

**Cheltenham Borough Council**  
**Cabinet - 5th November 2019**  
**Lease of Sandford Park Lido**

<b>Accountable member</b>	<b>Cllr Rowena Hay, Cabinet Member for Finance</b>
<b>Accountable officer</b>	<b>Dominic Stead, Head of Property and Asset Management</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key/Significant Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>The Cabinet has been asked to consider an early surrender of the lease between Cheltenham Borough Council and Sandford Lido Limited (SLL) and immediately enter into a new lease to SLL.</p> <p>The new lease is to help SLL secure and apply for funding and grants to carry out improvements and much needed refurbishment to the lido.</p> <p>The proposed lease will be broadly along the same terms as the current lease, but for a for a term of 35 years. The new lease will remain on a fully repairing and insuring basis at a rent of £5 per annum and will now have a turnover rent based on car parking income.</p>
<b>Recommendations</b>	<p><b>Cabinet is recommended to:</b></p> <ol style="list-style-type: none"> <li><b>1. agree an early surrender of the lease to SLL and to grant a new lease for a term of 35 years of the land shown edged red on the attached plan, on the rental basis set out in the report;</b></li> <li><b>2. delegate authority to the Executive Director of Finance and Assets in consultation with the Borough Solicitor, to agree the remaining terms of the lease and conclude the surrender and grant of a new lease.</b></li> </ol>

<b>Financial implications</b>	<p>The new lease for SLL has no negative financial implications as the minimum is that the consideration will stay the same as it has been throughout the previous lease. However, there is a possibility that the Council may get additional income through the new turnover rent based on the Car Parking income however this is unlikely in the short to medium term and will be dependent on demand for Car Parking within the Lido now and in the future. As section 1.8 shows this has only been payable once in the last 3 years and is not expected to be repeated in the near future.</p> <p><b>Contact officer: Andrew Knott ,  Andrew.knott@publicagroup.uk, 01242 264121</b></p>
-------------------------------	--

<b>Legal implications</b>	<p>Where the Council is disposing of land by way of lease for more than 7 years, it has a statutory duty to obtain best consideration (unless certain exceptions apply). It would appear from the report that this is intended to be achieved.</p> <p>By granting a lease the Council can impose requirements on the tenant with regard to activities and charges; however, the greater the restrictions imposed the greater the risk that the lease will not satisfy the requirements of commercial lenders.</p> <p><b>Contact officer: Rose Gemmell, rose.gemmell@tewkesbury.gov.uk, 01684 272014</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>There are no direct HR implications identified in this report.</p> <p><b>Contact officer: Carmel Togher</b></p> <p><b>Email : <a href="mailto:carmel.togher@publicagroup.uk">carmel.togher@publicagroup.uk</a></b></p> <p><b>Tel: 01242 264391</b></p>
<b>Key risks</b>	
<b>Corporate and community plan Implications</b>	<p><b>Enhancing and protecting our environment</b></p> <ul style="list-style-type: none"> <li>• Using our property assets effectively for the benefit of the community;</li> </ul> <p><b>Strengthening our communities</b></p> <ul style="list-style-type: none"> <li>• Working in consultation with the community, community groups and the voluntary sector;</li> </ul> <p>Recognising, promoting and assisting community groups and volunteers.</p>
<b>Environmental and climate change implications</b>	<p>By giving SLL a longer lease term it will allow the trustees to seek grants and funding to look if desired into greener ways of providing heating for the swimming pool.</p>
<b>Property/Asset Implications</b>	<p>As set out in the report</p> <p><b>Contact officer: Dominic.Stead@cheltenham.gov.uk</b></p>

## 1. Background

- 1.1 On the 1 April 1996 a charitable trust, Sandford Lido Limited (SLL), took over operational control of Sandford Parks Lido after signing a 25-year lease with Cheltenham Borough Council.
- 1.2 The current lease is at a rent of £5 per annum with no rent reviews, on a fully repairing basis, with the tenant required to pay for insurance.
- 1.3 SLL approached the Council to seek an early surrender of their current lease and requested a new lease for a term of 35 years. The approach was so SLL could more easily secure funding and grants required to carry out improvements and much needed larger repairs and modernisation.

- 1.4 The Council sought two independent specialist advisors in order to help with the renewal process and to help agree appropriate new terms for the lease. The associated reports procured comprise Appendices 4 & 5
- 1.5 Draft heads of terms have now been agreed between the Council and SLL and these are attached at Appendix 5. The lease will follow the same basis as the current one, with the main differences being:
- **The Term** – The current lease is for a term of 25 years, whereas the proposed new lease will be for 35 years, allowing SLL to seek supporting grants and loans.
- 1.6 **User Clause** – It is proposed that the user clause will be for sporting, social, and recreational activities and other activities that the Council may permit at its absolute discretion and as a public car park.
- The lease will now include provisions aimed at the Lido being financially accessible for all.
  - **The Rent**- The rent will remain the same as the current lease, but the new lease will allow for a turnover rent. This will be based on 50% of any car parking income over and above £365,000. If this method had been in place during the last three years, the Council would have received income as set out in Table 1.0 below.

**Table 1.0**

Year	Car Parking Income	% of turnover rent based on the proposed method
2016/17	£317,679	£0
2017/18	£318,270	£0
2018/19	£405,198	£20,099

## 2. Reasons for recommendations

- 2.1 By allowing SLL an early surrender and a grant of a new lease it allows them to seek grants and funding from providers who would have previously considered the term remaining on their current lease to short.
- 2.2 The grants and funding is for the improvements of a Council owned asset which is used by over 200,000 people a year.

## 3. Alternative options considered

- 3.1 The Council could refuse SLL an early surrender of their current lease, but in so doing, it would effectively prevent SLL from seeking the grants and loans required to carry out improvement works on a Council asset, thereby improving a much loved and valued local facility.

## 4. How this initiative contributes to the corporate plan

- 4.1 By agreeing to a new lease for 35 years, we will be delivering to the corporate plan by
- Allowing monies to be invested into our heritage

- By allowing it to be accessible for everyone and ensuring a healthy lifestyle

## 5. Consultation and feedback

- 5.1 The Cabinet member for Finance, Councillor Rowena Hay, was consulted throughout the lease negotiation process, as were the Cabinet members for Healthy Lifestyles and Development & Safety.
- 5.2 Informal Cabinet was consulted in respect of the above matters which helped to guide the negotiations on the Heads of Terms.

## 6. Performance management –monitoring and review

- 6.1 Property services will ensure that the lease surrender and grant of a new lease will be done in a timely manner.

<b>Report author</b>	<b>Contact officer: <a href="mailto:rebecca.conway@cheltenham.gov.uk">rebecca.conway@cheltenham.gov.uk</a> 01242 264109</b>
<b>Appendices</b>	<ol style="list-style-type: none"> <li>1. Risk Assessment</li> <li>2. Appendix 2 - Plan</li> <li>3. Confidential summary (Exempt)</li> <li>4. Appendix 3 – Report by Fathom Consultancy Ltd (Exempt)</li> <li>5. Appendix 4 – Report and email by Crosswaites Commercial (Exempt)</li> </ol>
<b>Background information</b>	

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	SLL decided not to renew the lease	RC	11/10/19	5	1	5		Ensure communications remain open with SLL		RC	
	Difficulty monitoring the car parking charges	RC	11/10/19	3	2	6		Ensure car parking accounts are sent through in a timely manner to the Council		RC	

**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6  
(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close