

<b>Title</b>	Relocation of Kenilworth Wardens	
<b>For further information about this report please contact</b>	Andrew Cornfoot (01926) 456203 Site Delivery Officer <a href="mailto:andrew.cornfoot@warwickdc.gov.uk">andrew.cornfoot@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	Kenilworth Abbey & Arden Kenilworth Park Hill Kenilworth St. John's	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	In Part – Appendix 2: P&C Financial Information	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Relocation of Kenilworth Wardens Executive Report 31 <sup>st</sup> May 2018, Item 10	
<b>Background Papers</b>	N/A	
<b>Contrary to the policy framework:</b>	No	
<b>Contrary to the budgetary framework:</b>	No	
<b>Key Decision?</b>	Yes	
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes – 1,068	
<b>Equality Impact Assessment Undertaken</b>	No	
Not applicable.		
<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	09/10/19	Chris Elliott
Head of Service	09/10/19	Dave Barber (Development Services) Lisa Barker (Housing)
CMT	09/10/19	Chris Elliott/Andy Jones/Bill Hunt
Section 151 Officer	09/10/19	Mike Snow
Monitoring Officer	09/10/19	Andy Jones
Finance	09/10/19	Mike Snow
Portfolio Holder(s)	16/10/19	Cllr Richard Hales (Finance) Cllr John Cooke (Development Services) Cllr Jan Matecki (Housing)
<b>Consultation &amp; Community Engagement</b>		
N/A		
<b>Final Decision?</b>	Yes	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 The report provides Executive with an update on the relocation of Kenilworth Wardens (hereafter referred to as KW) to Castle Farm and asks Executive to consider whether it wishes to take further proactive steps to help facilitate the development of Castle Farm for sporting use.

## 2. **Recommendations**

- 2.1 That Executive notes the financial principles underpinning KW's plan to move to a new site and also notes progress in relation to KW's relocation and the Council's involvement to date in supporting and facilitating this.
- 2.2 That Executive agrees to make available up to £312k to enable Kenilworth Wardens Cricket Club Limited (KW) to complete all the necessary steps to submit a planning application and achieve all the necessary consents for its relocation subject to appropriate security being put in place as agreed by the Council's Head of Finance and Deputy Chief Executive & Monitoring Officer (DCX (AJ)), in consultation with the Portfolio Holder for Finance, having taken appropriate advice from the Council's solicitors. The source of the funding to be determined by the Head of Finance.
- 2.3 That Executive notes the informal offer made to the landowner for land at Castle Farm, as stated in private and confidential Appendix 2: P&C Financial Information; and based on this offer agrees that officers enter into detailed negotiations with all landowners of land at Castle Farm required to be purchased to enable the relocation of KW.
- 2.4 That Executive, subject to negotiations referred to in 2.3 leading to a satisfactory conclusion and that KW has a viable relocation scheme, agrees that a report is submitted to a future Executive for approval of KW's relocation to Castle Farm and a recommendation to Council for the release of the necessary funding.

## 3. **Reasons for the Recommendations**

### 3.1 Recommendation 2.1

- 3.2 KW is c30 years into the 999 year lease for its site at Glasshouse Lane. Its plan is that in tandem with its landlord, their respective interests in the land are surrendered contemporaneously to a third-party in consideration of a capital sum to enable the allocated housing delivery. Whilst detailed financial appraisals relating to the new facilities at Castle Farm are still being carried out, the capital sum released will be the key element in enabling the relocation of the club; an endowment put aside to ensure the long term future of KW; payments to freeholders of land at Castle Farm; and a payment made to Stoneleigh Estates, the freeholder of the Glasshouse Lane site. Discussions have been taking place between KW and Stoneleigh Estates over a number of years and they are in agreement to this approach.
- 3.3 The capital sum to be paid to Stoneleigh Estates has still to be agreed between the parties. However, KW has been clear that this sum must take account of the need to develop the Castle Farm site and provide the endowment. If these elements cannot be agreed then KW will be unable to move and given the length of tenure benefitting KW, Stoneleigh Estates would receive no capital sum.

- 3.4 KW and Warwick District Council (WDC) officers have been working closely over the last four years to arrive at the position where Local Plan policies are in place to facilitate KW's move; Executive approval has been given to support KW's relocation; and KW is working with Council officers to ensure its plans are aligned with the aspirations the Council has for the redevelopment of Castle Farm Recreation Centre. This relationship led KW to consider whether it would be advantageous for the Club to enter into a deal with the Council whereby the Council would take a freehold interest in KW's current site. KW has therefore stated that if the Council is able to meet its valuation of the site then it will do a private deal with the Council. Stoneleigh Estates is also agreeable to this approach.
- 3.5 The following strategic approach is currently being followed with regards to KW's relocation to Castle Farm:
- The Council purchases the land at Castle Farm that is currently in third-party ownership but which is required for KW's relocation;
  - KW will fund the construction of the new facilities at Castle Farm with the funds it gets from the sale of the current site;
  - KW is granted a long lease by WDC of the Castle Farm land paying a nominal rent for the site and relocates there;
  - WDC promotes and/or develops the Thickthorn land for housing;
  - The development of the Thickthorn land results in the following:
    - A share for Stoneleigh Estates
    - A share for WDC/commission for promoting and/or developing the land
    - KW share arising from its interest in the land
    - A share for KW to pay for the construction of the facilities on site.
- 3.6 Officers instructed the Council's valuers, Bruton Knowles, to assess the KW site and a valuation has been provided. This valuation is based on the fact that the Council's Local Plan allocated this site for housing.
- 3.7 Executive has made it clear that it wishes to take a more proactive role in the housing market but has been stymied by the Council's lack of land in its ownership available for development. This means that any significant house-building programme would rely on the purchase of land at market rate. The proposal put forward by KW enables officers to explore land purchase of a significant scale.
- 3.8 At their 31<sup>st</sup> May 2018 meeting Executive agreed to progress this proposal by way of an 'Option' agreement between the three parties WDC, KW and Stoneleigh Estates. The option sets out the various pre-conditions that would need to be satisfied before WDC could exercise its option to call for a conveyance of the land. Various pre-conditions would be agreed by the parties, e.g. a mechanism for fixing the value to be paid, the obtaining of planning permission, and various others. This approach is agreeable to both KW and Stoneleigh Estates.
- 3.9 Since the 31<sup>st</sup> May 2018 Executive, and with Executive approval for the Council to procure any necessary services to develop its position by drawing down funding from the Local Plan Delivery Reserve, further feasibility work has been undertaken by WDC officers with expert advice from planning and urban design consultants, Land Use Consultants (LUC) and also valuers Bruton Knowles to determine what the market value of the existing KW's site is. This work is to be concluded in the near future and will form the basis of what is an acceptable amount for the Council to offer for the land. Given its commercial sensitivity, the

headline figure from the most up-to-date valuation from Bruton Knowles is provided in Private and Confidential Appendix 2.

- 3.10 KW commenced marketing of their existing site in October and officers and consultants will be reviewing the marketing details in order to refine a valuation and determine what a reasonable offer for the site would be. As agreed at the 31<sup>st</sup> May 2018 Executive, should officers determine that they wish to recommend to Executive that an offer is made for the site and satisfactorily negotiate with KW then a report(s) will be submitted to Executive and/or Council for the necessary permissions and release of funding. Council officers expect to know whether the Council are likely to be in a strong position to purchase the site by the end of November 2019.
- 3.11 The opportunity to purchase KW's current site makes possible the Council's long-held ambition of delivering an extensive house-building programme. However, this opportunity only arises if in effect the Council is prepared to put itself "in the shoes" of a developer.
- 3.12 KW is a Community Sports Club and has limited funds. To take its plan forward KW was relying on a developer providing up-front at-risk funding so that KW could achieve the necessary planning consent to hopefully move to the Castle Farm site. At the time of the 31<sup>st</sup> May 2018 Executive, KW estimated that the cost of this work would be up to £400k. The developer's position would be that in return for providing this funding, it would have secured an option on the Thickthorn land so that it would ultimately be the freeholder when KW moved.
- 3.13 If the Council wishes to secure the land with the prospect of developing housing it will need to act in a commercial manner by providing the up-front funding. However, there is a way to do this and release the up-front funding to KW without waiting for all the legal agreements for land purchase to be completed.
- 3.14 On 31<sup>st</sup> May 2018 Executive agreed with the recommendations of officers which included making £400k available from the Community Projects Reserve to enable the Wardens to complete all the necessary steps to submit a planning application and achieve all the necessary consents for its relocation subject to appropriate security being put in place.
- 3.15 Following Executive's decision on 31<sup>st</sup> May 2018, a formal Project Agreement (the 'Agreement') between KW and the Council was made on 5<sup>th</sup> April 2019 between both parties for the following Project: 'Development of the Thickthorn Land and Relocation of Kenilworth Wardens'. The Agreement sets out how the two parties will work together on the Project. Included within the Agreement is that the Council shall fund all preliminary work undertaken by the Wardens (in accordance with a number of clauses), up to a value of £400k.
- 3.16 The Agreement includes details of the security that the Council has over this forward funding, which is through a Charge on the existing land. The Charge shall remain in force until the preliminary funding is repaid to the Council either by: a) If the project proceeds to Phase 2 (Acquisition and Disposals), the preliminary work funding paid by the Council will be deducted from the Wardens' return when the Council purchases the Thickthorn Land (unless otherwise agreed by the Parties); or b) In the event that the project does not proceed to Phase 2 and the Thickthorn Land is disposed of at any point in the future, the preliminary work funding paid by the Council shall be repaid within 5 working days of the Thickthorn Land being disposed of.

- 3.17 The Agreement acknowledges that there may be a requirement for additional funding in excess of £400k to carry out the preliminary work and under such circumstances both parties shall agree whether or not to continue with the Project and if so, how the remainder of the preliminary work will be funded.
- 3.18 KW is anticipating a significant capital receipt for the sale of land at Glasshouse Lane. However, costs associated with delivering the scheme at Castle Farm may be greater therefore resulting in a deficit. Officers are exploring a potential external funding opportunity to bridge this funding gap. Private and Confidential Appendix 1 provides more details on the financial viability of the scheme and the potential external funding.
- 3.19 KW has continued to develop their proposals for the Castle Farm site and have done so paying due regard to the Council's emerging proposals for the redevelopment of Castle Farm Recreation Centre as part of the Council's Phase II Leisure programme. In early October 2019 KW delivered presentations to elected Members of Warwick District Council, to Kenilworth Town Council and also provided an update to Jeremy Wright MP. In late October/November both KW and the Council will commence a public consultation on the two developments in advance of the submission of planning applications.
- 3.20 Recommendation 2.2
- 3.21 KW has approached officers for additional forward funding of £300k for the same reasons as in May 2018 as it is now apparent that the initial £400k will not be sufficient to achieve these aims. Council officers have reviewed cost information provided by KW and this additional cost can be justified as being necessary in order to deliver the project.
- 3.22 It is possible that should WDC provide up-front funding and planning permission is not achieved or the land values do not provide enough funding to enable KW to move then WDC would have a charge against land that cannot be developed. This was a risk that Members considered in taking a decision on the initial £400k funding and remains a risk for any additional forward funding that Members will again need to consider.
- 3.23 Council officers remain committed to supporting KW relocation project as it will enable the delivery of Local Plan housing and outdoor sport allocations; enable the comprehensive development of allocated land in east Kenilworth in accordance with the Local Plan and the Land East of Kenilworth Development Brief; and will provide residents of the District with new and enhanced outdoor sports facilities. Without additional forward funding, there is a risk that the project will stall and impact upon the delivery of housing on the existing site.
- 3.24 One of the potential accesses into the site is off John O'Gaunt Road. In order to utilise this as an access two small areas of land will need to be crossed, one in private ownership and the other is unregistered land. Officers and KW would like to explore the deliverability of this potential access arrangement further and therefore need to establish and approach the landowners. Therefore, in addition to the £300k requested by KW there is a need for up to a further £12k to enable officers to instruct a qualified surveyor to contact and negotiate with the landowner of a small parcel of land and the potential landowner of unregistered land, and to cover legal costs relating to the potential purchase of these land parcels.

- 3.25 As with the initial forward funding of £400k, the Council would want to ensure security for any additional forward funding. Having discussed the issue with solicitors, the most appropriate form of security would be a further Charge on the land for the additional £312k. Subject to this security, Council officers recommend to Executive that additional forward funding is supported.
- 3.26 If Members agree to this approach then it is recommended that Executive agrees to make available up to £312k to enable KW to complete all the necessary steps to submit a planning application and take the scheme to the end of RIBA Stage 4 subject to appropriate security being put in place. The Council's Head of Finance and Deputy Chief Executive & Monitoring Officer (DCX (AJ)), in consultation with the Portfolio Holder for Finance, will work with the Council's solicitors to ensure that the necessary security is achieved.
- 3.27 Recommendations 2.3 and 2.4
- 3.28 The purchase of land at Castle Farm is essential to enable the relocation of KW. An agricultural field of 6.9 hectares in size currently in private ownership is required to deliver KW masterplan (the field is identified as 'Field 3', in Appendix 1). Fields 1 and 2 are already in the control of the Council. Field 1 will be used by WDC/KW and fields 2 and 3 will be developed and occupied by KW. Public access around the perimeter of field 2 will be retained and the public bridleway will be retained albeit following a realigned route.
- 3.29 Officers have engaged with the landowner and an informal agreement has been reached regarding the sale of the land to the Council. Details of the offer are contained in Private and Confidential Appendix 2, owing to commercial sensitivity.

## 4. Policy Framework

### 4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>

<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
Opportunity for Council to provide social housing. Facilitates the relocation of Kenilworth Wardens	Opportunity to develop public spaces in line with Council's various strategies	Employment opportunities through construction phase
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		
Opportunity for staff development in place-shaping	Opportunity to provide high quality homes and services	Effective use of Council's resources

#### 4.2 Supporting Strategies

Each strand of the FFF Strategy has several supporting strategies. The Local Plan is one of the key strategies, cutting across many of the FFF strands and the relocation of KW on Castle Farm will deliver housing and outdoor sport allocations within the Plan. It will also support the delivery of housing targets, the delivery of affordable housing and enhanced sporting facilities for residents. The Land East of Kenilworth Development Brief SPD provides guidance for the delivery of development on allocations in east Kenilworth and the development of KW's existing site is critical to the comprehensive redevelopment of the site.

#### 4.3 Changes to Existing Policies

The relocation of KW to Castle Farm will support the policies adopted within the Local Plan and guidance contained within Land East of Kenilworth Development Brief and also adheres to national and local policies rather than changing them.

#### 4.4 **Impact Assessments**

An Impact Assessment was undertaken for the Local Plan and the relocation of KW seeks to deliver on the aspirations of the Local Plan.

#### 5. **Budgetary Framework**

5.1 Up to £312k is requested in accordance with recommendation 2.2. The precise source of this funding should be determined by the Head of Finance, with this expected to be from the Business Rate Retention Volatility Reserve or 2020/21 New Homes Bonus. The source of the funding will be included within the February 2020 Budget Report.

5.2 As with the £400k previously agreed, the £312k advanced, subject to having suitable security in place, will be repaid when the scheme does eventually progress to Phase 2. If the scheme does not progress, the Council will be due to get its funding repaid should the Thickthorn land eventually be sold.

#### 6. **Risks**

6.1 There is an immediate risk that if Members agree to release the up-front funding then although security would be in place, this security might not be able to be readily realised. However, this is a risk Members will need to balance with the benefits from the commercial opportunity available and the risk that without the further up-front funding the relocation project may stall, thus risking the delivery of the Local Plan allocations and aspirations of the Local Plan and Land East of Kenilworth Development Brief.

#### 7. **Alternative Option(s) considered**

7.1 That Executive could choose not to provide the funding for the sporting development at Castle Farm or to purchase land required to deliver the relocation of KW. However, not undertaking this role means that the Council has less influence on the scheme's development and the delivery of Local Plan allocated sites. It also places the original up-front funding at greater risk as the charge on the land which would result in repayment to WDC is only realised if KW are able to relocate.

### **8 Background**

8.1 In September 2017, Warwick District Council adopted the Warwick District Local Plan 2011-2029. Local Plan policy DS11 (Allocated Housing Sites) addresses the allocation of land for housing development and associated infrastructure. Site H06 – East of Kenilworth (Thickthorn) – is given an indicative allocation of 760 dwellings and includes land occupied by KW under a 999 year long-leasehold (WK297074) (Appendix 1) from the freeholder Stoneleigh Estates.

8.2 As described in the Executive report of 2<sup>nd</sup> June 2016 and reiterated in the Executive report of 31<sup>st</sup> May 2018, KW wishes to improve and expand its facilities but this is not possible on its current footprint at Thickthorn. It therefore approached the Council to see whether an alternative site was available.

8.3 Local Plan policy DS23 allocates land for outdoor sports and recreation in Kenilworth. In relation to the matter under consideration it states that:



*"Land at Castle Farm (SP1)...is allocated for the provision of outdoor sport.*

*"Appropriate facilities associated with the provision of outdoor sport will be permitted provided that they preserve the openness of the green belt and do not conflict with the purposes of including land within it".*

- 8.4 KW considers that by relocating from their current site to site SP1, it can improve and enhance its facilities. As made clear by Executive's resolution following its consideration of the 2<sup>nd</sup> June 2016 report and its resolution following consideration of the 31<sup>st</sup> May 2018 report, the Council supports in-principle KW's desire to relocated to the Castle Farm site.