

Regeneration and Property Committee	
Meeting Date	19 th January 2023
Report Title	Central Stadium – Options Report
SMT Lead	Emma Wiggins Director of Regeneration and Neighbourhoods
Head of Service	Joanne Johnson Head of Regeneration, Economic Development and Property
Lead Officer	David Johnson MRICS Interim Property Consultant
Classification	OPEN
Recommendations	<ol style="list-style-type: none"> 1. To approve in principle the retention of the property for potential future use by the Council. 2. To approve further work to be undertaken by the Head of Regeneration, Economic Development and Property to explore possible recreation use of the site and rationalisation of recreation assets. 3. To approve further work to be undertaken by the Head of Regeneration, Economic Development and Property to explore the possibility of a future depot use of part of the retained site with a view to reducing the future cost of the Council’s Household Waste Contract. 4. To delegate to the Head of Regeneration, Economic Development and Property, in consultation with the Chair of the Regeneration and Property Committee, to openly market, negotiate, agree and complete further leases on the property to maintain income and occupancy while the longer-term options set out in recommendations (2) and (3) are explored. 5. To delegate to the Head of Regeneration, Economic Development and Property to identify costs and seek approval to undertake works required to achieve a usable access from the site onto Church Lane.

1. Executive Summary

- 1.1 This report sets out proposals for the disposal of a property asset. It is government policy that local authorities should dispose of surplus and under-used land and property wherever possible.
- 1.2 The Council has fairly wide discretion to dispose of its assets (such as land or buildings) in any manner it wishes. When disposing of assets, the Council is

subject to statutory provisions, in particular, to the overriding duty, under section 123 of the Local Government Act 1972, to obtain the best consideration that can be reasonably obtained for the disposal. This duty is subject to certain exceptions that are set out in the General Disposal Consent (England) 2003.

- 1.3 The way the Council manages its land and property assets can have a significant impact both on the quality of services delivered to the public, the local environment and local economic development. Effective asset management is essential in bringing 'agility' to land and property assets so that the delivery of the Council's visions and objectives are realised in a sustainable manner, at the right time and on budget.
- 1.4 The review of an asset considers the business case for alternate beneficial uses and the value of those uses. It also considers the disposal of the asset if it is no longer of any use to Council and is unlikely to be in the future. The disposal of an asset considers the value of its beneficial use and the opportunity cost of the capital tied up in the asset.

2. Background

- 2.1 The Council owns the freehold title for Central Park Stadium, Church Road, Sittingbourne, ME10 3SB title number K753157. The land is subject to a leasehold interest of Arena Racing (Central Park) Limited (ARC) which expired August 13th 2022.
- 2.2 The Lease held by Arena Racing (Central Park) Limited (ARC) benefits from contractual rights to renew granted under the Landlord and Tenant Act and lease renewal has been agreed subject to those rights, on the part on the land shown edged red on the attached plan Appendix 1, to run for 25 years from August 14th 2022.
- 2.3 As part of those lease negotiations a portion of the site was excluded from a new lease to ARC and returned to Swale Borough Council. This parcel of land is identified hatched blue on the attached plan Appendix 1.
- 2.4 The parcel of land being returned to the Council is subject to three tenancies. These leases are all relatively short term, being one year in length, with break options in the Council's favour and provide comparatively small rental returns while retaining flexibility for the Council.
- 2.5 The site is situated on the northern side of Central Park Stadium and is currently accessed through the Central Park Stadium's demised car parking area, accessed off Church Road. As a result, a more intensive commercial use to the current or similar occupiers is currently considered to be difficult due to restrictive access and therefore improved access is critical to enabling any intensification or development of the site.
- 2.6 To mitigate the restrictive access a portion of the car parking area previously let to ARC has been retained by the Council. Further works need to be undertaken with Highways and Planning to explore the possibility of creating a substantial accessway which would allow the use of the site for a substantial commercial use.

- 2.7 Regardless of any possible intensification of use additional work and capital spend to explore a new accessway will be required as the current agreement to utilise the main entrance through the Stadium's demised area is time limited to 12 months.
- 2.8 The site is bordered on the north side by Castle Road and Swale Way Industrial areas and is considered to be within an employment area given the extensive employment uses surrounding the site, the wider area being known as the popular Eurolink Estate. Given the Council's need to identify additional land to meet future development needs, a preference for any redevelopment proposals could be for employment and/ or leisure, recreation and tourism uses for the site. These uses would best reflect the character and uses of the surrounding areas. However, any proposals for redevelopment would be assessed against their own merits and the general Local Plan policies as the site is not designated or allocated in the current local plan for any specific uses.
- 2.9 There had been interest in a purchase of the site from a local commercial occupier on Castle Road directly to the north of the Council's property for commercial use. This interest has however been withdrawn due to changes in the economic climate and acquisition of the site no longer aligns with the company's growth strategy. It is likely that the complexities around obtaining direct access across the ransom strip also influenced this decision.
- 2.10 The Council's freehold title is subject to various restrictive covenants which would need to be resolved to maximise any capital receipt should the Council seek to dispose of the freehold title
- 2.11 The use of the larger portion of the retained site by Bredhurst Juniors FC needs to be considered in relation to the Council's Playing Pitch Strategy 2015-2022 which promotes the protection of the current football playing pitch stock. Any alternate use or disposal will likely result in the Football Club's displacement.
- 2.12 Enquiries about the potential to purchase the property for use as sports/football pitches have been received from both Bredhurst Juniors FC and other parties. As the whole site is subject to restrictive covenants in favour of sports and recreational uses there is an opportunity to intensify recreational use on the site. There may be an opportunity to rationalise other recreation property holdings onto this site to release value elsewhere.
- 2.13 The Council has identified a future need for a Vehicle Depot in relation to its Household Waste Disposal Contract and Ground Maintenance department which could potentially be housed on part of the Central Stadium site. There are potential savings generated by such a use. It is likely that a depot use could be achievable in tandem with a sports occupier remaining in place on the portion of the site currently occupied by Bredhurst Juniors FC, either by way of a leasehold or freehold disposal. If future use as a depot was achieved, then a release of the restrictive covenants would be required and would be compensatory as outlined above. A depot development would use approximately 40% of the retained site.

3. Proposal

- 3.1. To approve in principle the retention of the property for potential future use by the Council.
- 3.2. To approve further work to be undertaken by the Head of Regeneration, Economic Development and Property to explore possible recreation use of the site and rationalisation of recreation assets.
- 3.3. To approve further work to be undertaken by the Head of Regeneration, Economic Development and Property to explore the possibility of a future depot use of part of the retained site with a view to reducing the future cost of the Council's Household Waste Contract.
- 3.4. To delegate to the Head of Regeneration, Economic Development and Property, in consultation with the Chair of the Regeneration and Property Committee, to openly market, negotiate, agree and complete further leases on the property to maintain income and occupancy while the longer-term options set out in recommendations (2) and (3) are explored.
- 3.5. To delegate to the Head of Regeneration, Economic Development and Property to identify costs and seek approval to undertake works required to achieve a usable access from the site onto Church Lane.

4. Alternative Options Considered and Rejected

4.1 Option 1

Dispose of the Council's freehold interest in the site.

The asset has been assessed and the potential capital receipt beneficial to the Council for a freehold disposal with its current and potential uses is substantial compared to the limited rental income. Release of the asset to the commercial market would also benefit local business and economic development. The Council would need to seek amendment or removal of the restrictive covenants.

4.2 Option 2

Do nothing and retain the assets.

The asset has been assessed as potentially needing to be retained to support ongoing Council business. The Council will look to negotiate longer term tenancies for the existing uses on site with a view to increasing the rental income. This is not to say that further work is not required on this site. The site will continue to be maintained and in some instances, will require improvement, including the development of a usable accessway, or refurbishment at some future stage. Furthermore the continuing use and occupation will be subject to periodic review and its status may change.

5. Consultation Undertaken or Proposed

- 5.1 No formal consultation has been undertaken or proposed however preliminary discussions with the local commercial occupier mentioned earlier in this report who was potentially interested in a purchase were held. Similarly, initial

discussions have taken place with current and other interested leisure users but have not been substantively progressed at this time.

6 Implications

Issue	Implications
Corporate Plan	Future potential improved use of the site with either greater leisure uses or a Household Waste and Grounds Maintenance depot or a combination of two will deliver both regeneration and improved quality of life while working towards delivering a Council of the Future.
Financial, Resource and Property	Potential use of the site for a Household Waste and Grounds Maintenance depot may provide a reduction in the corporate cost to provide those services. Removal of the site covenants would be compensatory.
Legal, Statutory and Procurement	Further legal advice would be required in obtaining the release of restrictive covenants on the title. There are no procurement requirements associated with this proposal.
Crime and Disorder	Not applicable to this proposal
Environment and Climate/Ecological Emergency	Not applicable to this proposal
Health and Wellbeing	Potential leisure use of the site may increase the quality of leisure provision in the locality and have a positive impact on Health and Wellbeing.
Safeguarding of Children, Young People and Vulnerable Adults	Not applicable to this proposal
Risk Management and Health and Safety	Not applicable to this proposal
Equality and Diversity	Not applicable to this proposal
Privacy and Data Protection	To comply with the data protection legislation and due to commercial sensitivity, the details of this proposal are required to remain confidential until transactions are negotiated and completed.

7 Appendices

- 7.1 The following documents are to be published with this report and form part of the report:

- Appendix 1: Plan
- Appendix 2: Restricted Report

7.2 Appendix 2 is exempt from publication under Schedule 12A to the Local Government Act 1972 because it contains information about the financial or business affairs of particular persons, including the council itself, and in all the relevant circumstances the public interest in applying the exemption outweighs that in disclosing the information.

8 Background Papers

None