

**LEISURE SERVICES CONTRACT –
GRANT OF VENUE LEASES TO
GREENWICH LEISURE LIMITED**

Presented by the Deputy Chief Executive

EXECUTIVE SUMMARY

The new Leisure Services Contract (due to commence on 1 April 2022) approved by Members in October 2021 (Paper A/4308/21) and where Members also noted the need to return to Members to seek approval to enter into leases with the new operator, Greenwich Leisure Limited. The Authority will be granting separate 10-year lease agreements for each of the sporting venues to allow Greenwich Leisure Limited to take occupation of the six venues that form part of the new Leisure Services Contract. Secretary of State consent will be required for all the leases due to the lease period being longer than 7 years.

This report highlights the key lease terms for five of the six sporting venues forming part of the new Leisure Services Contract with Greenwich Leisure Limited and seeks Member approval for the Authority to enter into the leases on the key terms set out in the report.

RECOMMENDATIONS

Members Approve:

- (1) granting of 5 leases as per the key terms set out in paragraphs 6 to 10 of this report and the boundary lease plans as shown at Appendix A to this report;
- (2) delegation to the Deputy Chief Executive to make any non-material changes;
- (3) subject to (1) and (2) above application to be made to the Secretary of State for consent to enter into the leases; and
- (4) subject to (1), (2) and (3) above the signing and sealing of all documentation as necessary.

BACKGROUND

- 1 This report specifically addresses the proposed lease arrangements for the use of the six sporting venues forming part of the new Leisure Services Contract (LSC). The completion of the LSC is subject to leases being completed for each venue at the same time.
- 2 The previous contract with Lee Valley Leisure Trust Ltd (the Trust), trading as Vibrant Partnerships, expired on 31 March 2020 and in accordance with the Public Contract Regulations 2015 the Authority undertook a procurement process to appoint an external contractor to operate six of its venues.

Members approved the Authority entering into the LSC with Greenwich Leisure Limited (GLL) in October 2021 (Paper A/4308/21). The LSC is due to commence on 1 April 2022 and the use of the venues will require lease arrangements to be entered into by the Authority with GLL.

- 3 Members are also asked to approve the boundary lease plans for each of the venues as shown at Appendix A to this report.
- 4 The six sporting LSC venues are as follows:
 - Lee Valley VeloPark (LVVP);
 - Lee Valley White Water Centre (LVWWC);
 - Lee Valley Hockey & Tennis Centre (LVHTC);
 - Lee Valley Riding Centre (LVRC);
 - Lee Valley Athletics Centre (LVAC); and
 - Lee Valley Ice Centre (LVIC) (Member approval for this venue will be sought at a later date due to the ongoing construction).

LEASE TERMS

- 5 The LSC provides that the Authority will grant a lease for each of the six venues to ensure that GLL will be able to take occupation of each venue on 1 April 2022. Members should note that approval for the LVIC lease has not been included in this report and Member approval will be requested at a later date.
- 6 Officers have been working on the details of the individual venue leases with GLL and have agreed a draft form of lease. A template master lease was provided as part of the procurement process. Members are asked to approve the draft form of the leases and the key terms are set out in the following paragraphs. The final form of the two Master leases will also be attached as a schedule to the LSC.
- 7 Of the six leases, two of the venues namely LVAC and LVRC, will be granted on Full Repairing and Insuring basis (FRI leases), where the costs of all repairs and insurance are borne by the tenant.

For the remaining four leases, the Landlord will comply with the obligations for repair and maintenance as agreed and set out in the LSC and the Services Specification (where the tenant is responsible for the internal parts and the plant and the Landlord is responsible for the external fabric). The Landlord is responsible for insuring the premises.

8 All the Leases will be excluded from the provisions of sections 24 -28 (inclusive) of the Landlord and Tenant Act 1954 and will not therefore be automatically renewed at the end of the lease term.

9 **General Terms of the Leases**

- **Lease Term** – period of ten years commencing on 1 April 2022.
- **Rent** - a peppercorn per year (if demanded).
- **Rights to Terminate**
 - in the event that the LSC is terminated or the venue is removed from the provisions of the LSC then the lease will simultaneously and immediately also terminate whether or not notice is given to the tenant;
 - whenever an Insured Damage occurs and the Premises or any part of them are in the reasonable opinion of the Landlord unlikely to be fit for occupation and use within the remainder of the term of the LSC the Landlord may serve notice on the Tenant to terminate the lease.
- **Third Party Rights** – each property is subject to any existing agreements, licences and underleases and any renewal, re-grant or extension of the same.
- **Alterations**
 - not to erect any new building or structure on the Premises or unite the Premises with any adjoining premises;
 - not to make any addition or alteration to the exterior of the Building or to any load-bearing part of the Building or its roof or foundations or to change the existing design or appearance of the exterior of the Premises;
 - not to make any addition or alteration to any existing landscaping or change the design or appearance of the same;
 - not to make any addition or alteration to the interior of the Premises unless consent of the Landlord has been obtained and all necessary consents from any competent authority have been obtained;
 - **LVAC and LVRC** - not to make any addition or alteration to the interior of the Premises unless: it does not require any building regulations or other consents and it is cosmetic in nature.
- **Alienation**
 - the Tenant will not assign underlet or charge the whole or any part of the venue, part with possession of the venue or any part of them, permit another to occupy the Premises or any part of them, hold the venue or any part of them on trust for another;
 - the tenant is permitted to underlet (up to an aggregate no more than 20% of the total net lettable floor area of the lease area). Landlord consent in writing will be required (such consent not to be unreasonably withheld or delayed);
 - the Tenant shall not underlet any part of the premises unless such underletting is at an open market rent.
- **Landlord's repairing obligation** - to comply with the obligations for repair and maintenance set out in the LSC to the extent that they are applicable to the venue.

- **Exclusion of sections 24-28 of the LTA 1954** - the parties agree that the provisions of sections 24 to 28 of the LTA 1954 are excluded in relation to the tenancy created by this lease
- **Permitted use** - a public sport and leisure facility (each venue will have its individualised wording in addition).
- **Grounds Maintenance** - the Landlord is permitted to enter the premises and carry out the Grounds Maintenance as per the procedure set out in the Services Specification.

10 **Specific terms relating to particular venues**

LVVP and HTC – Heating and Cooling agreement - The Authority became aware that the current heating and cooling system (as designed under a concession agreement entered into by the Olympic Development Authority (ODA), Stratford City Developments Limited and Elyo East London Energy Limited in 2008) does not permit the LVVP to return water back into the system at the temperature required by the concession agreement. The LLDC has proposed a co-operation agreement with the Authority and the other occupiers in the Queen Elizabeth Olympic Park to match the liabilities in the 2008 concession agreement. LLDC are intending to carry out works to provide a solution and then a report will come back to Members to seek approval to enter into the co-operation Agreement.

In the meantime, the Authority will incorporate the relevant clauses from the proposed co-operation agreement into both LVVP and LVHTC leases. GLL will then take the leases subject to these provisions and will be bound by its terms.

LVRC – the venue is subject to three residential buildings which provide accommodation to staff members under Service Occupancy Agreements.

Certificate of Best Value – valuation advice obtained from external advisors, Montagu Evans, which has been provided to Members separately as a confidential Part 2 item.

- 11 Members are asked to approve the key terms of the leases as set out above and Members are also asked to approve delegation to the Deputy Chief Executive to make any non-material changes, if required. The lease agreements will be subject to Secretary of State consent.

ENVIRONMENTAL IMPLICATIONS

- 12 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 13 The financial implications arising directly from the recommendations are included in the LSC contract update report (Paper A/4308/21) which Members have approved.

HUMAN RESOURCE IMPLICATIONS

- 14 There are no direct implications in this report.

LEGAL IMPLICATIONS

- 15 The Authority is able to grant a lease of land under section 21 of the Lee Valley Regional Park Act 1966. Any lease of land for more than 7 years requires both Member and Secretary of State consent and will require a valuation certificate.
- 16 Officers are still finalising the exact wording of the terms of the leases for each of the venues with GLL, and GLL are still in the process of undertaking any due diligence of the title to any of the venues. It is possible that issues will arise from the due diligence process that will need to be accounted for in the final version of the leases and LSC, but otherwise officers do not anticipate any substantive changes to the current draft of the LSC Contract outside of the delegation. There is a formal approval process with Sport England and other bodies associated with completion of the leases that is being undertaken and will need to be in place prior to completion of the relevant leases. Consent from Sport England can only be obtained once the Authority has received Secretary of State consent.
- 17 Officers are seeking delegation to the Deputy Chief Executive to make any non-material changes to enable the documents to be finalised.

RISK MANAGEMENT IMPLICATIONS

- 18 If the leases are not entered into prior to 1 April 2022 there is a risk that the LSC will be unable to commence.

EQUALITY IMPLICATIONS

- 19 There are no equality implications arising directly from the recommendations in this report.

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BACKGROUND REPORTS

None

PREVIOUS COMMITTEE REPORTS

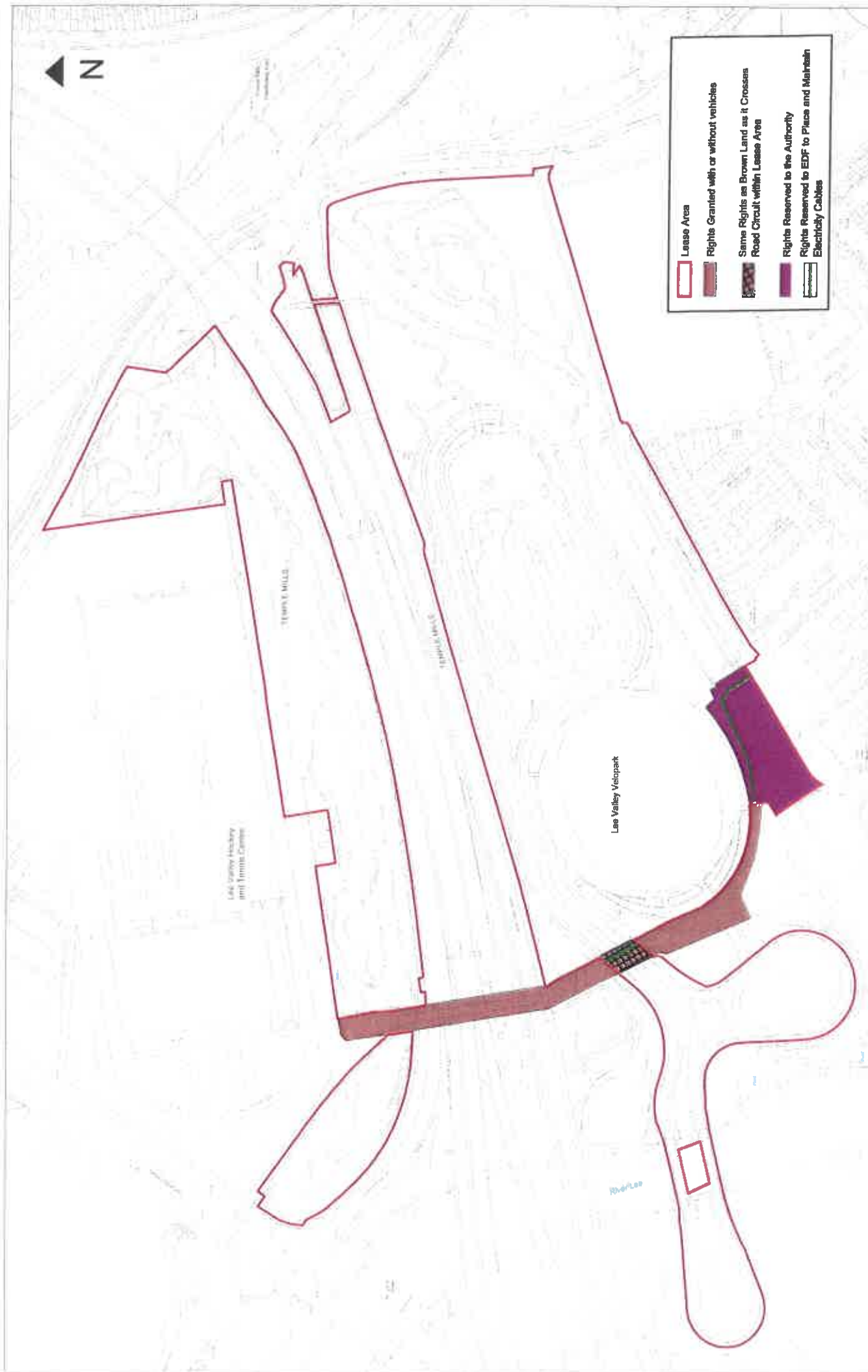
Authority	A/4308/21	Lee Valley Leisure Services Contract Update	21 October 2021
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APPENDIX ATTACHED

Appendix A	Lease Plans
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LIST OF ABBREVIATIONS






GLL	Greenwich Leisure Limited
SOS	Secretary of State
LSC	Leisure Services Contract
the Trust	Lee Valley Leisure Trust Ltd (trading as Vibrant Partnerships)
FRI	Full Repairing and Insuring
LVVP	Lee Valley VeloPark
LVWWC	Lee Valley White Water Centre
LVHTC	Lee Valley Hockey & Tennis Centre
LVRC	Lee Valley Riding Centre
LVAC	Lee Valley Athletics Centre
LVIC	Lee Valley Ice Centre



	Lease Area
	Rights Granted with or without vehicles
	Same Rights as Brown Land as it Crosses Road Circuit within Lease Area
	Rights Reserved to the Authority
	Rights Reserved to EDF to Place and Maintain Electricity Cables





	Lease Area
	LVRPA Freehold Ownership
	Right of way reserved with or without vehicles for events
	Right of way reserved at all times with or without vehicles
	Rights granted for use in emergency evacuation

Lee Valley Hockey and Tennis Centre

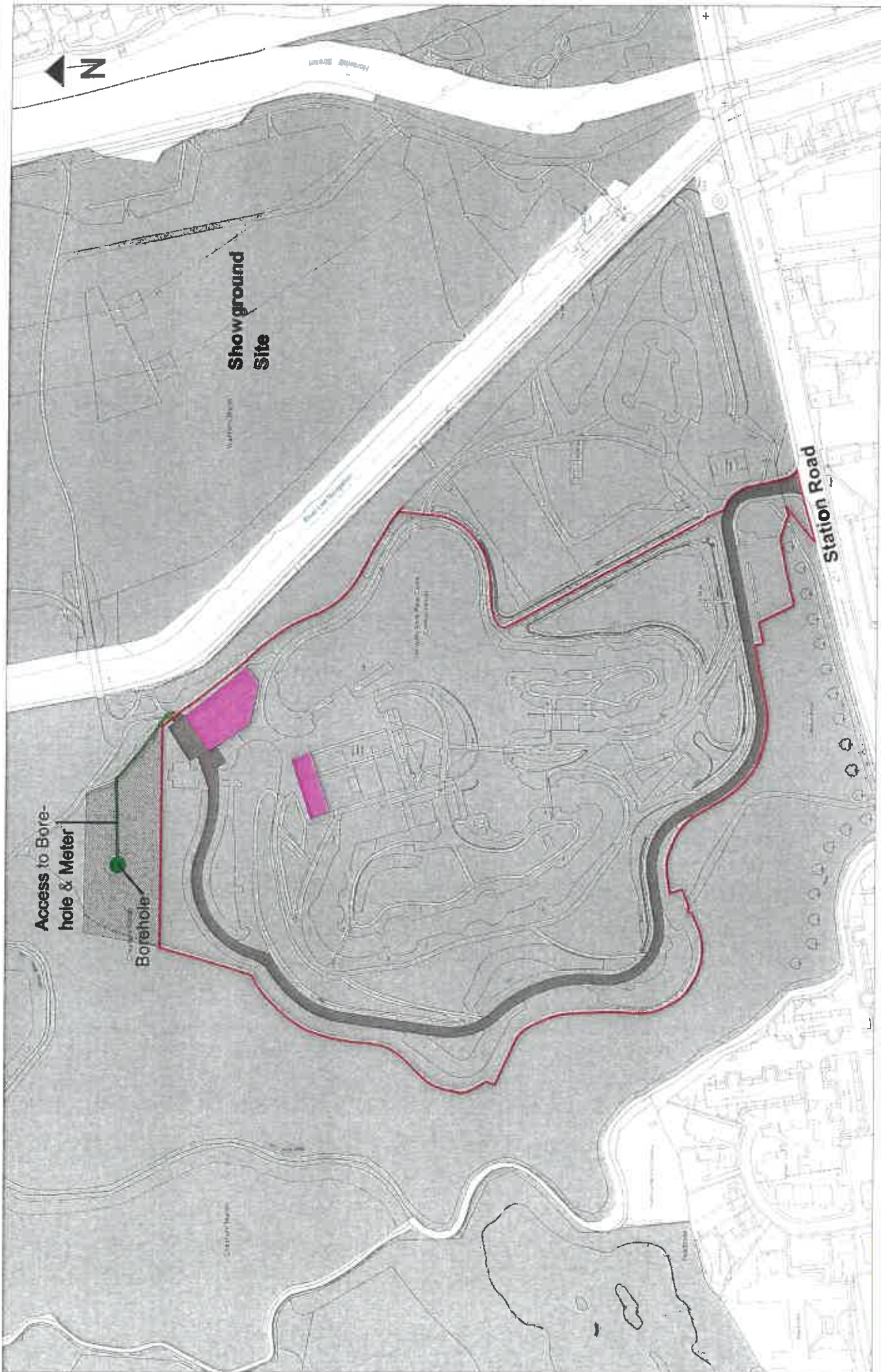
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Lease Area



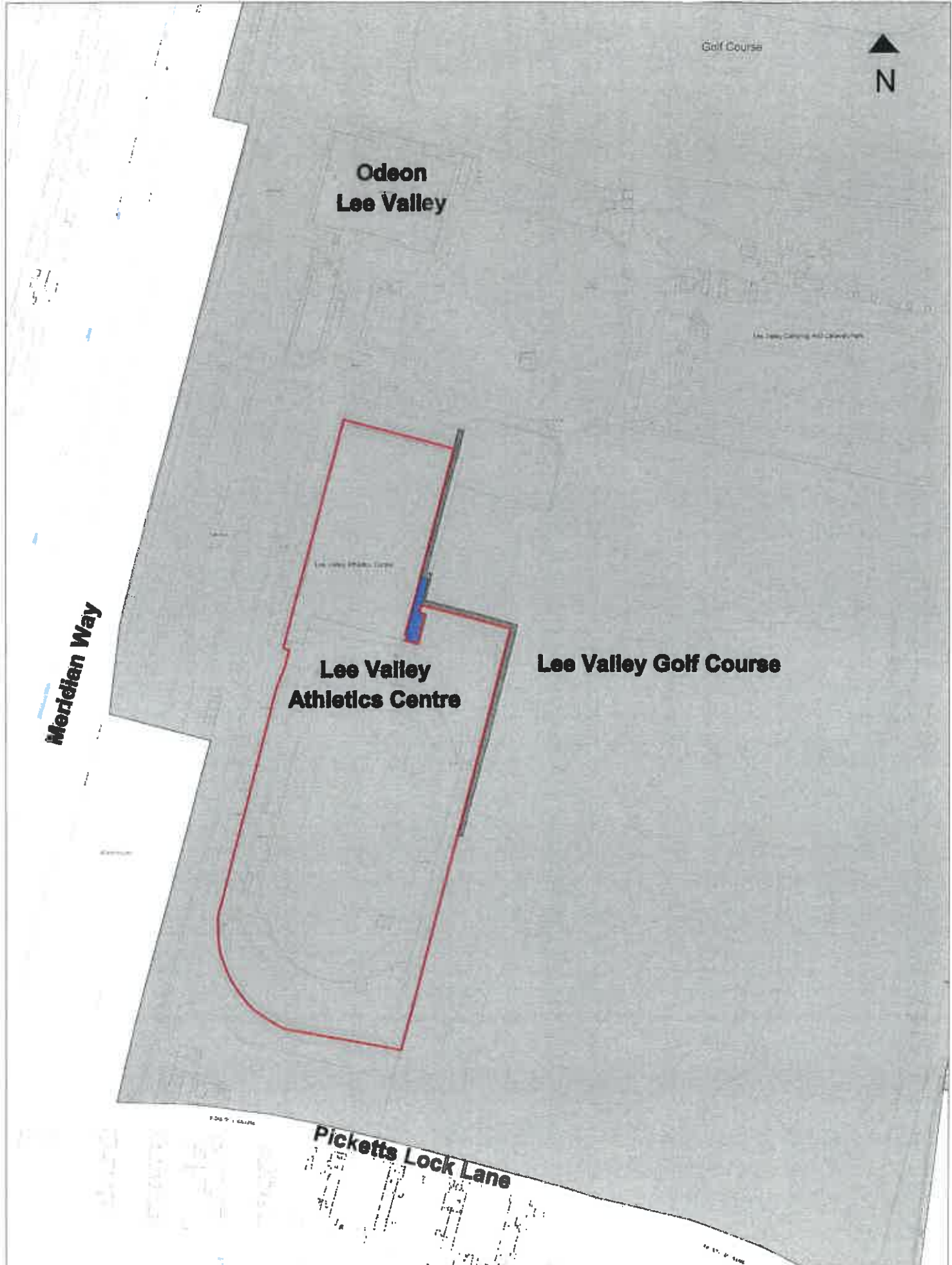
Lee Valley White Water Centre

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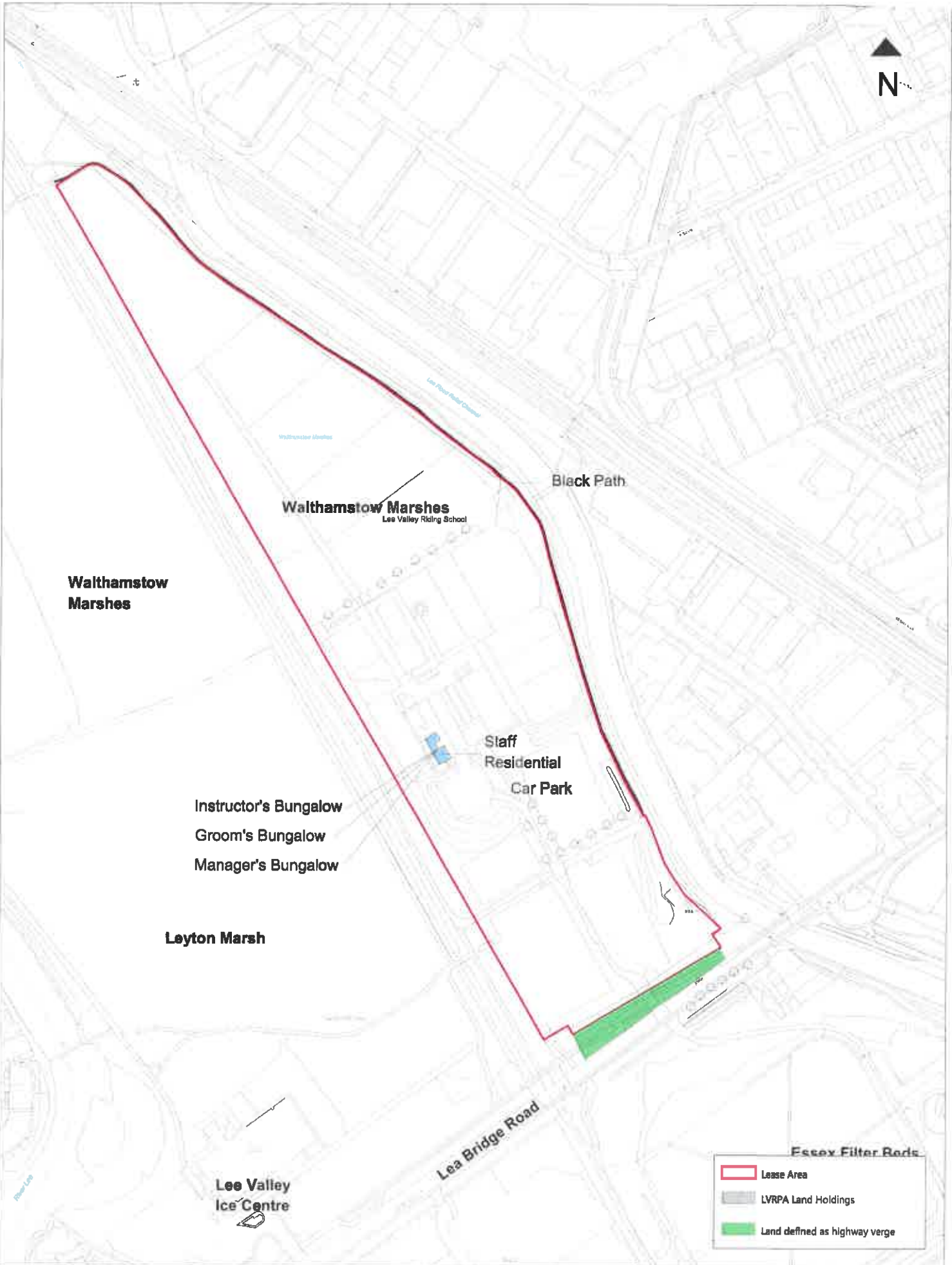
Lee Valley Athletics Centre

 Lease Area

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Lee Valley Riding Centre: Plan 2



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