

## MUNICIPAL YEAR 2017/2018 REPORT NO.

### ACTION TO BE TAKEN UNDER PORTFOLIO AUTHORITY:

#### REPORT OF:

Assistant Director:  
Strategic Property  
Services

### PORTFOLIO AUTHORITY

#### REPORT of –:

Executive Director of Finance, Resources & Customer Services

**Agenda – Part: 1**

**Item: -**

**Subject:** Approval to grant a lease –  
Churchfields Recreation Ground & Buildings

**Wards: Haselbury**

**Key Decision No: - 4554**

**Cabinet Member consulted: -** Councillors  
Lemonides and Anderson

### Contact officer and telephone number:

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## 1. EXECUTIVE SUMMARY

- 1.1 A full tender exercise was undertaken by the Council with the aid of marketing via external agents Lambert Smith Hampton to lease the land known as Churchfields Recreation Ground and Churchfields Lodge, Great Cambridge Road, Enfield, N9 9LE. This report clarifies the process of the tender, the assessment and the result.
- 1.2 Approval is required to grant a lease to the successful applicant for a 20 year lease outside the Landlord and Tenant Act 1954 Part II with five yearly upward only rent reviews as detailed in the Part 2 Report.

## 2. RECOMMENDATIONS

- 2.1 To approve the grant of the lease to the successful applicant noted in Part II of this report.
- 2.2 To delegate authority to the Assistant Director of Strategic Property Services to finalise the lease terms and approve the final lease in consultation with the Assistant Director of Legal and Governance.

### **3. BACKGROUND**

- 3.1** Churchfields Recreation Ground is an 8 acre (3.25ha) playing field with associated unmodernised pavilion incorporating showers/ changing facilities and bar adjacent playing fields, formerly occupied and operated by a local rugby club.
- 3.2** The property is located the eastern side of the Great Cambridge Road (A10), situated 2 miles south east of Enfield Town Centre. The property is located within a predominantly residential area which benefits from good rail and transport links with both Edmonton Green and Bush Hill Park with a new cycleway being constructed passing along the edge of the site linking Enfield Town with Edmonton Green/ Meridian Water.
- 3.3** The Property comprises of a sports pavilion, changing facilities, a separate building known as Churchfields Lodge with adjacent playing fields. The lodge building extends to 4,565sqft (425sqm) and has a large central area used as a classroom with a number of smaller rooms which could be reconfigured to accommodate a variety of uses. The previous tenant moved out to alternative premises in the borough.
- 3.4** As both properties were vacant at the same time a decision was reached to market both sites simultaneously with options for either Lot 1 or Lot 2;
- Lot 1 – Comprised of the pavilion, car parking for 28 cars and associated playing fields which extend to 8 acres.
  - Lot 2- Comprised of the lodge building which is suitable for community or D1 use.

This method would enable the Council to seek maximum value from the asset and use.

- 3.5** Strategic Property Services led the tender exercise and appointed agents Lambert Smith Hampton to undertake the marketing of the site in November 2016.
- 3.6** The opportunity was advertised in local papers for 2 consecutive weeks beginning on the 11<sup>th</sup> January 2017 coincidentally the beginning of the Stage 1 marketing period which lasted for 8 weeks and ended at the end of February 2017.
- 3.7** The Council laid down set criteria as a pre-qualification screen for bidder set within the 'Bidder Guidance Notes' that was sent to every prospective applicant. These are presented overleaf;

### **Community Use and Access Requirements**

- *Enfield Council wants to ensure that all sections of the community, particularly those aiding the borough's most vulnerable communities including children and young people, older people and people with disabilities can use council properties and therefore seeks to encourage applicants from the widest range of individuals and communities as possible. Interested applicants should be able to demonstrate a strong commitment to equal opportunities and to serving all residents of the borough fairly and offer sporting facilities to those disadvantaged.*
- *The Council will require access and coaching for disabled groups and offers should include proposals to meet this requirement.*
- *The Council retains the right to facilitate use of separate parcels of the sports ground for complimentary recreation uses, subject to user's times and activities.*

### **Offers**

- *Enfield Council will not be bound to select the highest monetary offer.*
  - *Offer to include the following as a minimum:*
    - *Rental proposal*
    - *proposal to provide access and coaching for disabled groups.*
    - *A marked up version of the Heads of Terms dated and signed to show acceptance of the terms. Should changes to the heads of terms, be required a further document listing your proposed changes which the Council will consider. No further changes to the Heads of Terms will be permitted post offer acceptance.*
    - *Business plan illustrating the proposed use of the property and or the playing fields, source of funding and financial cash flow forecast to cover the first 3 years of trading.*
    - *Accounts illustrating the prior 3 years performance (if applicable and available)*
- 3.8** The Property is tendered using the Property Procedure Rules (PPR) as this is normal practice in the case of leasing a Council property.
- 3.9** Prior to going to the market, an open market rental assessment was undertaken to guide officers with its tender strategy and to ensure the Council obtains best value.

## **The Marketing**

- 3.10** The opportunity was marketed by Lambert Smith Hampton (LSH) who is the Council's appointed agents on this Property and would be the first point of contact for prospective bidders to discuss bids and procedure.
- 3.11** The Pre- marketing involved collating all the necessary due diligence documentation for distribution to interested parties, preparing particulars, installation of estate agency board, preparing an advert for the local newspapers to facilitate an equitable and transparent campaign. The property was added to LSH's PRISM application which in turn added the property to the following websites:
- LSH website Property Search
  - Estates Gazette Property Link
  - Zoopla Commercial
- 3.12** Stage 1 Marketing started on the 11<sup>th</sup> January 2017 for 6 weeks. Emails with the tender packs were sent to interested parties. An advert was placed in the local newspaper for two consecutive weeks commencing the second week of January 2017.
- 3.13** During this period, LSH carried out two viewing days on site for a period of two hours which were oversubscribed.
- Viewing No1 took place on Tuesday 17<sup>th</sup> January 2017 between 12noon and 14:00.
  - Viewing No2 took place on Tuesday 31<sup>st</sup> January 2017 between 12noon and 14:00.
- 3.14** LSH and the Council invited interested parties to submit their proposals by 16:00 on Tuesday 22<sup>nd</sup> February 2017 to the agent.
- 3.15** LSH provided the Council with an initial bid evaluation on Tuesday 7<sup>th</sup> March 2017. A shortlist was drawn up and agreed with the Council on Thursday 24<sup>th</sup> March 2017. A total of 14 compliant bids were received and 6 bids were selected to the final Stage 2 'Best & Final Bids' Marketing Stage.
- 3.16** Shortlisted parties were invited by LSH to participate in a round of best and final bids on Friday 12<sup>th</sup> May 2017.
- 3.17** Best and final offers were to be submitted by Friday 9<sup>th</sup> June 2017 to the Agent.
- 3.18** LSH provided a summary of the best and final offers that were received on Tuesday 20<sup>th</sup> June 2017.

## **The Evaluation Process**

- 3.19** There was management oversight at each stage of the tender together with auditable processes throughout the tender period.
- 3.20** Tenders were sent through the external agents and tenders were evaluated using the criterion of highest rent offered, subject to satisfactory financial due diligence, satisfactory credit score and checks upon the applicant including their adherence to the Bidder Guidance Notes.
- 3.21** As per Property Procedure Rules, the Assistant Director does not have to select the highest bidder; however, if this occurs it must be documented.
- 3.22** Clarification meetings took place with the top applicant on the 4<sup>th</sup> September 2017 to clarify some final points with their application.
- 3.23** Throughout the process the overriding weighted factor was the rent offered subject to pre-qualification as majority of the bidders were pre-screened. One bidder dropped out at the final evaluation stage and there was one outright clear winner.
- 3.24** The lessee will be liable for all outgoings in relation to the property including rent, insurance, bills and the tenant will abide by all the covenants within the lease and if the tenant defaults on any of the lease conditions the Council will take the requisite action and end the lease.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1** Not to undertake a tender of the opportunity would have been a wasted opportunity to let this Property that has sat empty for several years.
- 4.2** The Contract Procedure Rules (CPR) route was considered as a procurement approach; however after discussions with internal Officers it was decided that this tender was for a lease, an interest in property, and hence it was considered best to proceed using the PPRs.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1** It is recommended that the lease be granted to the chosen applicant for both lots to ensure a sustainable use including community use and sporting use for the next 20 years.

- 5.2 The Property will undergo significant capital investment by the applicant bringing forward fit for purpose sporting facilities and community areas for all of the local area to benefit.

**6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS**

**6.1 Financial Implications**

See Part 2

**6.2 Legal Implications**

6.2.1 Pursuant to section 123 of the Local Government Act 1972 when granting a lease a Local Authority needs to demonstrate that he has obtained the best consideration reasonably obtainable. The tendering exercise carried out by Property Services in respect of the proposed lease demonstrates that this has been achieved.

6.2.2 The tendering exercise has been carried out in accordance with the Council's Property Procedure Rules.

6.2.3 The formal granting of the lease shall be in a form approved by the Council's Assistant Director (Legal Services)

6.2.4 In accordance with the Council's Property Procedure Rules, given the cumulative value of the term of the lease, approval of the award of the Lease will be required from the Council's Director of Finance, Resources and Customer Services.

6.2.5 The recommendations contained within this report are within the Council's powers and duties

**6.3 Property Implications**

6.3.1 As included within the report.

6.3.2 An EPC was carried out prior to marketing. The property does require significant building work to bring the properties back to a beneficial use.

6.3.3 All asbestos and operation manuals will be handed over to the incoming tenant. The operator will have to take care of and enhance the biodiversity of the area as all the site is classed as Metropolitan Open Land.

6.3.4 As such any building works, demolition or rebuilding will require a full planning application subject to landlord's consent.

- 6.3.5 The Property is one of 130 sites that have a Borough wide injunction to stop '*persons unknown*' from taking occupation. However when the property is leased, the Council will require the tenant to improve security and any trespass will be down to the tenant to resolve at their own expense.
- 6.3.6 The structure of the lease will allow each use to be delineated so that there is no cross over of community and cultural events onto the sports pitches.
- 6.3.7 The tenant will have to maintain the site including the playing fields to a Sport England standard and specification to allow the football and other sports to be facilitated, to this end they will enter into a contract with the Parks Department for the grass and parks maintenance.
- 6.3.8 The lease will be on a Full Repairing and Insuring basis and it is upon the tenant to maintain the structure both internally and externally.
- 6.3.9 There is a children's playground at the north eastern part of the site. This will sit outside the leased demise, however the tenant will have a duty of care to keep the surrounding area tidy.

## **7. KEY RISKS**

- 7.1 Not agreeing to the new lease will result in the loss of income to the Council and the loss of a sporting and community facility.
- 7.2 Not completing with one of the tendered parties will be a huge reputational risk to the Council.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

Continuation of a sporting facility and community space will allow continued access for the local population as well as bring in much needed investment in a long neglected site. The process is in line with Council policy and has been inclusive throughout.

### **8.2 Growth and Sustainability**

The granting of the lease will ensure that the site is a going concern with future capital investment in both sporting and community facilities.

### **8.3 Strong Communities**

The Lodge building and sports areas will bring together all people of all ages for different cultures in a social environment.

**9. EQUALITIES IMPACT IMPLICATIONS**

**9.1** It is not relevant to carry out an equality impact assessment for this proposal to award the lease for the Property as it is of benefit to all users of the site. Equality considerations were addressed within the tender documents.

**10. PERFORMANCE MANAGEMENT IMPLICATIONS**

The tenant will have to adhere to the strict lease implications in place as well as the stringent planning guidelines that cover the entire site.

**11. HEALTH AND SAFETY IMPLICATIONS**

The tenant will have to adhere to health and safety guidelines and has Public Liability Insurance to a maximum upper limit of £5m

**12. PUBLIC HEALTH IMPLICATIONS**

The use of the playing fields will encourage increased levels of participation in sports and social activities that will be facilitated on site such as weight loss classes, access for disabled groups to use the facilities as well as nutritional advice and access to various classes for all the community creating healthier outcomes.