

**REPORT ON BEHALF OF THE PROPERTY & PROJECTS GROUP**

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**SUBJECT: ST BRIDES SCOUTS LEASE RENEWAL**

**Purpose of Report**

To seek the approval of Members for the continuation of the Scouts occupation of land and buildings at St Brides by way of a lease renewal on contemporary terms that would include provision for the Scouts to extend the footprint of the cottages at their own cost, subject to them obtaining all necessary statutory permissions.

**Background**

The Authority has an extensive freehold land ownership at St Brides including the historically important grade II listed complex of buildings and structures comprising a walled garden and abutting terrace of 3 former cottages. They are collectively known as 'The Scouts Camp' owing to their use and occupation by the Scout Association Trust Corporation Trust (the tenant) as a camping and activity centre under the terms of an occupational lease dated 29<sup>th</sup> July 1982. The contractual term of that lease expired in 2002 since when the tenant has remained in occupation by holding over at the historic passing rent of £200pa.

Your Officers have been in discussions with the tenant for some years in pursuit of a new contemporary legal agreement to provide for their continuing occupation of the site and have now reached provisional Heads of Terms of Agreement for a new 25 year lease with 5 yearly RPI linked rent reviews. Under this lease the tenant is to be responsible for all aspects of the sites maintenance and up keep at their own cost, with the exception of the encircling historic garden walls and the fruit trees within the garden which this Authority would retain direct responsibility for. A mechanism by which this Authority could recover a proportion of the cost of maintaining the historic walls from the tenant has also been proposed and capped at a maximum of £3,000 (plus RPI indexation) in any one year throughout the term of the lease. An option is also included permitting the tenant to extend and upgrade the cottages at their own cost subject to them obtaining all relevant statutory consents.

As at today's date there are only two outstanding issues which are yet to be agreed, namely the new commencing rent to be paid and the amount of contribution that the tenant is willing to make towards the up keep of the walls.

The most practical and cost effective way to consolidate and repair the walls is on a section by section basis, with each section extending to a linear length of circa 30m at a cost of circa £10,000 per section. We anticipate that as at today's date circa 6 or 7 such tranches of work are still required following which we would not anticipate the need for any further recoverable expenditure on the walls during the remainder of the proposed 25 year lease. Under the current proposal the tenants financial exposure to

recoverable wall costs will be capped at 30% of the whole amounting to somewhere in the region of £18,000 to £21,000 in total (subject to RPI indexation) spread across 25 years.

On the matter of the new commencing rent both parties recently agreed to the joint appointment of The Valuation Office Agency (VOA), formerly known as the District Valuer, to provide an independent expert opinion of market rent reflecting the benefits and burdens of the provisionally agreed Heads of Terms (to include the recoverable wall costs mechanism outlined above). The purpose of this valuation was to guide and inform the continuing discussions over rent. The VOA reported a rental value in October 2015 of £8,250pa.

Following receipt of the VOA's report the tenant has now advised that they wish to see the commencing rent under the proposed new lease remain unchanged at £200pa and that they are **not** willing to make any financial contribution to the maintenance of the historic walls. A copy of their letter dated 10<sup>th</sup> January 2016 is set out below (see appendix 1).

The tenant's proposal presents us with the following options for concluding the current lease renewal discussions without further extended delays:

- Concede the tenants financial demands and present their proposition to Members with a recommendation for acceptance on the principle of 'community asset use' at less than market value.
- Make a negotiated rental counter offer to the tenant. However, our dealings with the Scouts to date suggests that they have limited interest in pursuing further rental negotiations at anywhere close to a market rent and would rather by pass any such discussions by presenting their case for retaining the financial status quo directly to the National Park Authority Members.
- The Authority takes the initiative by serving a section 25 notice on the tenant under the Landlord & Tenant Act 1954 stating the Authority's willingness to grant the tenant a new lease on the terms set out within the provisionally agreed Heads of Terms, subject to agreeing the matter of rent. This will have the effect of bringing the existing historic lease to an end at the termination date specified in the notice providing that specified date is not less than six months, or more than 12 months after the S 25 notice was served. It also triggers a statutory mechanism that would allow the Authority, upon receipt of the tenants' counter-notice, to make an application for an interim rent, pending a negotiated rental agreement between the parties, or in default of such agreement, a market rent determined by the County Court. It is reasonable to assume that the VOA's current opinion of rental value would be regarded as significant evidence of local valuations and should not differ widely from that which might be expected using the above statutory mechanism. We would also expect that same report to support the issue of an interim rent award at not less than 50% (say £4,125pa).
- Refusal by the Tenant to accept the interim rent award would lead to the option of commencing possession proceedings and the return of the site to the Authority with full vacant possession.

## **Financial, Risk & Compliance Considerations**

Any lease renewal to the tenant at less than market rental value would need to be justified by this Authority in accordance with the principle of supporting/subsidising ongoing community use. Whilst there are existing precedents of the Authority disposing of assets at less than market value under this principle, it has not yet been extended to revenue generating occupational leases.

## **Human Rights/Equality Issues**

No issues providing we follow the correct procedures as set out within the Landlord & Tenant Act 1954.

## **Biodiversity Implications/Sustainability Appraisal**

The relevant tissues relating to the Scouts proposed on going occupation of the site have already been provided for in the provisionally agreed Heads of Terms.

## **Welsh Language Statement**

No issues.

## **Conclusion**

The Scouts have been holding over for more than a decade during which time they have constantly made clear a desire to invest in the future of the site and continue in occupation. For the last 4 or 5 years they have been willing participants in negotiations to secure those objectives under some form of new Landlord and Tenant agreement.

Whilst the Scouts might not be the ideal long-term partner from a purely financial and historic building conservation perspective, the Authority has developed a good working relationship with them at St Brides over the last 30 or so years and their work, aims and ethos remain very much in-line with the Authority's role of encouraging young people to access and enjoy the outdoors.

Under the current climate the Authority is coming under increasing self-imposed as well as wider public scrutiny to manage its assets prudently and generate fair revenue streams from those assets where reasonably possible in return for the benefit of occupation and use.

## **RECOMENDATION:**

**That Members approve the serving of notice under S25 of the Landlord & Tenant 1954 upon the Scouts confirming that we have no objection to them renewing the lease on the terms provisionally agreed subject only to the matter of rent, and that the Authority will make an application to the Court whilst negotiations continue for an interim rental award of £4,125pa reflecting 50% of the VOA's recent opinion of rent.**

## Appendix 1



### PEMBROKESHIRE SCOUT COUNCIL

Charities Reg. No. 513013

1 The Close  
Spittal  
Haverfordwest  
SA62 5QH

10<sup>th</sup> January 2016 2015

Dear Gary,

#### ST BRIDES COTTAGES AND CAMP SITE

Pembrokeshire Scouts have occupied and used the St Brides site for over 33 years – under the terms of a lease that was entered in to in 1982.

We have been discussing the future of the St Brides site with you for the past couple of years in the context of our wish to either purchase the site or obtain a long term lease so that we can evidence the necessary security of tenure to support our investment in developing the site further. Such security would be necessary in any grant applications.

Your view was that it would be more appropriate to look to a long term lease, say over 25 years rather than purchase the site and its obligations outright. Therefore we have discussed and agreed the operating terms of a lease (subject to confirmation by our respective executive bodies). The financial aspects of a lease were left for further discussion however, and to better inform that discussion we agreed to jointly fund a market valuation from the District Valuer. This has now been undertaken, supplied to each of us and discussed within our respective organisations.

With this as a background we would like to outline the way in which we can see Pembrokeshire Scouting continuing to make use of this site and its facilities and embark on a programme of development and improvement to the benefit of all users and we believe of the Pembrokeshire Coast National Park.

The attached Appendix gives the detail of how we make use of the site at present and work closely with the PCNPA in so doing.

We currently pay £200pa rent for our use of the site, this figure reflecting the terms of the now expired but to all intents and purposes continuing lease. On top of this we pay c£250 to the NPA for insurance of the site. We also employ a contractor to mow the grass (and to a greater extent and cost than



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previously because of the NP's reduction in the frequency of their own mowing programme) and use our own volunteers to maintain the buildings (paying for materials and the employment of professionals such as electricians and pest controllers when needed) for which last year's cost was c£2,800. The utility costs of c£800 are in addition to this. We benefit from rate relief because of our charitable status.

Our income is around £8,000 pa with the current level of use which is an improvement on a few years ago because of the greater and focused attention being given by our volunteer teams in maintaining the site, making some improvements to the facilities and marketing it increasingly effectively to Scouting and other markets (primarily young people) within Pembrokeshire (for whom we offer a discount) and across the UK.

Our ability to increase this income is limited as we are running at fairly near capacity with the existing facilities, and we believe that the rates we charge are not capable of being significantly increased without affecting our bookings – and the use of the site by young people.

The site is used by the PCNPA much more frequently now than in the past, largely as a result of the closer working relationship that has been one of the positive outcomes of the discussions we have had over the past couple of years. For example the recent Apple Day that PCNPA held at St Brides, organised by your Ranger and her team brought in 196 participants. We welcome this joint use of the site and will look to both continue and develop it but we don't earn any revenue from it, and we are not looking to do so.

There are opportunities to improve and develop the facilities, increase our capacity and increase our revenue. This would require significant capital investment (c£100k) in restoring the indoor accommodation that is no longer able to be used for sleeping and by building new accommodation onto the existing cottages – subject to planning of course. This would not only increase the capacity of the site but enable it to be used much more as an all year round facility. At present it is only the hardier and older groups who are attracted to use the site out of season. With much improved indoor accommodation a wider range of users, especially from younger age groups would be able to do so – thus increasing their access to and enjoyment of the site and its surrounding environment through all seasons.

Whilst the Scouts would make use of their own funds and embark on specific fundraising within the scouting network, a significant source for such a



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capital injection would be successful grant applications from a variety of funding bodies for which of course security of tenure is a pre-requisite.

As can be seen the revenue that we now generate by our use of the site covers the current level of rent, the enhanced maintenance programme and other outgoings. Whilst there is a surplus it is insufficient to enable us to afford an increase in the rent from the current £200 to anywhere near the market level of £8,250 as determined by the District Valuer, especially if we are to embark on a development programme that will further improve and extend your site (subject to planning) as well as ensuring its sustainable use by the Scouts in the years ahead.

**Therefore we would ask that our current expired lease is formally renewed on the same financial terms as now, albeit with the introduction of inflation increases every 5 years.**

In support of our request we would outline:

- Pembroke Scouting has restored, maintained and developed St Brides for the past 33 years retaining and enhancing the value of this NPA asset.
- The use of the site under this Scout management is entirely in line with Park purposes in promoting and facilitating enjoyment and understanding of this part of the National Park and is reinforced by the fact that the focus for such use is young people both within and outside Pembroke and within and outside the scouting movement.
- The investment that Scouting is prepared to put in to developing the site further, with the support of appropriate funding will both further enhance this PCNPA asset and the way in which it is used to deliver to the Park's purposes.
- The revised and accepted operating conditions of the new lease would meet all the requirements of the PCNPA that have been brought forward through what we understand to have been extensive internal consultation and thus conform to the Park's policies and their own view of the value of the site and the most appropriate ways in which it should be preserved, maintained and made use of.

In summary we believe that there is a case for the Authority to justify forgoing market financial value in favour of the significant value and benefit



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that the Scouts' existing and planned future use of the site brings to the PCNPA's fulfilment of its overall purposes and duty. In addition this would also support the increasing partnership approach to the use and maintenance of the site that is both currently effective and would be enhanced by the operating terms of the proposed new lease.

I and others from our Executive Committee would be happy to engage with you or your colleagues further or provide additional information if required.

I look forward to hearing from you.

Yours sincerely,

Ted Sangster  
Chairman  
Executive Committee



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### Appendix A

#### History of Scouting's use

St Brides has been one of the core assets for scouting in Pembrokeshire for many years (over 33 in fact) giving scouts, guides and other young people from the county and elsewhere in the UK the opportunity to camp and enjoy the best aspects of the countryside and coastline of Pembrokeshire. The fact that the camp site is linked to the accommodation within the cottages allows a wider range of age groups to benefit from the facility so that youngsters from the age of 7 can enjoy visits and overnight stays at St Brides.

We have benefited from, and are grateful for the very strong support received from the PCNPA over the years in the form of advice and guidance on maintenance and operations, and more recently on the valid options open to us in developing and extending the facilities. We also recognise the value of the lease granted to us many years ago the terms of which still continue in the form of a running licence to continue to make use of the site.

Our financial position is such that we are able to undertake regular maintenance and also the odd more substantial repair or alteration, but about four years ago we had to scale down our use of the cottages because of the view taken on the standard of some of accommodation which required substantial work to be undertaken to rectify its faults and bring it back to full, modern use. The sleeping accommodation in the cottages was closed as a result of this review. This loss of income and reduction in the use of the site led us to consider a comprehensive programme for development which would require significant capital investment to bring the cottages back in to full use and also extend and modernise some of the associated facilities.

We have identified opportunities to seek grant funding towards such costs but one thing that all such grant bodies have in common is the need for us to be able to demonstrate security of tenure through either a long (25+ year) lease or direct ownership.

#### Current levels of use and maintenance by Pembrokeshire Scouting

The site is used in a variety of ways the most obvious being for overnight camping stays. St Brides is also used for day activities especially for younger groups and county Scouting events are also held at the site.















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We have a volunteer site manager who maintains the site on a day to day basis and also organises a number of work groups from among the older scouts and leaders when required. As well as ensuring the site is kept in good condition this also supports our older scouts in developing appropriate skills together with the benefits of team working and fellowship.

St Brides has a positive reputation as a secure, well provided camp site set in a beautiful part of the National Park and is in demand from other scout groups across the UK.

It is also used by other youth groups within Pembrokeshire and from elsewhere. Some statistics on the use of the site over the past few years are given below.

In addition to the site being used for Scouting and related activities we also work closely with the National Park to facilitate the NPA's use for their own purposes and also their own maintenance and planting programmes.

For example the NPA have used St Brides this year for an apple day where both the orchard and the cottages were made available and NPA volunteers under the direction of the Ranger were very much involved in preparing for this.

The NPA have undertaken a pruning and planting programme in the orchard this year and maintenance work on the walls including stripping them of vegetation and some reconstruction.

We have also co-operated with the NPA in their response to requests to give access to the site for wedding parties and other events to allow access to the site.

Our bookings for 2016 are looking strong with 7 weeks booked by the end of December and a further 6 enquiries being pursued.



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### Financial summary

St Bride's Income and Expenses	2013/14	2014/15	2015/16 (est)
	£	£	£
Income	7,416	8,052	5,675
Expenses Inc. utilities	5,408	3,825	3,231
Surplus	2,008	4,227	2,444



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Use of the site

<u>Site Bookings</u>	2014	2015	2016 as at August 2015
<i>Within Pembrokeshire</i>			
Scouts	10	6	1
Other (e.g. schools, care home, canoe club)	2	1	
National Park		6	
<i>Outside Pembrokeshire</i>			
Scouts	6	5	5
Other (e.g. schools)	1	1	1

Current lease

The main elements of the original 1982 lease the terms of which are deemed to continue and still be valid include elements such as that :-

- The Scouts will maintain and repair the roofs of the cottages, the window frames, wiring, guttering, and decoration and will provide and maintain WC's and washing facilities and the cess pit and the drains.
- PCNPA would repair and maintain the walls around the site.

In fact this original lease referred frequently to the need to undertake significant repairs and then maintain the premises at that new standard. One can only infer that the state of the site, particularly the buildings was in a very poor state at the time and the lease to the Scouts was a means of the PCNPA in obtaining an upgrade to the site through the mechanism of a lease to and use by the Scouts - which necessity to repair and maintain was reflected in the rent required.





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Potential new lease – what is agreed (subject to contract)

From our discussions we have agreed to a variety of new operating elements of a new long term lease and indeed have already incorporated them into the way in which we manage and use the site now.

The agreed elements of the new draft lease are listed below. Many of them are a reflection of the existing (albeit expired lease) and/or the way in which the Scouts have been using the site over the past 30 years. A number however are new and will require the Scouts to change the operational management to take them into account. These are underlined in the list below.

- No use of trees within a designated area or of specific trees identified outside this area. (as now)
- Restrictions on the lighting of campfires (as now)
- No use of the historic walls around the site (as now)
- An agreed accessway to be kept clear at all times (as now)
- Access to the site to be only through identified gateways
- No structures including tents to be erected within two identified areas
- Nothing to be put or driven into the ground that could damage the archaeological record of the site. (newly defined provision)
- The Scouts to be responsible for repairs and maintenance of the site – other than the walls and the protected trees (as now)
- Scouts maintain own contents and public liability insurance (as now)
- PCNPA maintain insurance for the historic fabric -walls and 3 cottages (as now)
- Scouts restricted to parking no more than 10 vehicles (new provision and more restrictive than now)
- PCNPA has the right to have the exclusive use of the site for public access on up to 7 days a year (new provision)