

Report to: Cabinet

Date of Meeting: 5 November 2018

Report Title: Potential Development of Football Stadium and Sports Facilities at Tilekiln

Report By: Simon Hubbard, Director of Operational Services

This report is submitted under the urgency provision (Rule 26.21) of the Access to Information rules to allow agreements to be completed in time to allow the stadium to be ready for the football season.

Purpose of Report

To propose agreement in principle for the sale of land at Pilot Field (currently occupied by Hastings United Football Club), Hastings United Football Club Sports & Social Club and a long lease for the Tilekiln Recreation Ground. The purpose of this is to provide a new stadium, gym facilities, sports pitches and housing. It is likely the land at Pilot Field and the Social Club site will need to be sold at below best value.

Recommendation(s)

1. To authorise the Director of Operational Services (or his nominee) to work with the Assistant Director Financial Services & Revenues, Estates Manager and Chief Legal Officer to seek suitable terms for the disposal of the land listed in this report in consultation with the Leader of the Council.
2. That any disposal be subject to:
 - Agreement on land values.
 - The safeguarding of the council's position by the use of an options agreement, bond or other mechanism to ensure the delivery of agreed sports facilities.
 - The agreement of an open book policy and the use of any funds generated by house development over the costs of developing and delivering the new sports facilities.
 - Agreement of a programme of community development and access to the new facilities which details plans for the development of activity for young people of education age, female football and disability football.
 - Support of the Football Association and Sport England.
 - Informal use of the football facilities as well as organised competition and activity.

- Consideration of comments made from consultation with sporting bodies, local football clubs, councillors for Hollington Ward and the local community.
3. That a further report recommending the details of such a disposal be brought to Cabinet and Council as quickly as possible

Reasons for Recommendations

The proposal has health and leisure benefits, should secure the future of Hastings United Football Club (HUFC) and provide additional housing required to help achieve our Local Plan targets. The Council should approach this on the basis of creating a new partnership with HUFC which will yield substantial benefits in terms of enhanced participation in football and other activities.

Background

1. In December 2017, the Cabinet and Council agreed that authority be given to officers in consultation with the Leader of the Council to sell the freehold of Hastings United Football Ground, Hastings United Sports and Social Club, a 999 lease at Bulverhythe and the freehold of the lower tier at Bexhill Road Recreation Ground. The purpose of this was to enable developers to bring forward planning proposals for a new stadium for Hastings United Football Club (HUFC), new sports pitches and facilities, and housing development. It was agreed that the site could be sold at below best value because of the social health and other benefits of the scheme.
2. This scheme was proposed by HUFC, The Horntye Trust, Bohemia LLP (a company set up to deliver the scheme) and was founded upon the delivery of the scheme by Keepmoat Ltd, a major housing and regeneration company.
3. The original scheme had the following key elements:
 - a) The construction of a £12m sports facility at Bulverhythe to replace and expand the borough sports facilities. This included:
 - o A new stadium for Hastings United
 - o The provision of new football pitches including an artificial 3G one
 - o Refurbishment of 4 adult pitches and 4 junior ones
 - o Expansion of cricket facilities including a gain of one pitch
 - o Hockey facilities improved
 - o Sports hall, changing facilities
 - o Function room
 - o Sports therapy
 - o Fitness Gym
 - b) A saving to the council in terms of pitch refurbishment and maintenance.
 - c) A sustainable housing programme of around 390 homes at the Pilot Field, Horntye Cricket Ground and the lower tier at Bulverhythe recreation ground on Bexhill Road. This would have generated substantial council tax income. This would have yielded 120 affordable homes.
4. Substantial health, employment and economic gains were confirmed through the employment of independent specialist consultants at the expense of the developer.
5. Keepmoat were to underpin the scheme, constructing the sports facilities and the housing meaning that the company ran the risk of exposure if housing was developed or sold slowly – even rapid delivery meant that the costs of the sports facilities would have to be found before the bulk of the income could be drawn down.
6. Keepmoat withdrew from the scheme, citing the ending of another scheme in the South East making it difficult for a midlands/northern based firm to efficiently deliver in Hastings. It is likely that dealing with a Rother planning application in addition to those in Hastings posed an additional risk as did the potential flooding issues.

7. Effectively the scheme ended at that point because the sponsors found it impossible to replace Keepmoat with another developer with a capacity to assume this level of risk. Hastings historically has not interested the development and investment industry sufficiently given its emerging potential.

New Proposal

8. HUFC have now come forward with a smaller scheme which envisages the construction of a 1950 capacity stadium at Tilekiln Recreation Ground in Hollington. The design would allow space for expansion if the Club were to move up the Leagues where larger capacity would be required. Three football pitches are envisaged:

- 1) A grass pitch within the stadium which would be for club use.
- 2) A 3G pitch
- 3) A grass pitch

A 3G pitch can accommodate many more matches (which are often limited to 2 a week on grass) and taken with floodlighting represents a potential increase in the level of football that can be played.

9. The proposal envisages a small gym and accompanying car parking.
10. The scheme remains dependent upon the building of housing at the Pilot Field. Based upon the previous scheme this would bring forward around 70 homes. However, the nature of the scheme proposal would need to be the subject of further discussion.
11. The Council is itself pursuing the development of the site at the Lower Tier at Bulverhythe and has obtained a grant offer of £6.8m to assist with the development costs there. This was the subject of a separate report to the Council's September Cabinet, which included proposals for a joint venture approach and retaining a portion of the completed homes by the Council's Housing Company.
12. The Housing Company will also seek the opportunity to acquire homes from the developers on the Pilot Field site.

Leisure/Sports Issues

13. It is believed that an improved stadium is likely to enable the club to improve its competitive status and (subject to seeing a revised business plan) provide the local club with financial stability. This is a considerable benefit and a successful club is likely to be a source of interest and pride for many in the Borough. However, the Council should take a wider view on the disposal of possible assets and the following have been considered.
14. Firstly, the FA supports the provision of 3G pitches and their administration by sports clubs which can demonstrate robust plans. The plan proposes the construction of a 3G pitch and the improvement of another grass one to which the public will have access.

15. Floodlighting dramatically increases the potential use of a 3G pitch and potentially the informal use of the grass one. There has been an extensive dialogue between the Council's Leisure Development Manager about the potential of the project and how its benefits might be maximised.

a) HUFC run a football academy operating with U13, U14, U15, U16 and U18 groups. From here players join the provision run directly by the club or by East Sussex Coast College Group (Hastings).

b) There would be considerable demand for other local teams/groups to utilise the 3G pitch as demonstrated in the recent Playing Pitch Strategy. Poor pitch drainage is an issue within Hastings, and Rother, as pitches are often unplayable or subject to significant wear and tear in winter conditions. This creates cancellations which could potentially be relocated a 3G pitch.

c) HUFC are working towards Development Club status with the FA and anticipate that this will be obtained during 2018. Full Community Club status giving access for female teams and disability teams would be possible with the building of the new facilities. The Council will expect the Club to continue to demonstrate this commitment to community use. The Club has sent a list of its wider community activity and this is attached as Appendix 2.

d) Hollington (along with other areas) has low levels of physical activity. It is therefore important to consider issues of free/informal access. The Leisure team recommends that the proposed facilities enable the current formal and informal sport and recreational use of the site to continue and to be clear on what the additional community offer is. The club has agreed to look at how space can be designed creatively and lit to encourage the informal use of the site to continue and grow. Early suggestions include enabling the car park or other areas that would normally only be full on match days, to be used for informal use. Additionally, a rebound wall or other facility might be installed. It is appropriate for the club and Council to consider how the facilities might be used to promote healthy physical activity.

e) The Council will expect HUFC to involve the FA and other relevant key stakeholders in the development of the football development plans to ensure that the facilities are genuinely accessible to local teams and community (including affordable pricing and a balanced community programme). This would be a condition of the completion of the sale of Pilot Field.

16. It is not possible to accurately assess the loss of amenity to other local people, particularly those who might use the space for dog walking and other activities. However, the Council has specified the need for improved pitches in its Sports Pitch Strategy drawn up with Rother and this fits with the need to encourage significant numbers of people in physical exercise. Additionally, the construction of a gym in the Hollington area has the potential to complement the local gym offer and provide improved access to a community whose nearest Council facilities are at White Rock or Helenswood.

17. Tilekiln is one of 3 Council owned sites (others at Bexhill Road and Sandhurst).

Formal use takes place only on Saturdays. The changing rooms are good by Hastings standards, but fall below FA recommendations.

18. Early discussion with HUFC has included a commitment to the clubs who currently use Tilekiln to match the fees, currently charged by HBC. The Council should seek a formal understanding about pricing within a future agreement around the sale of land.

Next Steps

19. The following land is involved in the possible development to form new sports facilities

- a) The site of HUFC stadium off Elphinstone Road (known as Pilot Field). There is an existing lease with the Club expiring in July 2068.
- b) The site of the HUFC Social Club (previously known as the St Helens Sports & Leisure Club). There is a lease which expires in January 2066.

These sites would be sold freehold and provide the housing which would fund the building of new facilities at Tilekiln. The sites consist of 3.7 Ha (7.83 acres).

20. The existing sites (Pilot Field and Hastings United Sports & Social Club) have been valued by the District Valuer (DV) (on a draft basis) and the values have increased since the previous valuations undertaken in 2017.

In arriving at the market value the DV has assumed that the sale of the sites to the tenant's releases marriage value (the difference between the value of the site let on a long lease and as a vacant site) which is shared between the Council and purchaser.

The Council would not be able to realise these values itself because of the existing long leases to the football club and social club. The purpose of selling the land to the club is to develop the improved sports and leisure facilities. If the Council wishes to do so it can either consider selling at below market value or include some form of overage clause in terms of any uplift in the overall value of the land deriving from the eventual sale of the housing once the cost of developing the new facilities, including an element for developer profit is taken into account. This needs to be the subject of further negotiation.

21. Additionally, a lease would need to be agreed for Tilekiln. It is understood the club are proposing a 125 year lease at a rent similar to that paid for the existing sites.
22. The club appears keen for agreement in principle from the Council. Officers have notified the club that Heads of Terms should include an agreement about income produced from the development of the sites, which might be surplus to the costs of the new facilities. The Council would be releasing the sites to generate the resources for the new facilities and would expect an overage clause or other suitable mechanism if a surplus was produced. As officers have not received details of the building costs it is not possible to predict if this is likely at this point.

Risk of Inaction

23. It is likely that if the scheme does not go ahead it will have a number of undesirable outcomes:

- The long term future of HUFC is in jeopardy. It has a substandard facility requiring an estimated £100k to repair. Without repairs to the grandstand it becomes a “parks” level site. The current location is inadequate and not suitable for a more successful club attracting larger crowds.
- The Borough may lose the football academy which will impact upon youth football.
- The opportunity for women’s and girl’s football to be developed might be in jeopardy.
- The current scheme with the College would probably end.
- HBC would lose the additional housing provided on the sites, including income from potential acquisitions by the Council’s Housing Company and affordable housing contributions. The town needs housing of all kinds and we are struggling to meet our current housing targets.
- We would lose the expansion of football facilities, floodlight provision and 3G would bring.
- We would face uncertainty about the use of the current sites.

Risk of Moving Forward

24. The Club are seeking to acquire 3 sites:

- a) The Tilekiln site. This presents little “risk” in terms of delivery because the Council could time limit the period the club had to develop the facilities without forfeiting the lease.
- b) The Pilot Field site provides the major residential opportunity and its redevelopment is intended to largely cover the costs of the new stadium and facilities on the Tilekiln site. The most obvious risk therefore would be that it was sold without the sports facilities being realised. However officers believe this can be mitigated through a binding options agreement or alternative mechanism, which would require that the developers build out all the required facilities at Tilekiln before the Pilot Field is developed out for housing. A second risk is that the value of the site generates income in excess of the build cost of the new facilities and again an “overage” agreement may be required to secure benefits for the Council above the cost of the sports facilities build costs.
- c) HUFC are seeking the immediate sale of the Social Club. This appears to be to give the owners (who have been involved heavily in both the club and the development process) sufficient security to invest more in the club and the

planning process (which of course carries risk). It might be challenging to develop the site for housing in isolation from the main site. However, there is a risk the site could be sold without the sports facilities being produced. The level of risk will need to be further quantified in terms of the value of that asset to the council and this will need to be subject to further advice and negotiation.

Community Issues

25. The previous iteration of the scheme was far larger and involved considerable consultative and independent verification of postulated outcomes. Such an approach is not possible on a much smaller scheme and in the timescales that now prevail. However, it is desirable that consultation with the community (including local sports clubs) is undertaken as the scheme moves forward.
26. Any consultation with the public will throw up opposition (as does any development). It is suggested however that as well as the planning process consultation, that the club is required to show the support of the FA and Sports England for the scheme and that community access is secured to the satisfaction of the Council's Leisure Development Manager, including his assessment of the users of Hastings Football Club.

Policy Implications

27. Equalities and Community Cohesion

- a) Sport and leisure are good for cohesion and health. It will be important to ensure that new facilities open opportunity to young people and particularly girls, women and players/teams with disabilities.
28. **Risk** – As detailed earlier in the report there are potential financial and delivery risks in securing the facilities and likewise risk for the Club in moving forward. The Council will need to ensure its and the public interests are as far as possible secured by the final form of any agreement. There are two other risks which will need to be mitigated against:
- a) The Club is delayed in delivery because of slow construction of housing caused by market conditions, planning or other factors beyond their control.
- b) The difficulties in securing a developer prepared to assume the risks involved in delivering the project.

29. Economic Implications

- a) The scheme potentially involves sale at below best value estimated by the District Valuer in his draft report. However, it is most unlikely the Council could realise these values due to the existing long leases on the current facilities. The Club and Council might face costs of supporting future football provision if the Club's position is not secured.
- b) The Council is likely to make savings on the maintenance of facilities at Tilekiln.

30. **Local People's Views** – The Club will be asked to undertake consultation on its proposed scheme as detailed in the recommendations.

31. **Anti-Poverty** – Lack of access to sport and leisure has significant impact on physical and mental health. Hollington and the surrounding areas in particular suffer from lack of sufficient access and this contributes to the impact of poverty on local people. The location of a well-run facility to the area may be of much benefit, particularly if linked to other health and well-being work by the Council with its partners such as the Hastings and Rother Clinical Commissioning Group.

32. Timetable of Next Steps

Decision in principle	Cabinet November approval	November 2018	Director of Operational Services
Agreement of housing outcomes	Written agreement of new private and publically funded projects	January 2019	Asst Director Housing & Place Development Manager
Agreement of community benefits and aspirations	Publication of a partnership agreement between HUFC and HBC	January 2019	HUFC Leisure Development Manager Asst Director Regeneration &
Detailed agreement of terms	Agreement of Heads of Terms	January 2019	Estates Manager Chief Legal Officer
Decision to approve scheme	Cabinet + Council reports for approval of sale below best value	March 2019	Director of Operational Services
Legal Contracts	Contracts signed, including timetable for delivery	April 2019	Chief Legal Officer

35 Given the uncertainty around the timescales of negotiations taking place a revised timetable will be submitted with any future report.

Wards Affected

Hollington; Wishing Tree

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	X
Crime and Fear of Crime (Section 17)	
Risk Management	X
Environmental Issues	X
Economic/Financial Implications	X
Human Rights Act	
Organisational Consequences	
Local People's Views	
Anti-Poverty	X

Additional Information

Appendix 1: Site plans

Appendix 2 : Letter from Hastings United Football Club

Officer to Contact

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