

Report



Cabinet Member for Infrastructure and Assets Cabinet Member for Community Well-Being

Part 1

Date: 26 July 2022

Subject Lease of Newport Indoor Bowls Centre

Purpose To seek approval from the Cabinet Member for Assets and Cabinet Member for Community Well-Being for the disposal of Newport Indoor Bowls Centre by way of a lease to the Trustees of Newport Indoor Bowling Association

Author Property Manager / Parks & Recreation Manager

Ward St Julians

Summary Newport Indoor Bowls Club is currently occupied by way of a Management agreement to the Trustees of Newport Indoor Bowling Association. In order that the Association can continue with their occupation of the premises it is proposed to offer them a 10 year lease in order that they have more control of the centre which will allow them more income generating opportunities in order that the centre can continue to thrive.

Proposal To grant a 10-year lease of the building to the existing tenant on terms recommended by Newport Norse and agreed by the Head of Law and Regulation

Action by Head of People, Policy and Transformation / City Services

Timetable Immediate

This report was prepared after consultation with:

- Head of Finance – Chief Finance Officer
- Head of Law and Standards – Monitoring Officer
- Head of People, Policy and Transformation
- Property Manager
- Head of City Services
- Parks and Recreation Manager
- Associate Valuation and Estates Management, Newport Norse

Signed

Background

The Trustees of Newport Indoor Bowling Association currently occupy the Indoor Bowls Centre on a management agreement which expired in May 2021. The current rent is £15,000 per annum. City Services and Newport Norse have been in ongoing discussions with the Association concerning the renewal of their agreement and their future use of the building.

The Association is keen to remain in occupation and have been offered terms for a ten year lease as opposed to another management agreement. The Association have been assessing other income generating options, which would mean subletting the premises to third party organisations such as a shop or café. Both of these potentially offer both educational and employment opportunities within the wider community. The implementation of another management agreement would not permit this to be facilitated, so the most practicable solution is to grant a lease to the Association granting them this flexibility. This allows for the Association to offer its facilities for activities other than bowling and thus assisting in its involvement in the local community. The granting of a lease permits the Association to generate other income streams thus preventing the Association from not being able to financially support itself and then seeking financial assistance from the Council. By granting a lease the Council will be ensuring the long term future use of the bowling facility to the people of Newport. The continued use of the facility will secure improved wellbeing for current and future users of the bowls centre through sporting activity.

The lease term of ten years permits the Association the opportunity to invest in the premises and provides the Council with an assurance that the building will be occupied on a long term basis with a proposed rent of £23,000 per annum. There will also be an opportunity for a rent increase half way through the term. The fixed rent for the first five years offers greater financial security compared to the previous sliding scale rental income based on a percentage of income generated which was subject to change year on year.

Income will continue to be payable to the City Services department which is responsible for the administration and external management of the facility, currently Environment and Leisure Services. An officer from the Parks Department will also provide client support to the club in terms of guiding them on seeking grant funding and the development of the sport in the venue and within the local area.

The Council will retain the right to utilise the premises for events and such like, if required and subject to mutual agreement with the Association in advance. This provides the Council with the opportunity to run events to help growth and involvement in the local community.

Maintenance responsibilities remain the same as before with the Council responsible for externals and the car park while the Association will be responsible for the building's internals and the safety of its members and visitors when using the car park, for which they will be granted a right of use. The lease will clearly set out responsibilities for both parties allowing each of them to undertake only the works required. The lease will grant the Association security of tenure and therefore rights of occupation as opposed to the management agreement which did not seek to create a landlord and tenant relationship. Should the Council wish to rationalise its use of the building in the future this will need to be borne in mind. The lease could be contracted out which would preclude this an issue.

The current agreement ended in May 2021 so there is a need to progress this matter but the Council is close to negotiating final heads of terms subject to Cabinet Member approval.

There are no staffing implications in this matter.

Financial Summary (Capital and Revenue)

- The proposed lease will bring an annual rent of £23,000 per annum with a rent review scheduled at 5 years. City Services will still remain responsible for costs of repairs to the exterior of the premises and the car park area. This is as per the previous management agreement.

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs (Income)	£23,000	£23,000	£23,000		Current income £15,000 per annum. It is difficult to estimate any repair costs that may arise.
Net Costs (Savings)					
Net Impact on Budget					

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Delay in agreeing lease	M	M	Negotiations close to agreeing heads of terms. Legal will be instructed once agreed	Newport Norse & NCC

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

This proposal meets the following commitments and well-being objectives of the council as specified in the Corporate Plan 2017 – 2022

1. To build cohesive and sustainable communities – the Indoor Bowls Centre is a community facility, by allowing a ten year lease the Trustees can invest in and improve the centre and all that it has to offer. Cohesive communities are those which are able to meet and support each other. The building could continue to act as a focal point for local groups and individuals to come together for a range of reasons, including providing new services or work opportunities.
2. A Healthier Wales – the centre provides an impressive Indoor Bowls Facility, which is used by many local residents, of all ages.
3. To promote economic growth and regeneration whilst protecting the environment
The continued use of an existing building and allowing growth by offering a lease to allow other uses of the facility to be explored.

Options Available and considered

1. The Council agree to dispose of the Centre by way of lease to the Association for a term of ten years
2. The Council retain the premises for its own purposes

Preferred Option and Why

Option 1 - The recommendation is to seek Cabinet Members approval to dispose of the building by way of a lease to the Trustees of Newport Indoor Bowling Association to facilitate their continued use of the premises as a bowls club. They would also be permitted to sublet the building to generate alternative income streams to support the continued operation of the premises. The Council will continue with its existing maintenance responsibilities and its support of the club's role in the wider community.

Comments of Chief Financial Officer

The ten-year lease will ensure that there is no impact on the achievement of the overall income target for the indoor bowls centre and will provide greater financial security compared to the previous sliding scale rental income. Maintenance responsibilities remain the same as under the current management agreement and will be met from within existing budget.

It is important to note that a ten-year lease offering to the Newport Indoor Bowling Association does remove the flexibility for the Council, over the medium term, in respect of estate rationalisation.

Comments of Monitoring Officer

The proposed action is in accordance with the Council's statutory powers to dispose of land in accordance with section 123 of the Local Government Act 1972. The Indoor Bowls Centre is already operated by the Trustees under a management agreement and, therefore, there is no need to re-appropriate the use of the property. However, the grant of a 10-year lease would constitute a "disposal" of the asset by the Council for the purposes of section 123. There is a statutory duty under section 123(2) to secure the best price reasonably obtainable for the grant of the lease. The fixed rent of £23k per annum constitutes a market rack rental, having regard to the Trustees internal maintenance and repairing obligations under the lease, and is subject to a 5-year rent-review. This should also reflect their rights under the lease to sub-let for more commercial uses, in order to generate additional income. The fixed rent will provide greater certainty in terms of income for the Council, compared with the current sliding scale of charges based on income share. However, the grant of exclusive use and occupation to the Trustees under the Lease would tie-up the use of the property for the 10-year term. It is recommended that the Lease be contracted-out of the Landlord & Tenant Act 1954 to avoid any automatic rights of renewal after the 10-year term has expired.

Comments of Head of People, Policy and Transformation

From an HR perspective, there are no staffing implications to this report.

This proposal fully supports the ethos of the Well-being of Future Generations (Wales) Act 2015 and the report writer has detailed how it meets the well-being goals, well-being objectives and sustainable development principle in the body of this report.

Comments of Non-Executive

Councillor Al-Nuaimi:

If I'm allowed to comment as an Elected Member, note that I wish to welcome the proposal to agree a 10-year lease with the Indoor Bowling Association. I was an Elected Member, when the Indoor Bowling Centre was first opened, in 1991 as a Newport Council facility under a voluntary Management Committee. In the 31 years since, the Indoor Bowling Centre, has been a great sporting facility and also a community resource for the city of Newport. So, any attempt to ensure the continuation and expansion of this mission deserves our support.

While welcoming the envisaged income of £23,000 per annum for the Council, I trust this will still enable the Association to deliver their ambition, including plans for expansion and increasing use, that will be of benefit to the Centre and the wider community.

Response:

The increased rent from £15k per annum to £23k has taken into account the Indoor Bowls Association's ability to sub-let the property to others. Norse are confident that the ability to sub-let will allow them to increase their own income to meet the increased rental demand. We understand and value the contribution the Indoor Bowls Associations has made over the past 31 years.

Councillor Cocks:

I am happy to support this decision.

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

Equalities Impact Assessment and the Equalities Act 2010

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users. In exercising its functions, the Council must have due regard to the need to: eliminate unlawful discrimination, harassment, victimisation and other conduct that is prohibited by the Act; advance equality of opportunity between persons who share a protected characteristic and those who do not; and foster good relations between persons who share a protected characteristic and those who do not. The Act is not overly prescriptive about the approach a public authority should take to ensure due regard, although it does set out that due regard to advancing equality involves: removing or minimising disadvantages suffered by people due to their protected characteristics; taking steps to meet the needs of people from protected groups where these differ from the need of other people; and encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

Wellbeing of Future Generations (Wales) Act 2015

The Well-being and Future Generations (Wales) Act seeks to improve the social, economic environmental and cultural well-being of Wales. Public bodies should ensure that decisions take into account the impact they could have on people living in Wales, in the future. The Council has always sought to engage with residents before taking any decision which may impact upon the delivery of any public service, in accordance with the principles of fairness and legitimate expectation.

The 5 main considerations in respect of the Wellbeing of Future Generations (Wales) Act 2015 are set out below with an explanation of how this decision meets these objectives:

- **Long term:** By granting a lease the Council will be ensuring the long term future use of the bowling facility to the people of Newport and allowing other activities to take place on the premises. This will benefit the local community.
- **Prevention:** It is hoped that the lease of the property will continue to create a more sustainable use within the local community, providing access to services or employment opportunities and therefore contributing to the ongoing wellbeing of residents.
- **Integration:** The continued use of the facility will secure improved wellbeing for current and future users of the bowls centre through sporting activity this provides secure integrated wellbeing gains, particularly through the use of the property by community groups or community purposes.
- **Collaboration:** the Council, Norse and the Association have worked alongside each other to ensure that the Centre remains prosperous and continues to be a much needed facility by the Community.

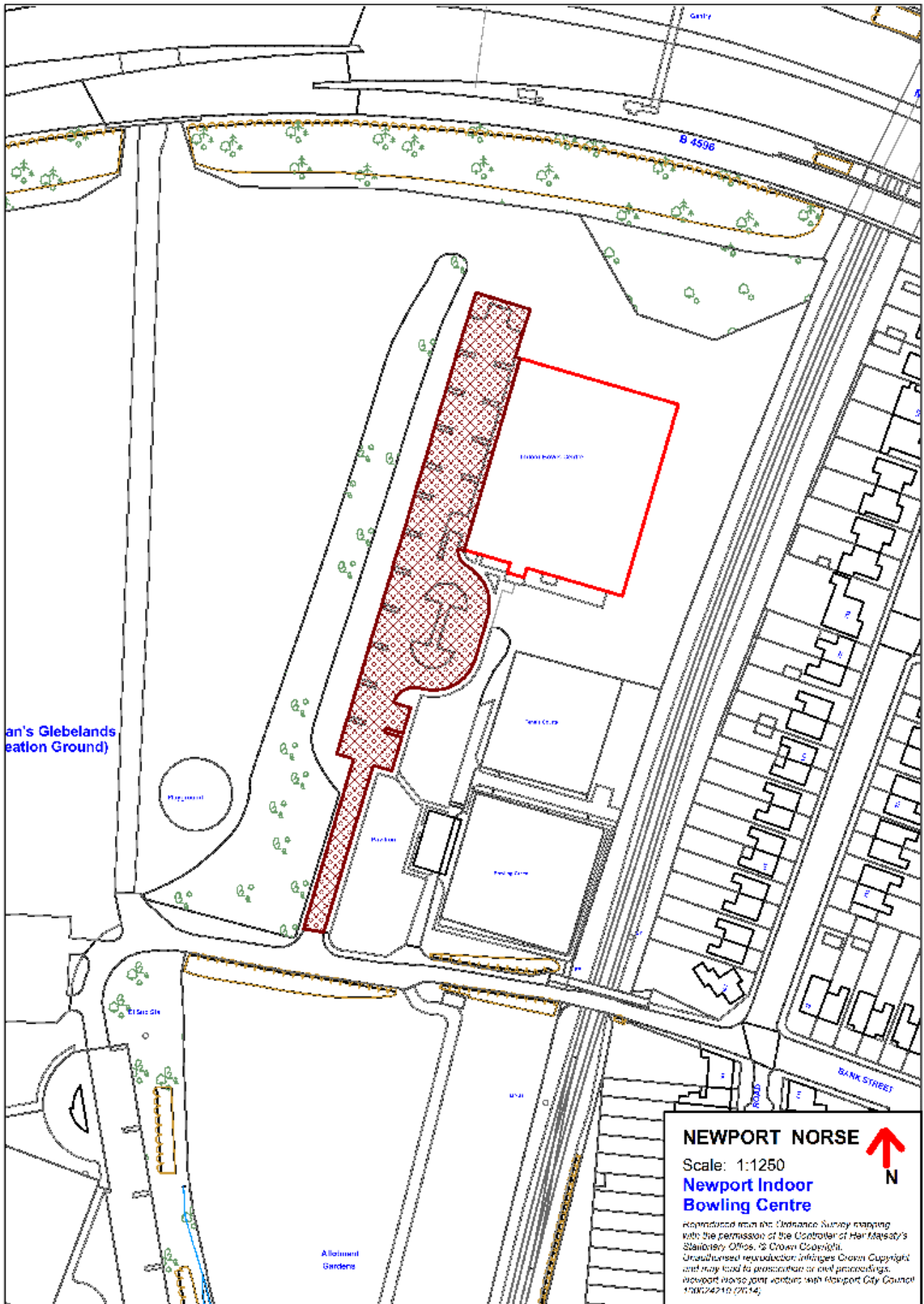
Consultation

Ward members were consulted on this proposal

Background Papers

None

Dated: 26 July 2022



NEWPORT NORSE

Scale: 1:1250

Newport Indoor Bowling Centre



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