

**Name of meeting:** Cabinet  
**Date:** 16 March 2021  
**Title of report:** Kirklees Stadium Development Limited - future options

**Purpose of report**

To review current arrangements for the standalone Stadium management and development business (Kirklees Stadium Development Limited or KSDL) that manages the Stadium for the benefit of the two professional sports clubs and the community.

<b>Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	<b>Yes</b> Proposed spending in excess of £250k
<b>Key Decision - Is it in the <a href="#">Council's Forward Plan (key decisions and private reports?)</a></b>	<b>Yes</b>
<b>The Decision - Is it eligible for call in by Scrutiny?</b>	<b>Yes</b>
<b>Date signed off by Strategic Director and name</b>  <b>Is it also signed off by the Service Director - Finance?</b>  <b>Is it also signed off by the Service Director -Legal Governance and Commissioning?</b>	<b>David Shepherd – 08.03.21</b>  <b>Eamonn Croston 08.03.21</b>  <b>Julie Muscroft - 08.03.21</b>
<b>Cabinet member <a href="#">portfolio</a></b>	<b>Cllr Graham Turner Corporate</b> <b>Cllr Peter McBride Regeneration</b>

**Electoral wards affected: N/A**

**Ward Councillors consulted: N/A**

**Public or private: Public (Appendix A in private)**

Appendix A of this report is in private in accordance with Schedule 12A of the Local Government Act 1972 namely it contains information relating to the financial and business affairs of a third party. It is considered that disclosure of the information would adversely affect KSDL and therefore the public interest in maintaining the exemption, which would protect the rights of an individual or the Council, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

**Has GDPR been considered ? Yes**

## **1. Summary**

- 1.1 Kirklees Stadium Development Limited (KSDL) was established originally in 1993. The current structure created a standalone Stadium management and development business to manage the Stadium for the benefit of both professional clubs, Huddersfield Town AFC (HTAFC) and Huddersfield Giants (HRLFC) as well as for the benefit of the community.
- 1.2 This solution separated the assets from individual control of either of the clubs, procured the build of the new Stadium and has supported a good quality facility over a 25 year period.
- 1.3 The Company shareholders are Kirklees Council (40% shareholding), Huddersfield Town or HTAFC (40% shareholding) and Huddersfield Sporting Pride – known as Huddersfield Giants or HRLFC (20% shareholding).
- 1.4 Whilst the arrangement has enabled operation of the Stadium for more than 25 years, the opportunity exists to make changes to future arrangements for the management of the stadium that will meet the following shared objectives:
  - i) a demonstrable recognition of the community aspects of the Stadium that ensures that the Stadium cannot become a source of reputational damage to the Council or financial burden to local tax-payers.
  - ii) secures the long-term tenure of Huddersfield Town Football Club and Huddersfield Giants at the stadium.
  - iii) is financially sustainable over the longer term and delivers long term Stadium operational investment requirements
  - iv) delivers complementary regeneration opportunities for an enterprise corridor between the Stadium and the town centre
- 1.5 Cabinet will be asked to endorse a Community Trust operating model that is considered most suitable to delivering the above objectives, including a fully redeemable Council loan to the Community Trust that will ensure the Stadium's long term operational viability. Cabinet are also asked to consider a complimentary regeneration opportunity for the strategic acquisition of a land asset.

## **2. Information required to take a decision**

### **2.1 Current Stadium management arrangements**

- 2.1.1 Kirklees Stadium Development Limited (KSDL) was established originally in 1993. The current structure created a standalone Stadium management and development business to manage the Stadium for the benefit of both professional clubs, Huddersfield Town AFC (HTAFC) and Huddersfield Giants (HRLFC) as well as the wider community and economic benefits.
- 2.1.2 This solution separated the assets from individual control of either of the clubs, procured the build of the new Stadium and has supported a good quality facility over a 25 year period.
- 2.1.3 KSDL was incorporated with 100 ordinary shares of £1 each all of which have been allotted. 40 shares are held by Kirklees Council, 40 by HTAFC and 20 by HRLFC.

2.1.4 Governance arrangements are underpinned by a Collaboration Agreement that requires unanimous agreement from all shareholders. This covers almost all aspects of business structure, any restructuring and the setting of annual budgets, and core tenancy fees. The Collaboration Agreement is largely unchanged from the original 1994 version, other than a slight amendment in September 2013 regarding the division of income from sponsorship opportunities between KSDL, HTAFC and HRLFC.

## **2.2 Financial Landscape**

2.2.1 Whilst annual turnover of KSDL has been up to £4m in recent years, the cost base upon which the Stadium operation is modelled has come under increasing strain.

2.2.2 COVID has further impacted significantly on current KSDL Stadium operations and on the financial landscape within which the two professional sports clubs operate. KSDL management has undertaken several pro-active measures to keep the Stadium operational within its current and forecast financial means over the period. This includes short term cashflow management measures e.g. deferring loan re-payments, but this is not sustainable beyond the short-term.

2.2.3 The impact of national social distancing measures and associated limits on spectator access to live matches has significantly constrained KSDL commercial sporting operations, as well as the financial impact on the respective clubs' own business models. This is an ongoing situation and in the case of HTAFC the English Football League announced a COVID financial recovery package, as well as the introduction of Championship salary caps from next season. No equivalent package has yet been announced by the rugby league professional body.

2.2.4 Even excluding the COVID impact, there is an underlying structural financial deficit between KSDL income projections and expenditure on operating cost requirements and outstanding loan repayments. This is before consideration of future Stadium operational investment requirements.

2.2.5 A number of alternative approaches have been considered to make KSDL more financially viable over the medium to longer term, including potential commercial development of the wider Stadium footprint for a broader leisure offer, with the expectation that this would generate additional resources to carry out necessary works, support the future financial sustainability and commercial growth.

2.2.6 However, this commercial development has stalled in the current economic climate, exacerbated by COVID impact on investor appetite over the immediate to medium term.

2.2.7 At the same time, there has been significant Council and other key partner strategic regeneration investment intent expressed through the development of the Huddersfield Blueprint and the Southgate Corridor between the railway station and the Stadium. The Council's strategic interest in influencing and shaping regeneration in this part of Huddersfield is therefore also a key consideration in looking at future options for the Stadium and KSDL.

## **2.3 Stadium Operational Investment requirements**

2.3.1 The 25 year Stadium asset life cycle means that significant capital investment is now required over the next 10 years (the bulk in the next 5 years) to address backlog of maintenance issues and to renew the key structures and mechanical and electrical

systems of the Stadium to extend the asset life to circa 2050. This is anticipated to cost up to of £9m over the 10 year period.

## **2.4 KSDL Loans Outstanding**

- 2.4.1 KSDL loans outstanding currently total about £6m and any attempt to acquire or restructure KSDL assets would require KSDL to come to a financial settlement with the Council and the other creditors and shareholders.
- 2.4.2 KSDL took out loans to fund part of the cost of the original construction, of which a small balance remains, which was subject to a Council guarantee, and also has a number of historical debts with the Council relating mainly to unpaid loans and interest.
- 2.4.3 The Council has a charge on the property to cover its indebtedness, and the Council hold the residual freehold to the site so in the event of the lease being surrendered or forfeit the site and all buildings on it would revert to the Council. There are limited options for forfeiture and KSDL may always apply to Court for relief from forfeiture which is often granted if they can evidence to the Court that they will remedy the issues.

## **2.5 Future Options**

- 2.5.1 HTAFC went into administration in 2003 and when the administrator stopped paying the rent the Council gave KSDL an emergency loan
- 2.5.2 This illustrates the historical importance to the Council of supporting the Stadium as a platform for professional sport and as a community asset, including for the conference and banqueting facilities and the potential for big concerts and representative matches. It is important to ensure that any arrangements, whilst protecting the Stadium, are not mechanisms of supporting the clubs directly. The clubs must find a financial model that is sustainable.
- 2.5.3 Whatever ownership HTAFC are in, and whatever level they are playing at, they are likely to attract reasonably large crowds and, as such be the biggest contributor to meeting the Stadium operating costs going forward.
- 2.5.4 Nevertheless, it must be recognised that the financial viability and stability of both professional sports clubs, and particularly HTAFC represents a continuing risk to the viability of the Stadium under any operating model.

## **2.6 Mutually acceptable shareholder solution within the existing KSDL structure**

- 2.6.1 The nature of the Collaboration Agreement that governs KSDL requires unanimous agreement from all shareholders. The site now requires investment, but given the current financial position of KSDL, there will be difficulties for KSDL as currently structured to raise a commercial loan.
- 2.6.2 This contractual form of governance (along with a resilient management team) has held the Stadium together, but now that reinvestment in the Stadium is necessary and the cost base has moved so far from the pathway set out 25 years ago, the Stadium is no longer viable without fundamental change. Within the current model, achieving the changes necessary will be very challenging to achieve.

## **2.7 Do Nothing**

- 2.7.1 Given the financial landscape context set out at section 2 earlier, a do nothing approach would lead to an administration/insolvency situation. In this scenario there would be a high probability that the outstanding bank loan would default impacting on the Council guarantee and leaving the Council with a liability.
- 2.7.2 The Council's historic debts in KSDL would have to be formally written off and the existing subleases from KSDL to the Council and KAL in respect of the Stadium Swimming Pool and Health and Fitness Club respectively and the KAL HQ office Lease may be impacted in terms of provision of landlord services.
- 2.7.3 The Council holds a first security charge over KSDL's assets equal to its financial exposure which could mean all or some of the liability would be recovered at some point but does not take into account any operational impact on the Stadium facilities to the detriment of either the professional sports clubs or other commercial tenants, or any potential reputational issues that would be likely to impact on the Council adversely.
- 2.7.4 Consequently, the Council may choose to transfer its existing shareholding in KSDL to the two clubs. The existing Collaboration Agreement states that this should be at an independently determined market value.
- 2.7.5 Alternatively, the Council may seek a payment equivalent to all or part of its current financial exposure, particularly in respect of the bank loan, in return for releasing the security charge.
- 2.7.6 It would be a matter for HTAFC and HRLFC to determine if they would jointly take on the new business, or if one of them (most likely HTAFC) became solely responsible for Stadium related costs with the other as their tenant.
- 2.7.7 The Council would lose almost all its ability to influence the future direction of the Stadium or protect the assets in the event of future financial or governance issues at HTAFC, apart from through its rights under the residual freehold which are not extensive. This scenario could also impact on the future operation of the Council's swimming pool and the Health and Fitness Club, both operated by KAL, and the KAL HQ office Lease if an unsympathetic landlord was holding the Stadium lease.
- 2.7.8 The absence of freehold control and other factors may limit the ability of any operator under this arrangement to obtain commercial finance to support business investment needs. This could involve the Council selling its freehold interest. It should be recognised that the former uses of the site and methods of reclamation, and the fact that the site has a substantial activity specific asset, detract somewhat from the true market value of the freehold site.

## **2.8 HTAFC or HRLFC takes full ownership of the Stadium**

- 2.8.1 An option would be for one or other of the clubs to take complete ownership of the Stadium and the site in a way that allows the club to raise finances independently secured against the Stadium, with the Stadium becoming an integral part of the club infrastructure, costs and revenues streams absolving the Council from any liability, financial or otherwise.
- 2.8.2 Realistically, given the current circumstances and relative financial standing of the respective professional sports clubs, only HTAFC would be able to consider this as a

viable option. The “commerciality” issues of borrowing might apply although HTAFC may be able to invest in the site or borrow based on the wider funds flow of the entire business.

2.8.3 The challenge with this position is that the Stadium ceases to be a community asset and given that clubs will inevitably change hands over time, there can be no guarantee that the Stadium would not be dragged into administration as has happened previously with HTAFC or into situations such as those experienced at Bury and Coventry where club owners attempt to use the Stadium asset as leverage with the Council.

## **2.9 The Council takes full ownership of the Stadium**

2.9.1 In an alternative option, the Council owns and operates the Stadium, separating the ownership of the asset from ownership of either of the clubs. The Council would make the necessary investments into the Stadium and take a return on this and the running costs through rent levied on the clubs. This option would give control to the Council and in that context affirms a community involvement and role with flexibility about how to use the facility in the future.

2.9.2 Some of the challenges with the current structure could be exacerbated in this scenario with the clubs viewing the Stadium as a fully third-party managed cost-centre. As noted, currently the operation does not have revenues that are sufficient to meet operating costs and the necessary investment will increase this deficit. It is highly likely that conflict would arise at some point between the desired service delivery level and the associated cost which, if it became public, could be politically damaging to the Council, as experienced elsewhere.

2.9.3 This scenario may have the lowest potential running costs, and offer the Council the greatest level of control, and could be the most commercially sustainable with appropriate agreed charges, but has the risk of continued club and supported influence impacting on the reputation of the Council, especially if there are requirements for significant investment.

## **2.10 Community Trust**

2.10.1 In this option, all parties would place their shares in Trust held on behalf of the community, setting the ownership of the asset aside from any ownership of the clubs. In this context, it is not proposed that the Trust would seek charitable status but it would present the opportunity to embed future community use of the stadium, alongside and on a complementary basis with the continued operation of both professional clubs, in the operating / management arrangements.

2.10.2 The new Trust could operate in a similar way to the existing KSDL business with separate agreements with the clubs for usage, the collection of rents and other income generation (e.g. from hospitality). This may though create an expectation amongst the clubs of a similar arrangement to now, with thus the risk of perpetuation of the existing issues, including under recovery, particularly recognising the investment need.

2.10.3 At the present time neither club benefits from the associated spend of any supporters and thus have limited incentive to encourage usage. An alternative method, which provides potentially a greater incentive, is to transfer more of the general and commercial operations by way of a lease granted to one club which in turn agrees a sub-lease or licence with the other club, locking in acceptable commercial and other terms for the long-term.

- 2.10.4 As with other examples above, this opportunity only realistically exists for HTAFC, with the club taking full financial (revenue and cost) operational control of the Stadium, therefore owning the trade-off between aspiration regarding standards of facilities and the commerciality of supporter and other site user spend.
- 2.10.5 The added benefit for the community is that the opportunity to develop the Stadium-site for the benefit of the whole town is retained. The football club would then have the incentive to actively seek to create a conferencing destination along with potentially a new hotel in or around the Stadium, which would be the first step in establishing a development zone at the Stadium (complementing rather than competing with the town-centre) and the opportunity for an enterprise corridor between the two to bring new jobs and footfall to the town. Under the primary sub lease model the benefits of profits earned from such operations would pass to the promoter (HTAFC), along with the risks that that entails.
- 2.10.6 There is still the opportunity for conflict between future sub lessee, the new Trust and the Council. However, the loan and the lease agreements would be, as far as possible, structured to ensure that the loan repayments are secure and become immediately repayable on material breach of the lease terms. Severe financial difficulties, particularly those leading to administration or liquidation of the sub lessee, would impact on the financial viability of the Trust. In such circumstances the Trust cashflows would be insufficient to meet any likely liabilities. It is important that the creation of any trust creates sufficient buffers to avoid any liability from a default by the core tenant immediately becoming a direct issue for the Council.
- 2.10.7 The above Community Trust arrangements could be delivered by 3 legally binding steps:
- 1) the establishment of the Community Trust arrangements that will need to be put in place to establish the successor to KSDL;
  - 2) an occupancy lease between the community Trust and HTAFC; and
  - 3) a loan agreement between the Council and the Community Trust.
- 2.10.8 As with any legal agreement, there is always the element of breach by any party to be considered, therefore the agreements would be drafted with the benefit of experience to date to protect the interests of the Community Trust and the Council, to ensure a viable Stadium facility continues to operate for the next 25 years.
- 2.10.9 In the event that HTAFC did fall into administration at some later date, this arrangement ensures that the Stadium would not be involved directly and the Trust would be able to negotiate terms for Stadium occupancy with any 'phoenix club' owners with the aim of protecting any outstanding loan repayments. Whether this impacted on the Council as a provider of finance (see 2.11 below) would depend on the nature of any new agreement.

## **2.11 Meeting future Stadium investment needs**

- 2.11.1 If KSDL is restructured or a new Community Trust is formed the entity will need to borrow funds. A commercial lender could have concerns about the covenants that could be provided by the tenants (either in the single tenancy, or multi tenancy and commercial model form). It is likely that such borrowing would need a form of guarantee that all parties would perhaps expect the Council to support. An alternative might be an expensive form of risk lending, with criteria that may not be able to be justified by the business plan (i.e. very high interest rates, short repayment period) meaning an inability for the core tenants to meet income levels that are sustainable.

- 2.11.2 The Council can access borrowing at attractive rates at the present time and direct lending is potentially more beneficial than underwriting a loan controlled by a third-party lender (who will seek a profit margin). By providing a loan the Council gains an additional degree of influence over the borrower.
- 2.11.3 The approach also enables the potential for the Council to include its currently unpaid debts within this consolidation (something which a third-party lender may oppose, as this lacks any asset base as partial support). The Council can also seek a degree of risk premium. Realistically though, this probably does not at any reasonable rate provide full assurance against the risk. Equally, the Council must recognise that in a default situation with any of the core tenants it will have some involvement and issues to resolve.
- 2.11.4 The necessary investment in property renewal, the historical debt issues and the need for the Trust to have sufficient free funds to sustain cash flow means that the Community Trust could be required to borrow up to £13m. There would be sufficient provision within the Council's Property Investment fund capital programme to accommodate the loan proposal.

## **2.12 Community benefit**

- 2.12.1 Although it is not proposed that the proposed Community Trust is established on a charitable basis, it does nonetheless afford the opportunity to embed community use of the stadium and associated facilities in future management and operating arrangements. Current community activities include:
- the Huddersfield Town Foundation, which delivers a wide range of education, health and wellbeing inclusion and engagement provision working with partners including local schools, Kirklees College and Kirklees Active Leisure
  - Huddersfield Giants Community Trust, which uses sport to engage with over 200,000 people every year through health, education and social inclusion activities working with a number of public and private sector partners
  - Kirklees Active Leisure, which operates the Stadium Health and Fitness Club including a 25m swimming pool and delivers
- 2.12.2 Sport continues to have an essential role in engaging both young people and adults in a range of health/wellbeing and education activity and in supporting social inclusion. Moving forward, there is an opportunity to build on this established provision and further develop the role of the stadium in supporting the delivery of community-based sports and wider engagement activity. There are a number of recent examples of 'Community Stadia' which seek to embed community use and activity alongside professional elite sport.
- 2.12.3 Whilst work is required with both professional clubs, KAL and other partners to develop these opportunities, it is important that the proposed operational and management arrangements for the Stadium via the Community Trust are established with a view to facilitating community use and activity of this type.

## **2.13 Complimentary regeneration opportunity**

- 2.13.1 KSDL acquired land to the south of Gasworks Street, and bordered by the Huddersfield Broad Canal and St Andrews Road in April 2017. This was because of its strategic value at that time to a broader leisure ski slope/HD One development.



2.13.2 The site forms part of a wider Primary Employment Area, safeguarded for employment-generating uses in the adopted Local Plan. It has a potential strategic value to the Council in relation the regeneration of the Leeds Road corridor/south east town centre as part of the emerging 'Station to Stadium Enterprise Corridor'. The site lies in close proximity to the established Cummins manufacturing facility and to the Southgate site, for which Cabinet has approved disposal to the University of Huddersfield to facilitate development of a Health Innovation Campus. The link to this report is included below for reference :

[Agenda for Cabinet on Wednesday 18th November 2020, 3.00 pm | Kirklees Council](#)  
(Item 20)

2.13.3 Although likely to require significant, pump-priming investment in remediation and other infrastructure works, the Gasworks Street site could represent a significant, employment-led regeneration opportunity. There is a shortage of high quality employment land in the Huddersfield area as a number of strategic employment land allocations are at or near capacity, and the Gasworks Street site could help to address this shortfall. The site, with its canal frontage, could also form part of plans to improve pedestrian connectivity between the town centre and stadium -

2.13.4 The Council is working with KSDL currently to review the Gasworks Street site and strategic acquisition potential which it could bring. The cost of acquiring the site would be met from the Council's approved strategic acquisition capital programme. If agreement on a value could be reached, there would be benefit in the Council acquiring the site to support implementation of the emerging strategy for the Station to Stadium Corridor,.

### **3. Implications for the Council**

#### **3.1 Working with People**

The proposals will support the Council's efforts to work together with people and communities to find shared solutions. Establishing a Community Trust to oversee management of the Stadium will create a viable operating model, secure the long-term tenure of both major clubs and optimise opportunities for ongoing community use and benefit of the facility.

#### **3.2 Working with Partners**

In developing the current proposals the Council has consulted with KSDL, HTAFC, HRLFC and other key stakeholders.

#### **3.3 Place Based Working**

The project will support the Council's commitment to place-based working. Restructuring the current management arrangements for the Stadium will complement the Council's wider focus on the regeneration of the 'Station to Stadium' Corridor that will bring forward a number of strategic investment opportunities.

#### **3.4 Climate Change and Air Quality**

The establishment of a Community Trust operating model will afford the opportunity to integrate sustainability and climate change outcomes into the Trust's objectives. Improving pedestrian accessibility to the Stadium and connectivity to the town centre is

a key priority for the Station to Stadium regeneration initiative alongside the improvement of air quality in the Leeds Road/St Andrews Road area.

### **3.5 Improving outcomes for children and young people**

Establishing a Community Trust to oversee management of the Stadium optimise opportunities for ongoing community use and benefit of the facility, alongside key partners including both clubs and Kirklees Active Leisure. This will include opportunities to improve participation in sport and other activities to improve the health and wellbeing of children and young people.

### **3.6 Other (e.g. Legal/Financial or Human Resources)**

As noted earlier, the current structure of KSDL requires all parties to agree to any restructuring.

Of all the options, a Community Trust approach appears to satisfy the best combination of factors as control does not pass to any party. However, issues need to be resolved about:

- i) maintenance of viability of KSDL pending full resolution of the issues below; this depends on some degree of creditor or other party support. Without such a position the directors of KSDL may be required to cease trading during May 2021, as at that point the business will have inadequate cash flows to meet its obligations;
- ii) the best corporate structure for the Trust (for tax and similar reasons);
- iii) the role of the Trust;
  - its governance structure;
  - a single core tenant (primary sub lessee) model, (i.e. HTAFC);
  - guaranteed rights and obligations for other core tenants (i.e. HRLFC, KAL etc);
  - what community access means and what the obligations are from that;
  - does the single sub lessee acquire full responsibility for the entire site; what rights and obligations does the Trust retain- e.g. over property based subletting (e.g. to Council for leisure operations and KAL);
  - achieving a viable business plan

Appropriate legal and finance resources will be required to carry out detailed due diligence and enter into the necessary legal documentation for the loan.

The potential for strategic acquisition of the Gasworks Street site will similarly be subject to a detailed site survey and current valuation.

The offering of a loan by the Council inevitably involves some financial risks, and these are considered in the private appendix. These risks need to be considered in the context of the strategic importance of the Stadium to the Community and in terms of the broader strategic regeneration Blueprint for the town centre.

The council has the relevant legal powers to do this using **section 1 of the Localism Act 2011** –powers of general competence

#### **4. Consultees and their opinions**

The Head of Risk comments that the Community Trust option achieves a separation between the conflicted ownership and operation of the Stadium that has led to some of the existing issues. Whilst the Community Trust model will be more successful than a direct Council control model in separating the Council from reputation issues, any default by the core tenant in meeting its obligations, including that to keep the property in a long term good state of repair will have an impact on the Council's finances, and possibly reputation.

#### **5. Next steps and timelines**

The intention is that, subject to Cabinet endorsement of the proposals set out above, Council officers will continue to work with current KSDL shareholders with appropriate due diligence, and prepare the necessary legal documentation to facilitate the relevant lease/loan agreements and establishment of a Community Trust.

#### **6. Officer recommendations and reasons**

Cabinet agrees that :

- i) A Community Trust option be supported if this proves to be achievable.
- ii) The Council indicates a willingness to lend up to £13m to the Community Trust from the Council's Property Investment Fund capital programme, should the Community Trust be able to demonstrate a viable business plan.
- iii) Officers be instructed to explore matters related to, and carry out all necessary due diligence in relation to;
  - (a) The formation of the Community Trust in relation to matters such as (but not limited to) the scope of the Community Trust operations, membership, ongoing operating requirements and appropriate cost recovery arrangements including future loan/re-financing requirements, loan terms and interest rates.
  - (b) The associated loan and the associated documentation.
- iv) The Council clarify its expectations regarding community interest in the context of Stadium operations.
- v) If agreement on a value could be reached between the Council and KSDL, the Council will acquire the Gasworks Street Site .

The above i) to v) are subject to:

- vi) KSDL, HTAFC, and HRLFC demonstrating:
  - (a) arrangements to retain "on going" financial support to ensure that KSDL does not enter administration;

- (b) that they have reached a set of acceptable agreements relating to the future operation under a Trust model; and
- (c) Council officers being satisfied that the arrangements being proposed offers a suitable viable proposal that should minimise risk to the Council.

In the event of this being satisfied:

- Council officers be authorised to appoint such professional expertise as they consider necessary in order to ensure that arrangements are created which provide appropriate degrees of risk protection for the Council. This is good practice and ensures that the Council benefits from expert advice given this is a commercial transaction concerning a specialist sector.
- the Chief Executive, Strategic Director of Regeneration, Service Director Finance and Service Director Legal, Governance and Commissioning, and subject to consultation with executive members, be authorised to prepare the appropriate and necessary documentation to execute the transactions. This will enable the transactions to be executed in a timely manner subject to the appropriate due diligence as recommended above. A report will be brought back to Cabinet in due course to update Members on progress on the recommended actions set out in this report.

#### **7. Cabinet portfolio holder(s) recommendations**

Cllr Peter McBride, Regeneration portfolio holder and Cllr Graham Turner, Corporate portfolio holder agree with the recommendations set out in this report

#### **8. Contact Officer**

David Shepherd – Strategic Director, Growth & Regeneration 01484 221000  
David.shepherd@kirklees.gov.uk

#### **9. Background Papers and History of Decisions**

Cabinet report 18 November 2020 – development of land at Southgate, Huddersfield

#### **10. Service Director responsible**

Angela.Blake – Service Director, Economy & Skills  
angela.blake@kirklees.gov.uk