

ADDENDUM: 24 February 2016

Important note: This document is as presented to Cabinet on 9 February 2016. However, the content of this report and the recommendations were updated and amended by Council on 23 February 2016. These clarifications and amendments can be seen in the supplementary document published with the agenda pack at: [Addendum to Report No: COU/SE/16/002 Referrals from Cabinet and DRWP: Item \(A\)\(4\) Third Generation Artificial Pitch Provision in Haverhill](#)

Cabinet



St Edmundsbury
BOROUGH COUNCIL

Title of Report:	Third Generation Artificial Pitch Provision in Haverhill	
Report No:	CAB/SE/16/007	
Report to and dates:	Cabinet	9 February 2016
	Council	23 February 2016
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Purpose of report:	Twofold: (1) To advise Members of the fact that Haverhill Community Sports Association (HCSA) has been successful in obtaining a grant offer of £300,000 from the Football Foundation to create a third generation (3g) football pitch on the New Croft site in Haverhill. (2) To also seek Members' approval to loan the HCSA a further £300,000, on a bridging loan basis ahead of other third party funding, to enable the HCSA to accept the grant offer and to commence on site prior to next football season, subject to a series of due diligence requirements being met.	

<p>Recommendations:</p>	<p>It is RECOMMENDED that subject to the approval of full Council:</p> <p>(1) the bridging loan request received from Haverhill Community Sports Association for up to £300,000 to enable it to progress the building of a third generation (3g) football pitch facility at the New Croft site in Chalkstone Way, Haverhill be approved; and</p> <p>(2) the Head of Operations, in consultation with the Services Manager (Legal), be authorised to prepare the necessary legal agreements to support the issue of the loan, in accordance with the terms set out in Report No: CAB/SE/16/007, subject to:</p> <p>(a) the Haverhill Community Sports Association confirming acceptance of the loan agreement conditions; and</p> <p>(b) receipt of a unilateral undertaking from the developer of the North East Haverhill Vision 2031 growth site that they will pay the Council £300,000 as a voluntary contribution towards the scheme (and repayment of the loan), in lieu of making their own equivalent provision within their proposed development.</p>
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p> <p>As it is a decision of full Council.</p>
<p>Consultation:</p>	<ul style="list-style-type: none"> • Consultation has taken place between the Council and Haverhill Community Sports Association. Ward Councillors have also been informed of the request. The Suffolk Football Association has also been consulted on the issue. There has been dialogue between the HCSA and the developer and St Edmundsbury Borough Council's (SEBC) Planning Section and the developer.
<p>Alternative option(s):</p>	<ul style="list-style-type: none"> • If the loan request is declined the HCSA is likely to decline the grant offer from the Football Foundation.

Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • A loan request of £300,000.	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • There are implications for a Section 106 agreement/unilateral agreement.	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Securing such a loan against a s106 payment which has yet to be agreed between the developer and the LPA, as the application has yet to be considered, along with other priorities for s106 funding.	Medium	There is good evidence that the need for such a payment will be demonstrated, and the developer will be required to undertake a unilateral agreement	Low
Ward(s) affected:		Haverhill East	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		N/A	
Documents attached:		Appendix A – West Suffolk Indoor and Outdoor Play Pitch Assessment – Executive Summary.	

1. Background to the Facilities and Haverhill Community Sports Association

- 1.1 In 2009 St Edmundsbury Borough Council was successful in obtaining £550,000 worth of external grant funding (£450,000 Football Foundation grant and £100,000 from a Football Stadia Improvement Fund Grant) toward the development of a new purpose built sports facility on an area of playfields known as Chalkstone Playing Fields, Haverhill. The cost of new facility was £1,950,000 and the balance of the funding needed was provided by St Edmundsbury Borough Council.
- 1.2 Following the development of this new facility Haverhill Rovers Football Club vacated the site they leased from the Council known as Hamlet Croft football Ground. The Council was then able to sell Hamlet Croft for residential development.
- 1.3 One of the conditions of the external funding was that the new facility should be managed by an arm's length independent company and the Haverhill Community Sports Association (HCSA) was created to fulfil that requirement. The constitution of that Association was and is still such that no one user group of the facility has overall control of the board. The HCSA board is currently made up of nine people of which two are representing Haverhill Rovers.
- 1.4 Another requirement of the funding was that a Community Football Partnership Development plan should be developed. Haverhill Rovers Football Club, as an FA Charter Standard Club, was designated the lead partner Club.
- 1.5 The Development Plan placed a requirement on the Football Partnership, which is governed by the HCSA and Suffolk FA, to ensure that football is delivered at all levels and to all categories (i.e. youth, male & female) so that there are opportunities for players to progress within the sport locally.

2. Current position

- 2.1 The HCSA has been very successful in achieving the aims of the Community Football Partnership Development plan. Thirty five local teams currently use the facility and demand is likely to increase with the growing population in the Haverhill area.
- 2.2 As a consequence of its popularity the grass pitches on site are at capacity. The underlying clay soil profile means that the pitches recover slower to wear during sustained wet and cold weather.
- 2.3 To meet the continuing demand for football at the venue and to maximise use of the ancillary built facilities on site the HCSA has been proactive in obtaining a grant offer of £300,000 towards such a facility from the Football Foundation. The new facility is estimated to cost £600,000 and the HCSA currently has a shortfall of £300,000.
- 2.4 However, a developer who has recently submitted a planning application for a large housing development in Haverhill has offered to pay the balance of £300,000 to meet a likely requirement through the s106 process to provide

equivalent leisure facilities. Such a developer contribution is obviously subject to the outcome of the planning application which is yet to be determined.

- 2.5 The West Suffolk Playing Pitch Assessment which is due to be presented to the West Suffolk Joint Growth Steering Group on 8 February 2016, has flagged the need for a 3g facility in Haverhill to meet current and future growth in demand, and officers are of the opinion that the New Croft site would be a logical location to place such a facility. As are the footballing authorities.
- 2.6 It is not possible to secure a loan against a s106 agreement payment which has yet to be agreed between the developer and the Local Planning Authority, as the application has yet to be considered, along with other priorities for s106 funding. However, as explained above, there is good evidence that the need for such a payment would be demonstrated at a later date, and therefore the developer has indicated that they are prepared to enter into a unilateral agreement to make the payment by a defined date after development commences. Such a unilateral agreement would not fetter the Council's discretion as local planning authority during the planning application, as it would be independent of the planning process (and the s106 negotiations for the site) and be entered into at the developer's own risk.
- 2.7 To ensure that there is sufficient playing pitch capacity on site to meet the projected need next football season the HCSA would like to accept the Football Foundation grant offer and progress with works on site as soon as possible. There is also a time limit for accepting the loan which shortly expires. The HCSA has therefore asked the Council to offer a bridging loan to close the temporary funding gap.
- 2.8 Should the loan be supported there will be a series of safeguards placed in the loan agreement to protect the Council's interest, in accordance with the Council's existing loans policy. The HCSA has received the conditions set out in Appendix 1 attached, and at the time of preparing this report we are yet to receive their formal acceptance.

3. Financial considerations

- The bridging loan (advance) will be interest only for five years.
- Unpaid interest on the advance will be capitalised and following the five year period the interest only advance will revert to repayment should the Council at its discretion choose not to realise the collateral secured against the loan.
- On the cessation of the loan period the bridging loan and any interest accumulated should be repaid in full.
- Default on the advance and any subsequent actions to recover the advance and any interest owed will be judged by the Council as three or more missed quarterly payments during the loan period.

General rules concerning a Council Loan and conditions specific to the HCSA request.

General rules:

The Council has a loans policy which provides that:

- The Council does not routinely provide loans to external organisations, and requests for loan finance will only be considered in the context of the Council's wider strategic aims and objectives. As such each proposal for loan finance needs to be judged on its own merit, which includes consideration of:
 - a) The purpose of the loan and its contribution to the achievement of the Council's strategic objectives.
 - b) The financial stability and viability of the organisation to which the loan is made.
 - c) The nature / level of security an organisation can provide to support the loan amount.
- The loan agreement will include details of the agreed terms upon which the loan is granted, including:
 - a) Conditions of loan (e.g. delivery of the Project / Initiative).
 - b) Loan duration and repayment details, including repayment of principal, interest and other costs (as appropriate).
 - c) Loan security, including fixed and floating legal charges.
 - d) Insurance requirements.
 - e) Recovery and enforcement arrangements in case of default of loan terms and conditions.
 - f) Provision for recovery of any fees incurred for items including, but not limited to, validation of financials, legal advice on loan security arrangements etc.'
- Requests for loan finance greater than £25,000 requires approval by full Council.

Conditions specific to the HCSA request

- The Association may require a loan of £300,000 to be used, together with grant funding of £300,000 from the Football Foundation, to construct a 3G football pitch at The New Croft
- The loan will be repaid to the Council once it receives monies from a housing developer [Hallam Land Management] or upon the expiry of 5 years, whichever is the sooner. This will need to be a matter for separate

agreement between the housing developer and the Council which protects the councils position as the local planning authority

- If the Council was minded to lend the money it would have to meet the requirements of the loans policy.
- Interest would be payable against the loan such interest may be at a rate of 2.5% above the Bank of England base rate or 8% whichever is the lower
- Interest would be payable quarterly, the first payment being due on the first quarter date following payment of the loan
- If there is a default on the payment, the loan is secured against the pitch but can only be released once the pitch is built.
- The charging structure for the new pitch needs to be part of a wider agreement with Abbeycroft Leisure for all pitches in Haverhill to ensure accessibility to and coordination of playing facilities