Progress Report and Proposed Action Plan for Implementation of Resolution recorded under Minute ref 26160 on 9th September 2026

Introduction

At the Full Meeting of 9th September 2026, Council unanimously RESOLVED to grant new *99 year* leases to *each of* Oakham Bowling Club ("OBC") and Oakham Lawn Tennis Club ("OLTC"). This RESOLUTION was made subject to satisfactory legal advice.

The RESOLUTION did not expressly state what matters legal advice was required for but the minute did set out a list of queries that Council had raised and in respect of which Council required more information.

The full minute is reproduced below for ease of reference.

It was proposed that Council grant 99-year leases to Oakham Tennis Club and Oakham Bowls Club, each with an annual peppercorn rent of £100, subject to an annual increase based on CPI inflation for the term of each respective lease.
A discussion took place which included:

- *Councillors were generally in favour of the proposal but had some queries.*
- *That Council should not be liable for any of the legal fees.*
- *A 99-year lease is treated as S123 and is general disposable after 7 years.*
- *A valuation is required.*
- *The land is open spaces/recreational ground*
- *A public consultation should take place before a decision is made.*
- *A Heads of Terms is needed.*
- *A solicitor needs to look over the leases.*
- *More information is needed, particularly a legally compliant and complete report for Council to consider.*

IT WAS RESOLVED that Council approve in principle to granting 99-year leases to the Oakham Tennis Club and Oakham Bowls Club, each with an annual peppercorn ground rent of £100 p.a. index linked, subject to satisfactory legal advice.

This RESOLUTION conclusively settled 4 matters:

- The length of the leases (99 years)
- The rent payable (£100 p.a. per lease)
- The basis for adjusting the rent (Annual CPI Inflation adjustment) and
- The parties to whom leases will be granted (Both Clubs).

No further information or debate on these matters is required.

This report either provides or sets out the actions required to provide ***all of*** the *further* information requested in respect of each of these queries, which will allow Council to fully satisfy its statutory obligations and make a final decision as to whether to grant the leases.

Some of the items overlap so they have been grouped together to avoid repetition. In addition, the research revealed certain matters relating to security of tenure of OBC and OLTC, which are also addressed in this report.

Executive Summary
The position and actions required in respect of each of the listed queries are as follows.

The reasons for these conclusions are set out in the body of this report.

That Council should not be liable for any of the legal fees.
OTC has no power to insist on payment of any proportion of its legal fees other than by agreement. OBC and OLTC have each agreed to contribute £750 plus VAT to OTC's costs and to have the leases drafted at their expense.

OTC should accept this offer and bear its own legal costs in excess of this.

If OTC seeks formal legal advice on other matters, such as compliance with Section 127/123 of the LGA 1972 this will be at OTC's expense.

A 99-year lease is treated as S123 and is general disposable after 7 years.
The proposed leases ***will*** be treated as a disposal for the purposes of the LGA 1972. It is actually Section 127 of the Act that applies as OTC is a *Town* Council, but this still requires the provisions of Section 123 to be met.

Section 123 allows OTC to proceed with the disposal under a General Consent (without reference to any higher authority) ***provided that;*** the "undervalue" (the difference between market value and what will be recovered under the proposed leases) is less than £2m, the intention to make the disposal is advertised locally for 14 consecutive days and any "subsidy" must be less than £315k over a rolling 3 year period.

OTC must obtain a "Red Book" valuation to determine the value of the land and of any subsidy conferred by granting the lease at below market rent. OTC must also locally advertise its intent to grant the leases for 14 consecutive days. A brief for appointment of an RICS Valuer is attached at Appendix A and a draft advertisement is attached at Appendix B.

Both the Valuations and the advertisements will need to be prepared for each of the Clubs as there will be two separate leases.

A valuation is required.
This is confirmed and addressed above.

The land is open spaces/recreational ground
This statement is correct and the obligations flowing from this are set out above.

A public consultation should take place before a decision is made.
This statement is not quite correct. The public has to be notified of OTC's intention by way of the local advertisements outlined above. Any representations made must then be considered by Full Council before a final decision as to whether or not to proceed with the leases can be taken.

A Heads of Terms is needed.
A draft was prepared by OBC and OLTC several months ago and is attached at Appendix C

A solicitor needs to look over the leases.
The leases will be drafted by solicitors acting for OBS and OLTC and reviewed by solicitors to be appointed by OTC. Ordinarily, the Landlord would prepare the initial draft leases for review by the tenant(s). However, on this occasion, the Clubs are proposing use the existing Tennis Club lease as a base document, which was prepared by solicitors acting for OTC when it was last negotiated. For this reason, it is not anticipated that the draft leases will be controversial.

3 quotes for this aspect of legal advice will be obtained.

More information is needed, particularly a legally compliant and complete report for Council to consider.

This report addresses all of OTC's obligations and actions and proposes that OTC accepts the content of this report and acts upon it.

The author is not a lawyer but has 35 years' experience as a Chartered Surveyor specialising in contract negotiation and dispute resolution and has been a Director of JCT Ltd, the UK's leading contract authoring body, for more than 20 years. The actions that OTC needs to take to comply with its statutory obligations in connection with the grant of the leases proposed are very clearly laid out in the statutes. The author is confident that OTC can comply with its obligations without incurring the expense of formal legal advice.

Requests for Quotations for legal advice covering; OTC's obligations under the LGA 1972, the LTA 1954 and drafting of new leases were issued to 3 solicitors. Two of them declined to provide this advice and the one that did offer it asked for £6,500.

It is for Council to decide whether it is content to proceed on the basis of the content of this report or to incur the delay and cost associated with obtaining formal legal advice, which is not likely to be materially different from the content of this report.

It is recommended that Council does proceed on the basis of this report and does not incur the expense of obtaining formal legal advice on these matters.

Conclusion

Section 123 of the LGA 1972 grants powers to Town Councils to dispose of land under a General Consent provided that 3 tests are met:

- The "undervalue", the difference between market value and what will be recovered under the proposed leases, must be less than £2m,

- Any “subsidy” accruing as a result of the below market rental terms must be less than £315k over a rolling 3 year period and,
- The intention to make the disposal must be advertised locally for 14 consecutive days and any responses to that advertisement must be properly considered by Full Council.

The Valuations being sought will determine whether the first 2 tests are met and the advertisements to be placed in the Rutland and Stamford Mercury will generate any public objection or support. If the financial tests are met and Council, after due consideration, decides that there are no objections that would justify not going ahead, Council has all of the information and authority that it needs to make a final decision.

At this point, Council is left with 2 questions:

- Does Council consider that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole or any part of its area, or of all or any persons resident or present in its area;
    - i) the promotion or improvement of economic well-being;
    - ii) the promotion or improvement of social well-being;
    - iii) the promotion or improvement of environmental well-being and if so,
- Does Council consider that these benefits outweigh the revenue, that will be foregone, effectively the amount of the undervalue, if any?

There are no standard formulae, analyses, calculations, consultations or the like that are required, it is simply a matter of Council making a considered judgement as to whether or not the community benefits arising from the long term security and improvement potential of the facilities justify the potential loss of revenue.

Councillors will be free to present papers supporting or opposing the grant of the leases once the amount of any undervalue is known.

Once Council has considered this information it has the legal authority to proceed if it so chooses.

Detailed Statement on each of the matters raised by Council

That Council should not be liable for any of the legal fees

There are three issues here;

- Legal fees directly connected to drafting, negotiation and execution of the leases.
- Legal and professional fees for OTC connected to obtaining advice on its obligations under Section 123 of the LGA 1972 and implementing those obligations (if Council decides to seek this).
- In researching the Section 123 obligations, it has become apparent that both Clubs appear to have Security of Tenure under the Landlord and Tenants Act 1954 ("LTA"). Councillors have been made aware of the potential implications of the current position.

In terms of the first bullet point, OTC has no power to insist on the Clubs paying anything other than their own costs in this connection.

The Costs of Leases Act 1958 states

> *" Notwithstanding any custom to the contrary, a party to a lease shall, unless the parties thereto agree otherwise in writing, be under no obligation to pay the whole or any part of any other party's solicitor's costs of the lease."*

The Clubs have agreed to pay for having the leases drawn up and to make a contribution to OTCs legal costs of £750 each plus VAT.

The position is that the Clubs have offered to contribute more than they are obliged to under statute so OTC will be unable to demand anything more.

OTC should accept this offer and bear its own legal costs in excess of this.

In connection with the 2nd and 3rd bullet points, the position is that, ***if*** OTC seeks formal legal advice on these matters, those costs will be incurred by OTC in the normal course of meeting its obligations under the LGA 1972 and the LTA 1954***, regardless of whether or not a 99 year lease is granted.***

There is therefore no basis for OTC to recover these costs, should they be incurred, from the Clubs.

The reasons for this are as follows:

- The LTA 1954 gives a tenant under a commercial lease (which this is) an automatic right to request a new lease on identical terms, save for the rent amount, on expiry of the existing lease.

- The Landlord (OTC) can only oppose the new lease on very limited grounds, none of which appear to subsist at the present time.

- The OBC lease expires in a little under 6 months.

- Given that OTC has a current and statutory obligation to negotiate and grant a new lease to OBC, this automatically triggers OTC's obligations to comply with Section 127/123 of the LGA 1972 and to incur all of the costs associated with doing so.

- Apart from the direct costs of drafting the leases, all of OTC's legal costs flow from its obligations under the LTA 1954 and the LGA 1972, specifically; instructing and obtaining independent valuations to confirm that the effective disposal of the land falls within the financial limits of the General Consent and drafting and placing public notices of the intention to grant the leases.

- It is not clear whether OTC has demonstrated strict compliance with the relevant statutes when previous leases were granted, but now that Cllr Ainsley has brought these obligations to Council's attention, there is no option but to do so now and at its own expense.

A 99-year lease is treated as S123 and is general disposable{sic} after 7 years. / A valuation is required. / The land is open spaces/recreational ground. / A public consultation should take place before a decision is made.

These 4 bullets are all connected with the requirements of Section 123 of the LGA 1972, where the grant of the lease is treated as a disposal. The proposed leases very clearly meet this test.

Requests for Quotations for Valuations to confirm that OTC has authority to grant the proposed leases under a General Consent under the LGA 1972 and the Subsidy Control Act 2022 have been drafted and are with the Clerk for review and issue.

The land *does* qualify as Open Space for the purposes of the LGA 1972 and in consequence, will require the intention to grant the leases to be advertised locally. A proposed Advertisement/Notice has been drafted based on examples from other Councils.

By carrying out the actions above Council will generate all of the information it needs to make a decision as to whether or not the grant of the leases meets its statutory obligations.

A Heads of Terms is needed.

This was drawn up with the Clubs but it is not clear whether it was presented to Council. The terms are as discussed at the Full Meeting on 9th September 2026 and a copy is attached for completeness.

Council is reminded that the Heads of Terms is ***not*** a legally binding document, it is a statement as to what matters of principle the lease should deal with but it is the wording

of the lease itself that becomes binding. The lease wording ***will*** be agreed by our solicitors when they are appointed.

A solicitor needs to look over the leases. / More information is needed, particularly a legally compliant and complete report for Council to consider.

Quotations from 3 solicitors to review, negotiate and execute the leases will be obtained.

Proposed Course of Action

MOTION: Council to note and consider the presented papers and to:

- Confirm that the provisos attached to the September 9th resolution have been addressed and that completion of the following actions will allow Council to proceed with the decision as to whether to grant the leases on the terms set out in the Resolution recorded under Minute ref 26160 on 9th September 2026. ***Provided that*** the Valuations demonstrate that the financial requirements for a General Consent under S123 of the LGA 1972 are met and that the Valuations and any responses to the notices of intention to grant the leases are considered by Full Council.
- That the required actions are:
    - To obtain a Red Book Valuation in accordance with S123 of the LGA 1972
    - To obtain an independent valuation of any subsidy that might arise under the Subsidy Control Act 2022 and
    - To advertise the intention to grant the leases as required by Section 123 of the LGA 1972
- Establish a Task and Finish Group comprising Cllrs Callaghan and Perry to implement the actions above, in conjunction with the Clerk, including delegating authority to liaise with the Clubs. The Task and Finish Group is to present the output from these 3 tasks to Full Council at the earliest opportunity and to make a recommendation as to whether or not to grant the leases.
- Delegate authority to the Clerk to review and select from quotes received from 3 legal advisers for review, negotiation and finalisation of the draft leases (if 3 quotes are not available in time for this meeting).
- Delegate authority to the Clerk to select a Valuer (if 3 quotes are not available in time for this meeting).
- Give the Clerk delegated power to action any statutory obligations e.g. public notice of the intention to grant the leases, including delegated power for any advertising costs.

MOTION: That Council RESOLVES to accept the drafting of the leases at the expense of the clubs plus £750 each plus VAT as the contribution of the Clubs to the legal cost.