
NORTH AYRSHIRE COUNCIL

02 May 2023

Cabinet

Title: Lease Disposal – Lower Ground Floor, Lochshore Hub, Glengarnock

Purpose: To seek Cabinet approval to provide a lease of the Lower Ground Floor of the new Lochshore Hub to Garnock Rugby Club.

Recommendation: That Cabinet approve the lease disposal of the Lower Ground Floor at Lochshore Hub to Garnock Rugby Club for a period of 25 years at an initial rent of £5,500 per annum, exclusive of VAT.

1. Executive Summary

- 1.1 The Lochshore Hub forms part of the first phase of development at Lochshore Park. This was delivered using a package of funding including the Scottish Government's Regeneration Capital Grant Fund as noted in the previous Cabinet report of 10 November 2020 when it was agreed to transfer the site from Scottish Enterprise to North Ayrshire Council.
- 1.2 Following practical completion of the development, this report is seeking Cabinet approval to grant a commercial lease to Garnock Rugby Club. The proposed lease will enable the club access to the Lower Ground Floor as identified within Appendix 1.
- 1.3 Having undertaken initial negotiations with Garnock Rugby Club, it is recommended that the Council grants a commercial lease, the terms of which have been agreed in principle, for a period of 25 years at an initial discounted rent of £5,500 per annum, exclusive of VAT. Due to the length of proposed lease being in excess of 5 years, Cabinet approval is required in terms of the Council's Standing Orders.

2. Background

- 2.1 Lochshore Park is a key regeneration and Community Wealth Building project for the Council. It aims to bring the site of the former Glengarnock Steelworks into positive use as an outdoor visitor destination. Cabinet approved the transfer of the site from Scottish Enterprise in November 2020 and received an update on the funding package for and approach to the delivery of the first phase of the project.
- 2.2 The first phase has seen the construction of the Lochshore Hub, acting as a bridge between the outdoors and indoors to facilitate visits and longer stays. This was delivered through a package of funding including from the Council's Capital Programme, Nuclear Decommissioning Authority, Garnock Rugby Club and the Scottish Government's Regeneration Capital Grant Fund.
- 2.3 The Ground Floor Level of the Lochshore Hub provides a café operated by the Council's Facilities Management Team, community rooms for hire and office space. The Lower

Ground Floor was designed in collaboration with Garnock Rugby Club and provides sports changing facilities.

- 2.4 Garnock Rugby Club agreed to contribute £350,000 towards the construction of Lochshore Hub which comprised of £200,000 of Club resources, £100,000 award from Sport Scotland and £50,000 from Scottish Rugby. Of this, £330,000 has been spent on their required bespoke fit out of the lower ground changing room area. The remaining £20,000 has been deemed as rent in advance over the first five years of occupation.
- 2.5 The commercial rent of the subjects is valued at £9,500 per annum. Considering the £20,000 rent in advance, a discounted rent of £5,500 per annum has been agreed for the first 5 years. On the fifth anniversary there will be a rent review.
- 2.6 The lease will be on Internal Repairing and Insuring basis with the club being liable for all repairs, maintenance, and statutory compliances within their leased area only.
- 2.7 The lease will make the club liable for 50% of costs in relation to reactive repairs, and cleaning of the common area of the ground floor only.
- 2.8 Formal subletting is not permitted; however, the lease will permit the club to undertake hourly lets, similar to the current arrangements for community or sports groups.
- 2.9 All other areas of the building will remain within Council operation with the Council liable for any items of maintenance, repair, and statutory compliance.
- 2.10 The lease will grant the tenant a right of use over the pitches. For the avoidance of doubt, this land will still be considered open space and remain available to members of the public.
- 2.11 As stated, Garnock Rugby Club have agreed to contribute £350,000 to the construction of this building. These funds are yet to be released. Consequently, the lease will be subject to the funds being transferred to the Council.

3. Proposals

- 3.1 It is recommended that the Council grants a commercial lease of the Lower Ground Floor, Lochshore Hub to Garnock Rugby Club for a period of 25 years at an initial rent of £5,500 per annum exclusive of VAT with a rent review period after 5 years.

4. Implications/Socio-economic Duty

Financial

- 4.1 The proposed lease will result in the Council obtaining a rental income of £5,500 per annum exclusive of VAT, for the initial 5-year period.

Human Resources

- 4.2 None.

Legal

- 4.3 Due to the length of lease being in excess of 5 years, Cabinet approval is required in terms of the Council's Standing Orders. The Legal documentation required for the lease will be progressed via Legal Services.

Equality/Socio-economic

4.4 The Lochshore Hub and partnership approach to its future operation with Garnock Rugby Club seeks to contribute to reversing economic, social and physical decline and reducing socio-economic disadvantage within the Garnock Valley. It contributes to tackling long-term vacant and derelict land at Lochshore thereby reducing its level and impact on communities. It aims to build community wealth and tackle local deprivation through the regeneration of our communities by maximising the potential of our land and assets in partnership with the Club.

Climate Change and Carbon

4.5 Sustainable and energy efficient measures have been incorporated into the Hub's development wherever practical.

Key Priorities

4.6 The Lochshore Park Hub and partnership approach to its future operation with Garnock Rugby Club aims to contribute to achieving the Council Plan priority outcomes and will contribute to the ambitions for: active and strong communities, good life-long health and well-being; an inclusive, growing and enterprising economy; and for a sustainable, vibrant, welcoming and attractive environment.

Community Wealth Building

4.7 The Lochshore Park Hub and partnership approach to its future operation with Garnock Rugby Club aims to contribute to Community Wealth Building by supporting equitable land development and the development of underutilised assets for community use.

5. Consultation

5.1 Consultations have taken place with Economic Development and Regeneration in arriving at the recommendation contained in this report.

RUSSELL McCUTCHEON
Executive Director (Place)

For further information please contact **David Hammond, Head of Sustainability, Corporate Property & Transport** on **01294 324514**.

Background Papers

Cabinet Report – Lochshore Regeneration Project, 10 November 2020

1 – Lease Plan

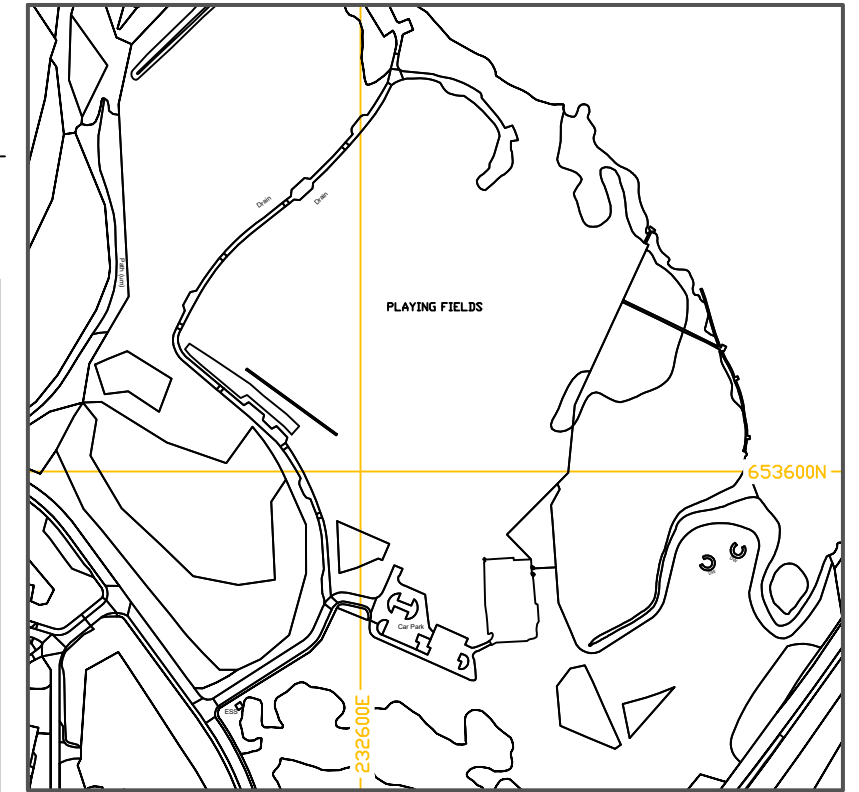
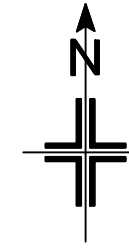
THIS IS THE PLAN REFERRED TO IN THE FOREGOING LEASE BY THE NORTH AYRSHIRE COUNCIL
IN FAVOUR OF GARNOCK RUGBY CLUB OF:

Clubhouse, Glengarnock

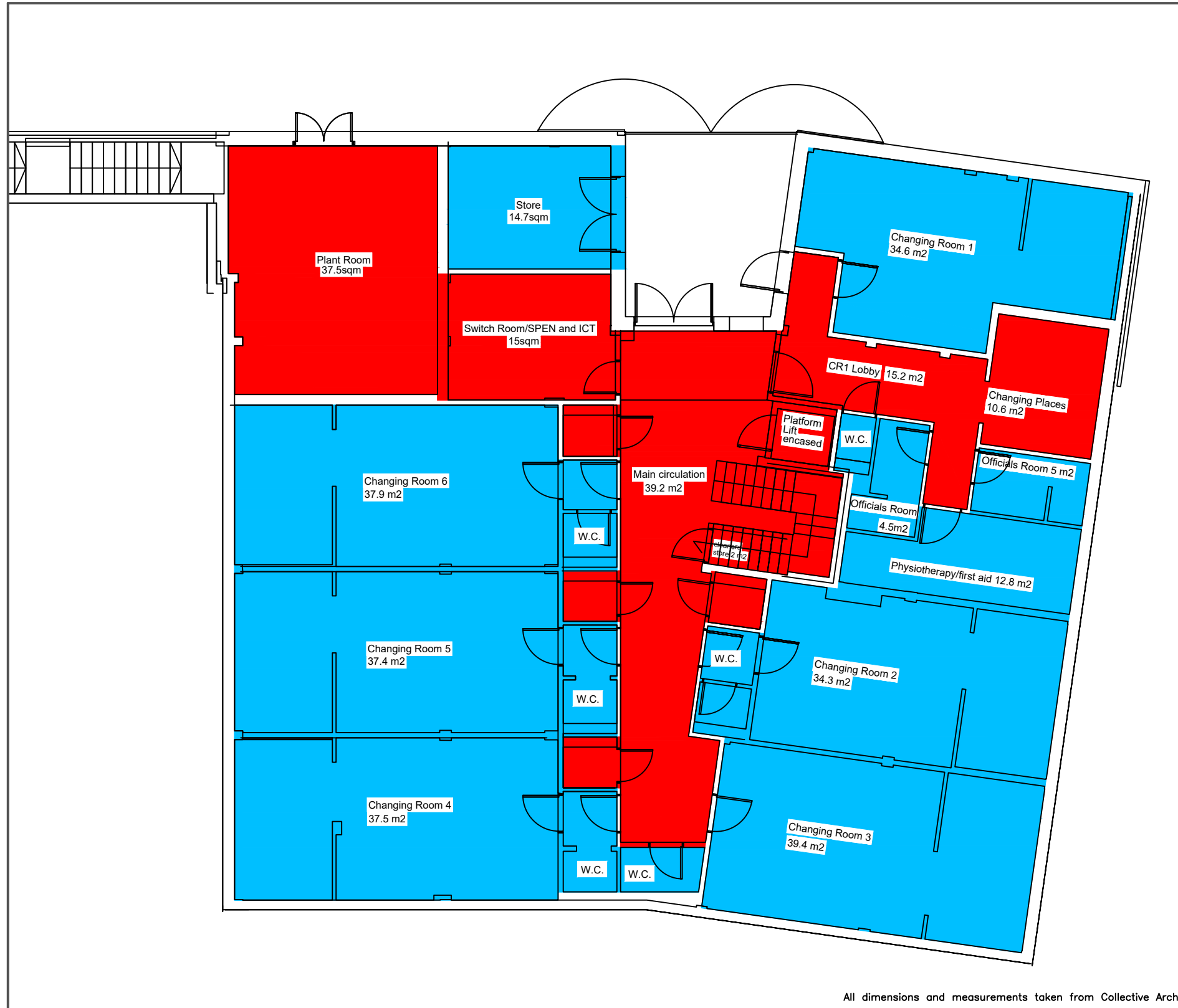
Internal floor area = 445m² or thereby

Shared area = 140m² or thereby

GRFC area = 305m² or thereby



1:5000



All dimensions and measurements taken from Collective Architecture's plan: 43_100_Lower Ground D



Rev	Description	Drawn	Chkd.	Date

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Title: **Property at Lochshore Glengarnock KA14 3AW**
Project: **Temporary Occupation Licence**

Scale: 1:125	Filename:
Survey: AC	Type: Temporary Occupation Licence
Drawn: AC	Date: 06/10/2022
Checked:	OS Grid Reference: NS326536

Drawing No: 2022-10-06 - Garnock Rugby Club	Rev. lub.dwg	Sheet Size A3
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