

<b>GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE</b>	AGENDA ITEM No. 4a
<b>7 NOVEMBER 2018</b>	<b>PUBLIC REPORT</b>

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	Suzanne Jones Pete Carpenter	Tel. 384566 Tel. 452250

**RESPONSE TO REQUEST TO CALL-IN AN EXECUTIVE DECISION: AMENDMENT OF LOAN FACILITY FOR FLETTON QUAYS HOTEL - OCT18/CMDN/47**

R E C O M M E N D A T I O N S	
<b>FROM:</b> Pete Carpenter, Acting Corporate Director of Resources	<b>Deadline date:</b> <i>n/a</i>
<p>It is recommended that the Growth, Environment and Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> <li>1. Consider the response to the Call-in Request and decide to take no further action, in which case the original executive decision will be effective immediately.</li> <li>2. To endorse the proposal to change of ownership of Fletton Quays Hotel Ltd from Norlin Hotel Holdings Ltd to Propiteer Hotels Ltd and approve the amendment of the terms of the facility of £15m to provide funding for the construction of a Hotel on the Fletton Quays site from Norlin Hotels Holdings Limited and its subsidiary Fletton Quays Hotel Limited, to Propiteer Hotels Ltd and its subsidiary Fletton Quays Hotel Ltd; and approve the amendment of the term of the facility from 24 months commencing the date of SEPT 17/CAB/41 to 24 months from the date of the first drawdown.</li> </ol>	

**1. ORIGIN OF REPORT**

- 1.1 This report follows the notification of the intention to call in Executive Decision OCT18/CMDN/47 - Amendment of the Loan Facility for Fletton Quays Hotel Ltd

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to respond to the issues raised in the Call-in Request relating to the Executive Decision OCT18/CMDN/47 - Amendment of the Loan Facility for Fletton Quays Hotel Ltd.

- 2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference No. Part 3, Section 4 - Overview and Scrutiny Functions, paragraph 3, Scrutiny, sub paragraph 3.3 Hold the Executive to account for the discharge of functions in the following ways:

- (f) By exercising the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive or key decisions which have been delegated to an officer;

- 2.3 The delivery of the Fletton Quays Hotel contributes to the council's priorities, in particular the priority to drive growth, regeneration and economic development. This is because it is a part of the overall regeneration of the Fletton Quays area of the City.

### 3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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### 4. **BACKGROUND AND KEY ISSUES**

#### 4.1 **Change of ownership of Fletton Quays Hotel Ltd**

Propiteer Group and Norlin Group have previously collaborated as investment partners on a number of projects spanning several sectors. The decision was taken to separate their interests due to a difference in investment strategy: Propiteer Group wished to focus solely on property transactions and ownership, and thus retained the residential and commercial property portfolio, whilst Norlin Group retained the retail side of the business. Propiteer Hotels Ltd incorporated on 12 April 2018.

In the case of Fletton Quays Hotel Limited (the Peterborough Hilton Garden Inn special purpose vehicle) sole ownership has transferred from Norlin Hotels Holdings Limited to Propiteer Hotels Ltd under the terms of the agreement between the parties.

On 20 April 2018 the directors of Propiteer Hotels Ltd also became directors of Fletton Quays Hotel Ltd. The directors of Fletton Quays Hotel Ltd are now Colin Sandy, Richard Martin, David Marshall, Thomas Dalton, Colin Torquil Sandy and Mike Aspinall who was previously a director of Norlin Hotel Holdings Ltd and Fletton Quays Hotel Ltd. The remaining two Norlin Hotels Holdings Limited directors, Stephen Symington and Richard Irwin have resigned from Fletton Quays Hotel Ltd.

Fletton Quays Hotel Ltd's share capital of £100 transferred on 20 April 2018 from Norlin Hotel Holdings Ltd to Propiteer Hotels Ltd at which point Norlin Hotels Holdings Ltd ceased to be a person with significant interest and Propiteer Hotels Ltd was noted as a person with significant interest on 20 April 2018.

Due Diligence on the new directors and Propiteer Hotels Ltd has been undertaken by the Council's financial advisors, Deloitte LLP and their report has not highlighted any areas of concern. Propiteer Hotels Ltd has a strong relationships with Hilton in its own right and has worked with them in the past to deliver other hotels. Furthermore, Propiteer Hotels is regulated by the Financial Conduct Authority (FCA Reference Number 787500) which Norlin Hotels Holding Ltd was not.

The only director who has been involved with both companies is Mike Aspinall who is the key link with Hilton and therefore his continued involvement in the project is key from a continuity perspective.

The terms of the loan have been reviewed with representatives from Propiteer Hotels Ltd and there have been no significant issues arising that would present concern for the council in proceeding with negotiating the loan arrangements which will provide for full security for the loan.

A Hilton Garden Inn will still be delivered on the Fletton Quays site and the change of Ownership will not affect this.

### 5. **CONSULTATION**

- 5.1 No consultation is required with the public for this particular decision. Appropriate consultation on the provision of a hotel on the Fletton Quays site was taken when planning permission was granted.

**6. ANTICIPATED OUTCOMES OR IMPACT**

6.1 This decision will facilitate the commencement of construction of the new Fletton Quays Hotel and allow the Council to draft the loan documentation for the loan facility to reflect the new owners of Fletton Quays Hotel Ltd, Propiteer Hotels Ltd

**7. REASON FOR THE RECOMMENDATION**

7.1 The construction of the loan facility documentation is required to reflect the new owners of Fletton Quays Hotel Ltd, and will allow the Cabinet Decision SEPT17/CAB/41 (Lending facility for Fletton Quays) to be implemented

**8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 Do Nothing  
The Council could choose not to accept the change in ownership of Fletton Quays Hotel Ltd to Propiteer Group. This would prevent the Council from providing the loan facility and delay the construction of the hotel while an alternative source of finance was sought.

**9. IMPLICATIONS**

**Financial Implications**

9.1 The financial implications of providing a loan facility to Fletton Quays Hotel Ltd remain as set out in paragraph 9.1 of SEPT17/CAB/41 and the change in ownership of Fletton Quays Hotel Ltd has no additional financial consequences.

**Legal Implications**

9.2 The legal implications and the Council's ability to provide a loan facility to Fletton Quays Hotel Ltd remain as set out in paragraph 9.2 of SEPT17/CAB/4.

**Equalities Implications**

9.3 There are no equalities implications related to this decision

**10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 Cabinet Report SEPT17/CAB/41  
[Financing Approval for Fletton Quays Hotel\\* PDF 114 KB](#)

**11. APPENDICES**

11.1 None

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