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Cabinet Member for Jobs and Regeneration

6 July 2016

**Name of Cabinet Member:**

Cabinet Member for Jobs and Regeneration – Councillor O’Boyle

**Director Approving Submission of the report:**

Executive Director of Place

**Ward(s) affected: Wyken**

**Title:**

Land on the North East Side of Wyken Croft – Surrender of Existing Lease and Sale of Land

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**Is this a key decision?**

No

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**Executive Summary:**

Pinley Rugby Club are acquiring the freehold of their ground (outlined in red on the attached plan) from Wyken Working Mens’ Club with support of a grant from the Rugby Football Union (RFU). In order to consolidate their ownership, they have requested to acquire the freehold or lease 1 of the land they occupy from the Council, which is presently leased to Wyken Working Mens’ Club, together with Council land upon which they have partly built their club house.

The land, as outlined in blue on the attached plan at Wyken Croft, Coventry, is in the freehold ownership of Coventry City Council (“CCC”). This Land is subject to a lease dated 24 September 1954 made between CCC and Wyken Working Mens Club & Institute Trustees (“WWMC”). The Term of the lease is 99 years commencing on 25 March 1954 and is granted at a peppercorn rent expiring 24 March 2053. This land has been made available to the Pinley Rugby Club by the WWMC to use as a training ground. There is no evidence that permission for this was ever sought by the WWMC from CCC.

The land, as outlined in green on the attached plan at Wyken Croft, Coventry, is designated as public open space. It has come to light that at some point in the past, Pinley Rugby Club have

extended their clubhouse onto this land and incorporated it into their site. There is no evidence that permission for this was ever obtained from CCC.

Pinley Rugby Club have approached CCC seeking to allow the WWMC lease to be surrendered whilst simultaneously selling or leasing to Pinley Rugby Club the two parcels area of land as outlined above. The approach has been made by Pinley Rugby Club as they are in the process of buying the land owned by the WWMC between the Wyken Croft Road and the CCC owned land. This is being funded via a grant which, CCC is advised, will only be released if the additional two pieces of land are granted to Pinley Rugby Club.

In order to obtain best consideration for the freehold land to a single party, the land should be independently valued at the expense of the proposed purchaser.

**Recommendations:**

The Cabinet Member for Jobs and Regeneration is recommended to:

1. Approve Coventry City Council to start negotiations to sell or lease the freehold interest on the basis reported and simultaneously accept a surrender of the Wyken Working Mens' Club leasehold interest if the terms agreed represent market value.
2. Delegate authority to the Executive Director of Resources, following consultation with the Cabinet Member for Jobs and Regeneration, to complete an Agreement to Surrender and then a Deed of Surrender with the Wyken Working Mens' Club and the simultaneous sale or lease of the freehold interest in the land to Pinley Rugby Club .
3. Advertise the intention to dispose of the land presently designated as Public Open Space and consider any objections received.
4. Delegate authority to the Executive Director Place and the Executive Director Resources as appropriate following consultation with Cabinet Member for Jobs and Regeneration to agree any variations or new requirements that are deemed necessary to give effect to the above proposals

**List of Appendices included:**

Appendix 1 - Plan

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

## **Report title: Land on the North East Side of Wyken Croft – Surrender of Lease and Sale of Land**

### **1. Context (or background)**

- 1.1 The land, outlined in blue on the attached plan, has been leased to the Wyken Working Mens' Club & Institute Trustees (WWMC) as a sports field under a 99 year ground lease from Coventry City Council which has 37 years unexpired. The WWMC has allowed the Pinley Rugby Club to use this land as a training ground. The use by the Pinley Rugby Club is unauthorised.
- 1.2 The land outlined in green, is public open space and has been used by the Pinley Rugby Club to extend their clubhouse and for storage. Again, there is no evidence of agreement between CCC and Pinley Rugby Club to allow this, therefore, it is currently an unauthorised use.

In order for Pinley Rugby Club to obtain funding for the land which they are purchasing from the WWMC (outlined in red on the attached plan) between the Wyken Croft Road and the CCC land, they are required by the funders to obtain the two additional parcels of land owned by the Council. They have therefore approached CCC seeking to allow a surrender of the existing lease between CCC and WWMC and then simultaneously selling or leasing the two areas of land to Pinley Rugby Club

- 1.3 The Council has no operational or service requirements for the land

### **2. Options considered and recommended proposal**

- 2.1 The recommended option is to enter into negotiations with Pinley Rugby Club and the WWMC on the basis of the above proposals, which will involve the surrender of the existing long lease from WWMC to CCC and the subsequent simultaneous disposal of CCC's freehold/leasehold interest in the two parcels of land for a capital receipt or market rent (as the case may be)
- 2.2 A second option would be to refuse the request and decide on the options available to CCC against WWMC/ Pinley Rugby Club for the unauthorised use of the land. The lease to WWMC would continue, Pinley Rugby Club would be required to take down part of its clubhouse and CCC would not receive a capital receipt or rent
- 2.3 It is recommended that CCC accept the proposal and look to a simultaneous sale of the freehold interest or grant of a lease and accept a surrender of WWMC's lease on the basis of the terms set out above to regularise Pinley Rugby Club's use and occupation of this land.

### **3. Results of consultation undertaken**

- 3.1 The Wyken Ward Councillors have been consulted and support the regularisation of Pinley Rugby Club's occupation.

### **4. Timetable for implementing this decision**

- 4.1 Providing that Cabinet Member approval is secured it is expected that any receipt will be received within this financial year.

## **5. Comments from Executive Director of Resources**

### **5.1 Financial implications**

This decision, if approved, will potentially generate a capital receipt (if the land is sold), which will contribute to the Council's planned programme of capital disposals which supports the Medium Term Financial Strategy.

### **5.2 Legal implications**

5.2.1 If sold or leased, subject to an independent valuation, the freehold will represent best value reasonably obtainable by CCC or the rent under any lease will be an open market rental. This will meet the Council's obligation to obtain the best price reasonably obtainable under the requirements of section 123 of the Local Government Act 1972.

5.2.2 CCC will include a development clawback or restrictive covenant in the disposal to ensure that the land is only used for sport and recreation use and that should development of the land be sought at some stage in the future for a higher value use then CCC will benefit from any uplift in value.

5.2.3 In consideration that the land is held by the Council as public open space and under the requirements of S.123 (1) of the Local Government Act 1972, the Council is required to place a notice in the local newspaper for two consecutive weeks, advising that the Council is seeking to dispose of the site. Any objections to the proposal will be considered by Cabinet Member.

5.2.4 Officers within the Resources Directorate (Legal Services) will complete the necessary legal documentation effecting the surrender of the existing leasehold interest and either the subsequent freehold sale or the grant of a leasehold interest to Pinley Rugby Club (as the case may be) and will collect payment of the agreed consideration.

5.2.5 Pinley Rugby Club and its financial backers are not clear yet whether they have the resources to buy so flexibility is sought to negotiate either an outright freehold disposal or lease at a market rent. Pinley Rugby Club have agreed to meet the Council's costs in advertising the disposal as detailed in paragraph 5.2.3 above and securing an external valuation.

## **6. Other implications**

6.1 The receipt will contribute to CCC's Medium Term Financial Strategy.

### **6.2 How is risk being managed?**

Risks will be managed through the disposal process. The principle risks are the receipt of objections to the disposal of public open space and the available resources of Pinley Rugby Club to complete the transaction.

### **6.3 What is the impact on the organisation?**

There is no significant impact on the organisation arising from this proposal. An opportunity has arisen for CCC to receive a capital payment and this opportunity has been realised.

**6.4 Equalities / EIA**

This is a property transaction and an Equality Impact Assessment is not required.

**6.5 Implications for (or impact on) the environment**

There are no implications for the environment.

**6.6 Implications for partner organisations?**

There are no implications for partner organisations.

**Report author(s):**

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