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Dear Councillor

POLICY & FINANCE COMMITTEE - THURSDAY, 26TH NOVEMBER, 2020

I now enclose, for consideration the following report that was unavailable when the agenda was published.

Agenda No Item

11. **Flowserve Site Update (Pages 2 - 5)**

POLICY & FINANCE COMMITTEE
26 NOVEMBER 2020

FLOWSERVE SITE UPDATE

1.0 Purpose of Report

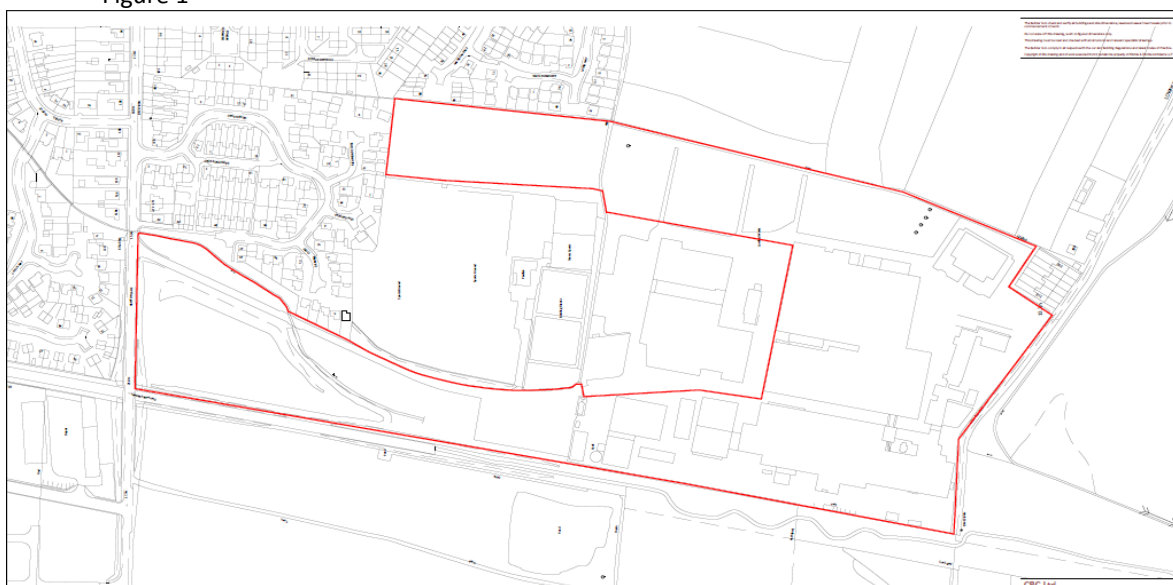
1.1 To update Members on the ownership changes at the above site, the consequential likely impacts on the Flowserve Sports and Social Club's occupation of sporting land on the site, and a proposition for the Council to enter into a financial relationship to provide a new landowner with an ongoing rental guarantee.

2.0 Background Information

2.1 Members will be aware that the Flowserve site has been an important employer in the Newark for many years, having previously operated as Worthington Simpson. Not unlike many historical significant employers the factory was accompanied by a range of supporting services and facilities for employees, including sports land, a social club/bar, and residential properties for workers. The latter were sold many years ago. A Sports and Social Club (SSC) still retains occupancy of the non-factory elements of the site. It is through the SSC that a number of sporting teams and community groups access the facilities as detailed below.

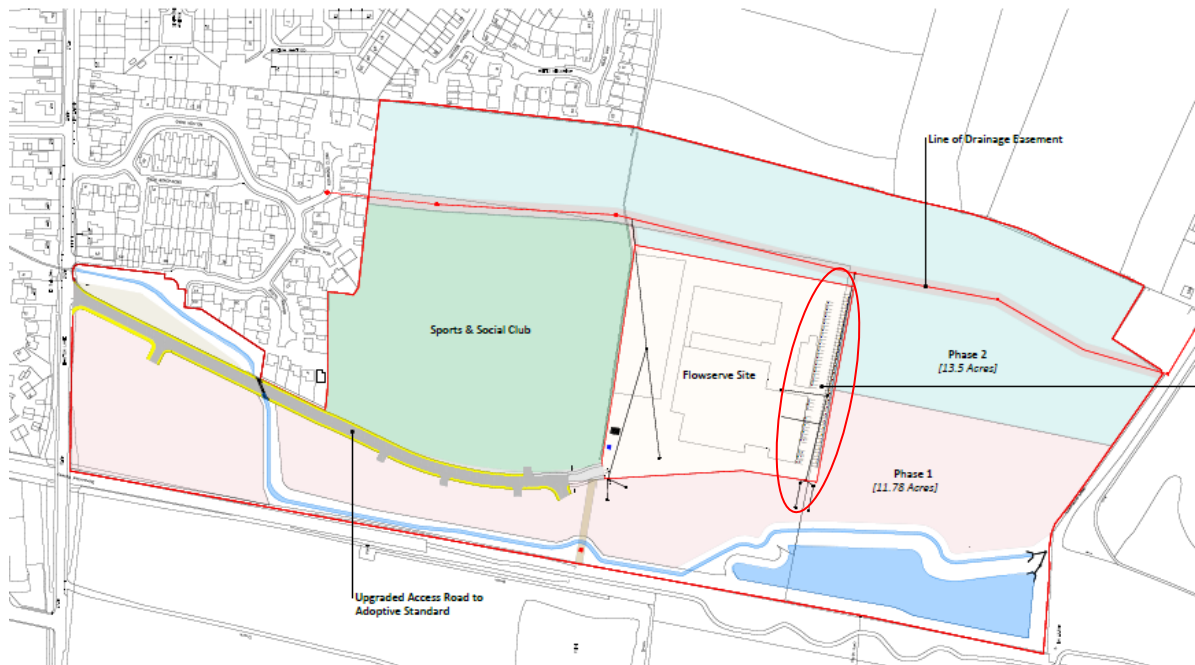
2.2 From 2015 Members will recall that a decision was taken by Flowserve's American owners to shrink factory activity and employee numbers on the site, sadly resulting in a number of redundancies. A reduced factory was retained, with the remaining land being sold. The land was purchased in 2 no. transactions. The land forming part of the redundant factory and associated car park was purchased, according to Land Registry information by CB COLLIER NK LIMITED for £2,849,999. This land is edged red in figure 1 below and incorporates 'Phase 1' and 'Phase 2' on the plan at figure 2.

Figure 1



2.3 The land comprising the sporting facilities (land coloured green below) was purchased by CB COLLIER NK (SSC) LIMITED for £1.

Figure 2



2.4 In 2018, CB Collier (NK) Limited applied for planning permission 18/01235/FULM to undertake remediation works on the site. As part of this permission the land including the current car park was to be removed and land re-profiled. Replacement car parking (88 spaces, circled red in Figure 2) for the SSC was to be provided within the retained factory area. This development has commenced on site but has now been paused by the developer until such time as they have secured planning permission for the residential redevelopment of the site. This is subject to a separate decision-making process but for awareness planning permission has been refused for an outline application (with all matters reserved except access) for up-to 322 residential units. This was refused due to the inability of the site to provide for sufficient developer contributions. This decision has been appealed by C B Collier NK Limited and will be heard at a Public Inquiry in the New Year.

2.5 For information the Council will shortly be writing to Homes England to advise of its concerns that this site is unable to provide, in the opinion of the Local Planning Authority, an acceptable and sustainable form of development without appropriate developer contributions. HE will be invited to consider the award of a grant for the 'abnormal costs' of developing this brownfield site in order to overcome planning concerns.

The Sports and Social Club and CB COLLIER NK (SSC) LIMITED

2.6 The SSC is effectively an 'umbrella organisation' through which various sporting sections (football and bowls) and community groups utilise the facilities either through primacy of use or through booking facility time and space (some do not pay a fee for this). The current facilities comprise 2 adult football pitches (1 is a stadium pitch with spectator stands and seating and floodlights) 2/3 mini football pitches, 2 bowling greens, Club house and bar with integrated changing rooms, Bowls pavilion/community space with separate

small kitchen, officials changing and toilet facilities, Groundsman's garage and a modular kitchen/food kiosk. Groups currently operating from the site include Newark FC, a senior football club playing at National league step 5 football and a registered Football Academy for 16-19 year olds, Newark Flowserve Sunday Senior Football Club, Newark Veterans Football Team, Newark Flowserve Bowls Club with multiple teams, Newark Striders and NOTFAST Running Clubs, various community and social/support groups, such as Balderton Art Club, Dementia Carers, Newark Football Alliance, Newark Referees Society and other commercial hires and local primary schools for regular school football tournaments. At the time of writing all Flowserve 14 junior and youth teams have taken the decision to relocate to alternative venues. As SSC has been given notice that its tenancy may be brought to an end if revised terms are not agreed, it is understood that the remaining sections and or groups and clubs are now being advised to look at alternative venues to relocate to where available.

2.7 CB COLLIER NK (SSC) LIMITED (the Landlord) has been clear with the SSC and the Council that it is accepted that the site is protected for, and must remain in use for sporting and recreational use. The Landlord has equally been clear that such a use must also pay a reasonable rent. The parties have been unable to reach agreement on the level of rent. The Council also understand that the Landlord has requested additional payment in relation to some works that have been undertaken on the site.

2.8 The Landlord has now written formally to the Council to explain that, based on an appraisal of the financial standing of the club, it can only support retaining the SSC or other current sporting and community groups on the site if the Council were to step in. A request has been made that the Council therefore enters into an arrangement with the Landlord to cover, via guarantee, up to the £45,000 per annum in year 1, £55,000 per annum in year 2, and £75,000 per annum thereafter. The Landlord confirms that lease expectations are informed by advice from a firm of surveyors.

3.0 Proposals

3.1 It considered that such rental levels are unsustainable for the Council. The SSC, in conjunction with Newark Football Club, have stated that an affordable lease is £10,000 per annum for the site.

3.2 It is disappointing that the SSC and the Landlord have been unable to reach a mutually acceptable agreement. Ending the tenancy of the SSC will likely lead to the loss of the sporting and community organisations detailed above given a lack of certainty over future occupation and rental levels in the absence of the SSC. The Council could act as honest broker for both parties to conclude a mutually acceptable arrangement albeit that would require a significant reduction in lease expectations. The Council can also assist with work to find new accommodation for any club or organisation which is displaced if the lease is brought to an end and SSC or individual groups are required to vacate the site. The site will remain as protected sports and recreational land irrespective of tenancy.

4.0 Equalities Implications

4.1 It is acknowledged that if the lease is brought to an end this will likely impact upon a number of groups and activities which will impact various sections of the community.

5.0 Digital Implications

5.1 None.

6.0 Financial Implications

6.1 There are no financial implications as the proposals from CB Collier NK (SSC) Limited are not supported.

7.0 RECOMMENDATIONS that:

- (a) **CB Collier NK (SSC) Limited be informed that its proposal as detailed in paragraph 2.8 of the report is declined; and**
- (b) **the Council offers to act as a broker between CB Collier NK (SSC) Limited and the Sports and Social Club to assist the parties in reaching a mutually acceptable lease arrangement, and if necessary assist the affected clubs and associations in finding alternative accommodation.**

Reason for Recommendations

To update Members on recent developments and to make clear the Council's position.

Background Papers

Nil.

For further information please contact Matt Lamb on Ext. 5842

Matt Lamb
Director – Planning & Growth