

**HORTON COUNTRY PARK - CHANGE OF USE ("GREEN ROOM"
FORMER AGRICULTURAL BUILDING, WEST PARK FARM)**

Head of Service/Contact:	Mark Shephard, Head of Property and Regeneration
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Annexes/Appendices (attached):	Annex 1 – Site Plan Annex 2 – Proposed One Way Road Plan *Annex 3 – Draft Heads of Terms (exempt from publication) *Annex 4 - Karate Club Vision and Business Case (exempt from publication) *Annex 5 - Karate Club Financial Forecast (exempt from publication)
	Note: * These Annexes are exempt from publication on the grounds that they provide information relating to the financial or business affairs of the Council.
Other available papers (not attached):	None

Report summary

This report considers a proposal from Mo-Ichido Martial Arts Club to open a new facility at Horton Country Park for a martial arts centre.

Recommendation (s)

The Committee are asked to agree:

- (1) the Head of Property and Regeneration, in consultation with the Chief Legal Officer, be authorised to conclude negotiations and grant the Mo-Ichido Martial Arts Club a lease of the Green Room, Horton Country Park for the use as a karate club.**

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1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 This proposal supports the Council's four year Corporate Plan and Medium Term Financial Strategy specifically focusing on the Key Priority of Managing our Resources through maximising returns from properties and other investments, and identifying new sources of revenue and maximising our income.
- 1.2 It will also contribute to the Council's Key Priority of Supporting our Community by promoting healthy and active lifestyles for all ages.

2 Background

- 2.1 The Green Room (a former farm cow shed shown edged red at Annex 1) was previously used for ad-hoc storage by the Council's Ranger Service and local Scouts Group (the building had no former designated planning use).
- 2.2 It is currently vacant and requires extensive refurbishment (including the replacement of the electrical and gas installations) before it can be re-occupied. The cost of a minimum level refurbishment is approximately £75,000 - £100,000.
- 2.3 Whilst it remains a long-term aspiration of the Council to redevelop the existing property for community / mixed use, the investment required currently renders it financially unviable to lease for storage.
- 2.4 Due to its uninhabitable condition and basic cow shed construction, the Green Room had limited appeal to formal marketing by an external agent.
- 2.5 Feedback received from potential interested parties (who had previously enquired direct to the Council for accommodation to lease), confirmed that the building required too much expenditure to bring it up to modern letting standards.
- 2.6 However, an existing hirer of the Council, the Mo-ichio Martial Arts Club ("the Karate Club" and proposed tenant), had remained interested in the Green Room following an original proposal to hire part of the building. This proposal fell through as a result of the condition of the building.
- 2.7 The Mo-ichido Martials Arts Club opened in 2011 at the Stephen Woods Youth Centre on the Longmead Industrial Estate. It relocated in 2014 to its current premises at LA Fitness (now Sports Direct Fitness) in Ruxley Lane, Ewell.
- 2.8 The Karate Club offers over 30 hours of training a week and currently has around 130 members. It has grown significantly over the last three years especially since karate was included in the Olympic Games.

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- 2.9 The majority of the members are under 18 and 53% are female. The Club offers free training sessions or special rates to encourage participation by disadvantaged families, offering the opportunity to those that may otherwise be socially or financially excluded.
- 2.10 The Karate Club is currently working with the Council's Leisure Development Team to provide additional activities to the older generation.

3 Karate Club Proposal

- 3.1 Following negotiations with the Council, the Karate Club received conditional approval at Planning Committee on 3 June 2019 for an application (Ref: 19/00051/FUL) to change the use of the building to leisure use as a karate club (Use Class D2).
- 3.2 The draft confidential Heads of Terms for a new 10 year lease at a market rent are attached at Annex 3. It is recommended that officers be authorised to conclude negotiations to grant a lease.
- 3.3 The Karate Club's vision is to build on its record of accomplishment and to offer more opportunities to residents of the Borough to participate in a range of martial arts, well-being and associated activities. It wants to increase participation through its classes, instructor/coach development programme and school/club links.
- 3.4 The Karate Club intends to provide affordable and more diverse gym, fitness training and meeting facilities for the participants at the centre and for the Horton Park Conservation team to use the facility for educational purposes.
- 3.5 The proposal by the Club will allow the Council to derive a future income from the Green Room without the requirement and risk of significant upfront capital expenditure.

4 Karate Club Business Case

- 4.1 The Karate Club's full vision and business case is attached at Annex 4.
- 4.2 A financial forecast is attached at Annex 5. "Direct costs" are defined as those directly incurred variable costs including sports kit, tournament entry costs, travel and physio. "Expenses" are the larger cost items including rent for the existing Ruxley Lane premises and rent for the proposed Green Room facility.
- 4.3 The financial forecast demonstrates the net future profit remains constant and sustainable as the additional membership income is broadly offset by the additional rental costs of the new facility.

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- 4.4 The new facility will allow the Club to grow the current 130 members by a further 20 members over the course of the next 3 years. This will be split 125 full fee paying members and 25 free / special pricing members to encourage participation by disadvantaged families.
- 4.5 The Karate Club has obtained three contractor quotations to undertake the refurbishment works. These range between £71,000 and £80,000 to include new toilet facilities, electrical installation, central heating and thermal insulation.
- 4.6 Subject to future fund raising initiatives, the Karate Club has aspirations to enhance the basic level refurbishment to include such items as double glazing.

5 Parking Management

- 5.1 The main public car park in Horton Country Park can hold a maximum capacity of approximately 80 cars, with maximum use occurring in the summer when weekend BBQ's or events are held.
- 5.2 Car park access is required by general leisure users of Horton Country Park including dog walkers and park volunteers. The Council's Countryside Team and Lower Mole Partnership staff use the adjacent West Park Farm staff car park. There is limited extra parking (max 8 marked spaces) available around the West Park Farm complex that is currently available to the Rangers, volunteers, existing boxing club and the proposed karate club.
- 5.3 The Karate Club will primarily use their Ruxley Lane facility as a feeder operation for younger children where parents are more likely to drop off their children and stay (thereby generating car use). Older children from aged 10 upwards will attend the proposed facility at the Green Room. They will be encouraged to cycle to the Karate Club or share car lifts to minimise their carbon footprint.
- 5.4 Whilst we consider that the existing parking arrangements will be sufficient for all users of the Park, should it be necessary, the option remains to introduce a one-way system to alleviate congestion from peak summer demand.
- 5.5 The proposed one-way circulation route is shown by the blue arrows on the attached plan at Annex 2. It would require no alteration to the road layout or additional barriers. If introduced, a minor cost would be incurred by the Council to provide the appropriate signage.

6 Financial and Manpower Implications

- 6.1 The Karate club proposal offers the Council the opportunity to safeguard the Green Room's medium term income generation capability without placing pressure on the Council's budget.

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6.2 The Council expects to negotiate a full repair and insuring lease with the Club. This is important in order to protect the Council from incurring any material expenditure on the building, thereby ensuring no adverse impact on the Council's partial exemption VAT position.

6.3 **Chief Finance Officer's comments:** The proposed change of use will enable the Council to generate an income from the otherwise vacant Green Room.

7 Legal Implications (including implications for matters relating to equality)

7.1 The Council is the freehold owner of Horton Country Park.

7.2 **Monitoring Officer's comments:** None arising from the contents of this report.

8 Sustainability Policy and Community Safety Implications

8.1 No implications for the purpose of this report.

9 Partnerships

9.1 No implications for the purpose of this report.

10 Risk Assessment

10.1 The Council incurs minimal financial risk:-

- No upfront refurbishment expenditure
- Successful existing Borough tenant minimises the likelihood of future business failure
- Safeguards the Green Room's medium-term income generation ability

11 Conclusion and Recommendations

11.1 It is recommended that Committee agree to lease the property subject to negotiations to conclude Heads of Terms.

11.2 The new facility will benefit the wider community and bring further footfall to Horton Country Park, thus widening the general awareness of this community asset and its historical background. In turn, this would assist in building a future case for investment, and bring together more stakeholders with an interest in seeing the existing buildings enhanced or redeveloped for new facilities.

11.3 The proposed Karate Club would provide a visible presence at the Park, thereby contributing to an increased sense of security for other Park users.

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11.4 In summary, the Karate Club's proposal offers the following tangible benefits:-

- Enhancement of the Borough's public health / fitness / well-being offer
- Increased awareness / use of Horton Country Park
- Investment in a Council owned property asset without risk to the Council

Ward(s) Affected: Stamford Ward;