the specifications of the facility



and the obligations on the operator. Under this agreement the operator will pay the Council a licence fee on an annual basis. Surpluses over and above the borrowing costs can be added to a Football Trust sinking fund, which will be used for ongoing maintenance of these commercial hub sites and the pitches.

The proposal is to grant a lease of the facility; St Georges Park, Westfield at The Isobel Bowler Sports Ground to Pulse Soccer Limited for a period of 8 years. This disposal will require permission from the Football Foundation, who has provided the Council with grant funding towards the Project. This is a requirement of the funding received, approval for accepting the grant funding of £4.38 million and its terms was given by the Individual Cabinet Member for Culture, Parks and Leisure on the 6<sup>th</sup> February 2017.

Further details relating to the grant of the leases are set out within the property implications section of this report.

The operator will also sign a Deed of Adherence to the existing Football Foundation funding agreement, between the Council and the Foundation. This means that Pulse Soccer Limited is bound by the provisions within the funding agreement that relate to obligations on the operator.

The Council will also agree that any surplus generated from the facility is retained within the Football Trust for reinvestment back into the City- wide Football Trust activities via a collaboration agreement between the Council and the Football Trust. The Collaboration Agreement with the Sheffield Football Trust also allows both parties to co-operate and establish a framework to govern their respective rights and obligations in relation to the implementation of the FA's national Parklife Project. The Agreement sets out the parties' respective obligations and the terms and conditions upon which the parties have agreed that the Project may be implemented. There is an indemnity clause within this agreement where both parties agree to cover all liabilities, costs, expenses, damages and losses in connection with any claim made against the indemnified party for infringement of a third party's Intellectual Property Rights.

In furtherance of supporting the joint objectives of the Parklife Project the Council will also enter into a Grant Agreement with the Sheffield Football Trust, which will allow the Council to grant funds to the Sheffield Football Trust. This will be used where any surpluses have been generated at any of the three football hub facilities. The funds will be used for reinvestment towards the further implementation and/ or the delivery of the Parklife Project. Grant of funds is subject to any surpluses being made available annually.

Prior to the completion of the agreements between the parties, the operator may be allowed to access and commence operations through a temporary licence, granted from the Council to the operator. The authority to enter into this licence could be given by the Chief Property Officer. There will be a provision within the management agreement to allow for this possibility. In this situation the terms of the management agreement, including the financial provisions will commence from the date that the operator entered into the temporary licence to occupy the site. Should the operator fail to agree to this provision within the management agreement then the Council may lose out on the proportion of the licence fee that was due over the period of any licence. However, given the mobilisation and staffing costs to the operator

and the licence fee being agreed to in principal by them; the risk of the operator not entering into the management agreement is considered low.

The Council will be tied into the obligations of the various agreements set out above and the various schedules/ appendices attached to these. The decision maker needs to be happy that the Council can comply with these obligations and also meet the monitoring conditions attached to the linked funding agreement.

#### 4.4 Other Implications

*(Refer to the Executive decision making guidance and provide details of all relevant implications, e.g. HR, property, public health).*

##### 4.4.1 Property Implications:

By the Cabinet Decision noted above approval was given to the disposal of the site to Sheffield Hallam Football Association. Approval is now sought to lease the land to two alternative parties, Pulse Soccer Limited and Mosborough Rugby Club (MRC). This will be two separate disposals of the land.

The lease to Pulse Soccer Limited of the 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 nil value or a significant undervalue. 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. Pulse and MRC-Property Services at SCC have confirmed that the asset register value for an 8 year lease to Pulse would be £112,000 and the value of a 25 year lease to MRC would be circa £160,000.

It is proposed that the lease to MRC will be for 25 years at a peppercorn rent. The area to be leased is for land and any associated buildings to be used for outdoor sports and recreational purposes only together with any associated changing facilities and car parking that are ancillary to this use. The use of the land is further restricted by a proposed Community Use Agreement which obligates MRC to make the land and buildings available for local people and community groups to access the facilities. MRC will be responsible for the upkeep of the land together with any buildings erected thereon. MRC are also to be jointly responsible for the upkeep and maintenance of the accessway in to the site and have a right of access.

The lease to Pulse is an 8 year lease again at a peppercorn rent. Pulse are responsible for all internal and external repairs of the land and any buildings erected thereon. Again, the use of the land is further restricted by a proposed

Community Use Agreement which obligates Pulse to make the land and buildings available for local people and community groups to access the facilities.

A Notice of intended disposal of open space land pursuant to section 123(2A) of the Local Government Act 1972 (as amended) will need to be prepared and advertised in accordance with the requisite guidelines.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

*(Outline any alternative options which were considered but rejected in the course of developing the proposal.)*

- 5.1
- The FA recognised that grassroots football facilities in England are under severe pressure from local authority budget cuts. In October 2014, the FA launched a national initiative to invest in grassroots facilities and they have agreed that Sheffield would be the first city in which they deliver their programme.
  - The alternative to this would be not to enter these agreements and without investment there would be a severe decline in the quality and standards of Council football pitches.
  - The benefits to Sheffield include new and affordable facilities – artificial pitches, improved grass pitches and changing; increased participation levels and improved health; major capital investment from national sources and a potential long term saving to the Council as more play is concentrated on fewer pitches. Therefore whilst the FA's national initiative is recognition of the budget pressures faced by most local authorities, the potential opportunities and benefits are substantial for Sheffield.
  - Other participants are investing in grassroots facilities too, including the private sector, especially in commercially run small-sided centres or through league clubs. However, it is a stark fact that the current level of overall investment is not enough to i) protect the current supply of grass pitches and ii) deliver the growth in AGPs that is needed to catch up with other countries and to provide a better quality, more sustainable football facility infrastructure.

## **6. REASONS FOR RECOMMENDATIONS**

*(Explain why this is the preferred option and outline the intended outcomes.)*

- 6.1 This preferred option at Westfield is the final stage in the development of the three current hub sites. It also supports both the local authority's city-wide strategy to improve access to sport, health and well-being. The collaboration with the FA's also supports their national strategies aimed at improving access to year-round, high quality footballing facilities.

6.2

This option allows the Council to commence the clear nine year vision for the three hub sites at Graves, Thorncliffe and Westfield and the wider FA project. This collaboration should also encompass and facilitate the emerging objectives of the Sheffield Football Trust (SFT) listed below, whilst providing clear

guidance on the % of surplus (when sinking funds and Trust running costs have been factored in) that should be allocated against each key objective;

- a) Manage the recently awarded contractual relationship with Pulse Soccer Limited to ensure the hubs are financially sustainable and the development outcomes that formed part of the tender submission are realised.
- b) To use the revenues generated by the hub sites to support other football facilities / pitches, currently provided and subsidised by Sheffield City Council. Key grass sites that the Trust will take ownership of should be within the strategy and a clear phasing plan outlined that is in line with the SFT revenue budget available.
- c) Develop a grounds maintenance service utilising equipment banks to drive up the quality of outlying grass pitch sites both on public pitches and club leased sites (within and outside of the SFT).
- d) Promote sustained and increased participation in football to achieve wider social outcomes, for all participants from aged 5 up. This project should set out some more specific interventions e.g. to deliver measurable contributions to local public health targets (smoking cessation, regular activity frequencies, sexual health, mental health etc.) and identify which local stakeholders/experts could deliver this activity.

6.3 Intended outcomes for the all of the football and leisure hub sites, including Westfield, is an opportunity to re-model the way in which football is delivered to the communities of Sheffield which will reduce reliance on public subsidy and in time, improve the quality of the offer made. In headline terms, the key proposals are:

- That there is a change to the way in which certain formats of football are delivered across the week so as to make best use of existing (and potentially new) facilities e.g. mini-soccer and youth formats are delivered on 'third generation artificial turf' against an agreed schedule at the weekend.
- That following recommendations from the Playing Pitch Strategy, several hub-sites across the City are capable of supporting all formats of the game within a high quality environment. These sites are located evenly across the city and in time, will reduce the football requirement across a disparate number of outlying sites across Sheffield.
- That the remaining non-hub sites delivering football across the city - leased sites, education sites and open public space sites - are clearly identified as supplementary delivery sites supporting the hub sites
- That the created Sheffield Football Trust represents the Council and other relevant football partners.