
REPORT OF EXECUTIVE DIRECTOR OF PLACE

TO THE CITY MAYOR'S PROPERTY AND REGENERATION BRIEFING

ON

22ND MAY 2023

TITLE: ORDSALL LEISURE CENTRE FUTSAL PROJECT – grant award conditions

RECOMMENDATIONS:

That the City Mayor approves:

- 1.The placing of a restriction on Salford Council's freehold legal titles to the Facilities making up the Ordsall Leisure Centre site as security for the Grant for a term of 21 years from the 8th March 2023 which was the date of acceptance of the Grant ("the Clawback Period").
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EXECUTIVE SUMMARY:

A project to develop the footballing offer at Ordsall Leisure Centre has been successful in securing a grant of £190,697.00 from the Football Foundation. The key elements of the project are to upgrade the changing rooms and provide new officials changing rooms enabling league matches to be played on the outdoor artificial pitch, sited in Ordsall Park and to repurpose the sports hall into a Futsal Hall. The Futsal form of football is mainly played on a small indoor hard court marked by lines and does not use boards or walls to rebound.

The Football Foundation offer of funding is subject to grant conditions which have been accepted in principle. A specific requirement is to place a restriction on Salford Council's freehold legal titles to the Facilities as security for the Grant for duration of the Clawback Period, (21 years).

The purpose of this report is to seek approval for the placing of this restriction and acceptance of the obligations the restriction consequently entails.

BACKGROUND DOCUMENTS: Plans showing the extent of the restriction on the registered title.

KEY DECISION: NO

1.0 Background

- 1.1 Ordsall Leisure Centre was established in the late 1970's originally a facility housing a 6-court sports hall, changing rooms, 2 squash courts and indoor bowls hall and a licensed bar. Transformations over the years has seen the building as home to a permanent elite Gymnastics area – leaving a remaining 3 court hall, fitness suite, changing rooms and a CrossFit Gym. A full size floodlit 3G pitch located in the adjacent Ordsall Park is managed by Salford Community Leisure from Ordsall Leisure Centre all be it with limited changing facilities.
- 1.2 The current performance of the facility is a cause for concern. Whilst the 3G bookings are strong and generating essential income for the facility, indoor income has declined. The membership, primarily driven by the Fitness Suite, has fallen to below 100. The decline has been primarily caused by local competition – budget operators and accommodation blocks containing their own gyms.
- 1.3 The elite Gymnastic area has seen a fall in usage due to reduced demand for this level of the sport and alternative venues being opened in the City. SCL intend to focus on grassroots Gymnastics, taking the sport out to localised facilities.
- 1.4 A combination of these factors has resulted in a need to rethink the focus of Ordsall Leisure Centre.
- 1.5 The Futsal form of football is mainly played on a small indoor hard court marked by lines and does not use boards or walls to rebound. The Football Association (FA) and the Football Foundation (FF) are developing Futsal opportunities as it is seen as a way of introducing younger players to the game, being fast paced, exciting and a real developer of skills.
- 1.6 There is a local demand for indoor football facilities and an increasing demand for Futsal which in part has arisen from the FA's desire to increase participation in Futsal. A dedicated Futsal facility at Ordsall Leisure Centre will reinvigorate the site and with ancillary works benefit the wider football offer delivered from this site.

2.0 Detail

- 2.1 On the 13th of February 2023 the Football Foundation made a maximum grant award of £190,697.00 (59.93% of project costs) for the project “Indoor Futsal & Changing Room Refurbishment”, to Salford City Council.
- 2.2 As per the norm with grant giving bodies, there are “general terms and conditions of grant” which in this case apply for the Clawback Period (21 years from date of grant acceptance – 8/3/2044)
- 2.3 In addition to the general conditions, when the award is in excess of £100,000, the Foundation requests a restriction is placed on the registered title to the Facilities as security for the Grant. This means that for the duration of the Clawback Period Salford Council cannot dispose of the Facilities (or any part) or cease using the Facilities (or any part) other than in accordance with Clause 13 of the Grant Agreement, namely:-

Clause 13.1 of the Grant Agreement provides that Salford City Council shall not without the prior written consent of the Football Foundation’s Chief Executive:-

- Transfer, sell lease, licence or otherwise dispose of all or any part of the Facility
- Grant any charge, mortgage or other form of security or encumbrance over all or any part of the Facility; or
- Cease to use the Facility for the purposes previously approved by the Football Foundation

Clause 13.2 of the Grant Agreement provides that the Football Foundation may give consent in accordance with clause 13.1 subject to any or all of the following conditions:-

- The sale lease licence or other disposal is made at full market value as determined and evidenced by an independent professional valuation by an appropriately qualified expert approved in writing by the Football Foundation.
- Prior to completion of the transfer, lease, licence or sale or other disposal the proposed new owner of the Facility enters into a deed of novation with the Football Foundation to ensure that the new owner is obliged to comply with the terms of the Grant Agreement in place of Salford City Council.
- Salford City Council repays to the Football Foundation a sum equivalent to the Grant or at the discretion of the Football Foundation a sum equivalent to the Grant increased in line with inflation as determined by the Retail Prices Index or such other sum as the Football Foundation at its discretion deems

- appropriate.
- Termination of the Grant Agreement.

Clause 13.3 of the Grant Agreement provides that failure to obtain consent as required by clause 13.1 or failure to comply with any conditions imposed in accordance with clause 13.2 shall entitle the Football Foundation to terminate the Grant Agreement and to receive repayment from Salford City Council of a sum equivalent to the Grant or at the discretion of the Football Foundation a sum equivalent to the Grant increased in line with inflation as determined by the Retail Prices Index or such other sum as the Football Foundation at its discretion deems appropriate.

2.4 “The Facilities” to which this restriction applies to is the full extent of the Leisure Centre. NB. An exist restriction in favour of the Football Foundation already exists for the 3G artificial pitch following a grant from the Foundation to refurbish the pitch in 2013.

2.5 The actual wording of the restriction to the following property titles will be:

Title number of the property: MAN46462

“No disposition of part of the registered estate edged red (but excluding that part of the land shown shaded blue) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction is to be registered without a written consent signed by The Football Foundation (Registered Company Number: 03876305) of 10 Eastbourne Terrace, London W2 6LG or their conveyancer”

3.0 Recommendations

3.1 That the City Mayor approves:

1.The placing of a restriction on Salford Council’s freehold legal titles to the Facilities making up the Ordsall Leisure Centre site as security for the Grant for a term of 21 years from the 8th March 2023 which was the date of acceptance of the Grant (“the Clawback Period”).

KEY COUNCIL POLICIES:

- Indoor Sport & Leisure Facility Strategy, November 2015

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: N/A

ASSESSMENT OF RISK: Low

LEGAL IMPLICATIONS Supplied by:

The Council has successfully applied for funding from the Football Foundation as a contribution towards the capital cost of indoor futsal and changing room refurbishment. The offer is 59.93% subject to a maximum commitment of £190,697.00. The funding is conditional upon the Council accepting the Foundation's terms and conditions. The terms proposed are the Foundation's standard conditions which have previously been considered and accepted by the Council, however the Council should still take note that failure to comply with the conditions of the funding entitles the funder to cease making any further grant payments, and to clawback (i.e. seek repayment) of some/all grant already paid. In particular the Council must note that the 'clawback period' (i.e. the length of time in which the Foundation may seek repayment of the grant for breach) is 21 years from the date of acceptance of the grant (namely 8th March 2023).

Key requirements on the Council to be aware of for the duration of the clawback period are set out in funding agreement. These include project monitoring, not changing or allowing to be changed the purpose/use of the facilities without the consent of the Foundation, ensuring the facilities are kept in good repair and condition, and entering into a restriction on property disposals (e.g. transfer, sell, grant a mortgage or charge etc) over the facilities.

The property legal team have reviewed the current legal title and are providing advice/support to the relevant Council officers in relation to the registration of a restriction as required by Football Foundation. The standard funding conditions also require the Council to provide a solicitors' undertaking to be responsible for the Foundation's solicitor's fees in connection with the grant of a legal charge or the entry of a restriction on the registered title. This is capped at £1,000 plus VAT and disbursements (the Foundation's guidance states if the fees exceed this amount, the Council may use up to £2000 from the grant, after which the Council would be responsible for paying the fees). The legal property team will be able to provide specific advice regarding the nature of the application and any potential complexity which may suggest a higher cost for registration of the restriction.

FINANCIAL IMPLICATIONS

Supplied by: Alison Woods, Interim Commercial Finance Manager

Date: 3rd April 2023

The Football Foundation has approved a grant award of £190,607 to Salford City Council, towards total capital project costs of £318,197 for Ordsall indoor futsal and

changing room refurbishments, subject to compliance with the terms and conditions of the grant agreement.

Failure by Salford City Council to comply with the terms and conditions of the Grant Agreement shall entitle the Football Foundation to terminate the Grant Agreement and to receive a minimum repayment from Salford City Council of a sum equivalent to the Grant or at the discretion of the Football Foundation a sum equivalent to the Grant increased in line with inflation as determined by the Retail Prices Index or such other sum as the Football Foundation at its discretion deems appropriate.

Therefore, any failure to comply with the Football Foundation grant terms and conditions, presents a financial risk to Salford City Council, in that the approved sources of funding for this scheme are limited to the allocations shown below.

- £115,000 Salford City Council s106 - Confirmed
- £ 12,500 Salford City Council capital programme (USB) - Confirmed
- £190,697 Football Foundation grant - Confirmed

PROCUREMENT IMPLICATIONS Supplied by: N/A

HR IMPLICATIONS Supplied by: N/A

OTHER DIRECTORATES CONSULTED: Salford Community Leisure, SCC Property

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WARDS TO WHICH REPORT RELATES: Ordsall