

**Rent For The Football and Community Facility
Town Council 23 February 2016**

RECOMMENDED

- (i) That the base rent for the Football and Community Facility is calculated in accordance with the agreed formula and set at £1,625 per annum
- (ii) That the discounts set out in the table (at paragraph 11) below are agreed

Introduction

1. The Licensing Negotiations Group (Councillors Fagan, Neave and Storey) have been negotiating with the Football Club to reach an agreement on a proposed rent for the new football and community facility.
2. Advice has been taken from Valuation Office Agency.

Setting the Base Rate

3. From information provided by the Valuation Office Agency at the beginning of 2016 amenity land is selling for approx £25,000 per acre and a satisfactory yield is 3%.
4. The plot for the football and community facility is approximately 2.5 acres.
5. The football club business plan has an allowance £8,000pa for the sinking/maintenance fund
6. Applying the base rate formula:
$$\text{£25,000 (cost of the land)} \times 2.5 \text{ (area of plot \& pitch)} = \text{£62, 500}$$
$$\text{£62, 500} - \text{£8,000 (annual sinking fund allowance)} = \text{£54, 500}$$
$$\text{£54,500} \times 3\% \text{yield} = \text{£ 1,625}$$

Thus the base rate rent is £1,625

Discount

7. The Community Facilities Management and Rental Policy section on setting the rental values states “ *could also take into account any financial contribution paid by the organisation towards construction, maintenance, refurbishment etc. of the property together with any responsibilities the organisation/club might wish to take on.*”
8. When considering the discounts to apply for the football and community facility the Licensing Negotiation Committee took the following into consideration:
 - The Football Club raised in excess of 99% of the funding required to build and fit-out the football and community facility
 - The new facility is an asset for both the football club and the community
 - The lease between the Town Council and Ilminster Sports Club Ltd (the organisation formed by the football club to run the new facility makes the tenant responsible for all maintenance and repairs of the building

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- The award of Section 106 money from South Somerset District Council included the following:

“Rental Charges – Ilminster Town Council shall ensure that the scale of rent charged to Ilminster Town Football Club (the operator) is set at a favourable rate that takes account of the significant contribution the club has made towards raising funds for the Gooch Pavilion.

Confirmation should be provided by Ilminster Town Council that the rental value has been set to enable the operator to establish a viable business plan including a suitable repairs and renewals and sinking fund to maintain the pavilion to an acceptable public standard in order to maximise public access.”

9. The repairs, renewals and sinking fund have been taking into account in the formula for setting the base rent rate.
10. The Football Club have agreed that application of the discounts to a base rent of £1,625 as given in the table below would be viable in terms of their business plan for the new football and community facility.
11. The table below shows the level of discount recommended by the Licence Negotiations Group for each year of the agreed 25 year lease and the amount or rent that would be payable to the Town Council, using the base rent calculated in 6 above (assuming that there is no annual increase)
NB: the draft lease includes provision for an annual review of the rent taking into account the rate of inflation

Year	Discount level	Indicative Rent payable
1	80%	£325
2	80%	£325
3	80%	£325
4	80%	£325
5	80%	£325
6	75%	£406.25
7	70%	£487.50
8	65%	£568.75
9	60%	£650
10	55%	£731.25
11	50%	£812.50
12	45%	£893.75
13	40%	£975
14	35%	£1056.25
15	30%	£1137.50
16	25%	£1218.75
17	20%	£1300
18	15%	£1381.25
19	10%	£1462.50
20	5%	££1543.75
21	100%	£1,625
22	100%	£1,625

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23	100%	£1,625
24	100%	£1,625
25	100%	£1,625

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For Further Information: Contact the Town Clerk, tel: 01460 52149 or
email town.council@ilminster.gov.uk