

FALKIRK COUNCIL

Subject: FALKIRK STADIUM
LEASE OF PREMISES: FIRST FLOOR (SOUTH) & SECOND FLOOR
Meeting: POLICY & RESOURCES COMMITTEE
Date: 12TH AUGUST 2008
Author: DIRECTOR OF COMMUNITY SERVICES

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise Committee of a proposal to facilitate the location of a company HQ office at the Falkirk Stadium. The report seeks approval of Committee to proceed with the necessary leases and adjustments to the General Services Capital Programme Business Property Reinvestment Fund Projects 2008/09. This will enable a lease of fitted out first floor office accommodation at Falkirk Stadium for the company. The report also seeks approval to proceed with a lease of a second floor office at Falkirk Stadium at Falkirk Stadium on behalf of SportCentral.

2.0 LEASE OF FIRST FLOOR (SOUTH) PREMISES

- 2.1 The Council through its involvement in the Falkirk Gateway project with Macdonald Estates/Royal Bank of Scotland has received an approach from a substantial company in respect of the possibility of securing a lease of the first floor south space on the basis of it being fitted out as offices.
- 2.2 The company, Oran Ltd is part of the substantial Oran Group of companies and wish to relocate and expand their office headquarters to Falkirk from outwith the area.
- 2.3 There is a provision to grow the office HQ operation to a total of approximately 100 jobs. Whilst initially the company favoured a permanent move to Falkirk Gateway with only temporary occupancy of accommodation at the Stadium, they have since confirmed their intention to relocate on a longer term basis.

3.1 PROPOSED STRUCTURE/LEASE TERMS FOR FIRST FLOOR

- 3.1 It is proposed that, in order most appropriately to enable this company relocation, the Council will take a lease of the space from Falkirk Community Stadium Ltd, fit out to the agreed office specification and thereafter lease the fitted out offices to the Company.
- 3.2 A 10 year lease on standard commercial full repairing and insuring terms has been agreed in principle with the company. A market rental reflecting the office fit out costs has been agreed and will be stepped over the initial 5 year term of the lease. This rental is in excess of the limit of delegation to Officers.

Thereafter the rental will be reviewed to prevailing market levels effective from the fifth anniversary of the date of entry. Given their commercial and business imperatives, the company require to relocate to Falkirk Stadium with effect from 30th November 2008. They have negotiated a break option consistent with the originally intended Gateway location proposals timescale, in the event that they agree terms with Falkirk Gateway Partnership for an occupational lease/purchase of office premises at Falkirk Gateway.

- 3.3 In order to enable the Council to offer a lease of the subsequent fitted out space on these terms, an agreement in principle has been reached with Falkirk Community Stadium Ltd on the terms of a lease of the 'shell' space with vacant possession. A 10 year lease on standard commercial full repairing and insuring terms has also been agreed in principle. A market rental will be payable to Falkirk Community Stadium by the Council for the space.
- 3.4 It is envisaged that the Council will take entry to the property to commence office fitting out works at the beginning of September. A separate report from the Director of Development Services on tenders received for the necessary work is considered separately on the meeting agenda.
- 3.5 It is proposed that the cost of this work (the tender being separately recommended for acceptance is in the sum of £642,385) be met from existing General Services Capital Programme resources 2008/09 via the Business Property Reinvestment programme element of the Portfolio Management Plan.

4.0 SPORTCENTRAL – LEASE OF SECOND FLOOR OFFICE

- 4.1 One of two pilot Sports Partnerships in Scotland, SportCentral help partners work together locally to improve opportunities for people to take part and progress in sports.
- 4.2 The partnership is an unincorporated association with a constitution which was formally adopted by its Executive Board, Chaired by Falkirk Council on 24th October 2006. Formed in conjunction with **sport**Scotland, the Partnerships annual budget is around £650k, which comprises Lottery and Scottish Government funding, governing body investment and local Authority contributions. The current project investment is secure until 31st March 2010.
- 4.3 SportCentral works in partnership with Falkirk Council, Clackmannanshire Council and Active Stirling, local sports councils and universities in addition to the Central Institute of Sport and 8 sports governing bodies. The partnership co-ordinates and facilitates sports programmes and activities at a local and regional level, ensuring they are closely aligned to the national plan for the sport. The Manager and team of 8 development officers work a range of sports: developing athletes and players, supporting and developing coaches, officials and volunteers, improving standards of clubs and improving access to facilities.
- 4.4 Currently SportCentral is hosted by Active Stirling and based in Wolfcraig, Stirling. The partnership staffing structure now no longer can be accommodated in the existing office, and subsequently the Executive Board has approved that SportCentral seek alternative accommodation within the Falkirk Community Stadium.

- 4.5 The Falkirk Community Stadium has a 2nd floor office space capable of accommodating the SportCentral team, which now extends to more than 14 staff members. The lease of this office space will be for the period of 5 years with a no penalty break on 31st March 2010 at a rental commensurate with market levels.
- 4.6 It is proposed that the Council take a lease of the property from Falkirk Community Stadium Ltd in the terms outlined in paragraph 3.5 above on behalf of SportCentral, subject to satisfactory arrangements for reimbursement of rental, service charge and other occupancy costs being entered into with other partners of SportCentral

5.0 IMPLICATIONS

5.1 Financial

In respect of the first floor office fit-out proposals, the Council will receive an additional rental income from the tenant company and will pay a market rental to Falkirk Community Stadium Ltd. Whilst there are implications for the General Services Capital Programme 2008/09 these costs will be contained within existing capital budgets as noted at 3.5 above. The rental income received will enable the Council to recoup its capital investment over the period of the lease. In the event the tenant company chooses to exert its break option, the Council will have a modern, alternative office suite to present to the market. The proposal for occupation of the second floor premises is fully funded by SportCentral

5.2 Legal

The transactions shall be subject to completion of the necessary legal documentation in satisfactory terms.

5.3 Human Resources

There are no implications for staff arising from these proposals.

6.0 CONCLUSION

- 6.1 The tenant company's interest in relocating their office headquarters to Falkirk Stadium is a very attractive opportunity from an economic development perspective bringing 100 jobs to the area and establishing the Stadium as a prestigious office location.
- 6.2 Satisfactory lease negotiations have taken place promptly and with the support of the Stadium Company. This has created a project structure enabling the Council to secure this major opportunity.

7.0 RECOMMENDATIONS

It is recommended that the Policy & Resources Committee agrees to:-

- (i) authorise conclusion of the lease of first floor office premises between Falkirk Community Stadium Ltd and the Council in satisfactory terms;**
- (ii) authorise conclusion of the lease between the Council and tenant company on satisfactory terms;**

- (iii) the application of £642,385 funds from the General Services Capital Programme 2008/09 (Business Property Reinvestment Fund) in order to meet the office fit out costs of the project; and
- (iv) authorise conclusion of the lease of the second floor office between Falkirk Community Stadium Ltd and the Council on behalf of SportCentral, subject to conclusion of the necessary agreements in satisfactory terms.

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Director of Community Services

Date: 5th August 2008

Contact Officer: Douglas Duff Ext: 0905.

LIST OF BACKGROUND PAPERS

Not for publication

- # 1. Heads of Terms proposal to Tenant Company.
- # 2. Lease proposal to Falkirk Community Stadium Ltd.
- # 3. Heads of Terms proposal – SportCentral.

Any person wishing to inspect the background papers listed above should telephone 01324 590982 and ask for Alan Urquhart.