

DECISION TITLE: Amendment of Loan Facility for Fletton Quays Hotel
Councillor Seaton, Cabinet Member for Resources
October 2018

Cabinet portfolio holder: Responsible Director:	Councillor Seaton, Cabinet Member for Resources Peter Carpenter, Acting Director Corporate Resources
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: YES Unique Key decision Reference from Forward Plan: KEY/01OCT18/02
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	YES Verto number: PR002375

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to:

1. Note the change of ownership of Fletton Quays Hotel Ltd from Norlin Hotel Holdings Ltd to Propiteer Hotels Ltd and
 - a) 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
 - b) 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
2. Authorise the Interim Director of Law and Governance and Interim Corporate Director of Resources to exercise delegated authority to finalise and agree all necessary additional due diligence and any amendments to the business case to reflect the change of ownership and company structure noted in 1. above.
3. Authorise the Interim Director of Law and Governance and Interim Corporate Director of Resources to exercise delegated authority to finalise and agree all necessary legal agreements with Propiteer Hotels Ltd for the purposes of facilitating these arrangements.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for Resources to consider exercising delegated authority under paragraph 3.4.3 and 3.4.8 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (f).

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. BACKGROUND AND KEY ISSUES

3.1 Fletton Hotel Project

On 25 September 2017 Cabinet approved the Report SEP17/CAB/41 requesting that it:

1. Approve a facility of £15m for 24 months to provide funding for the construction of a Hotel on the Fletton Quays site by Norlin Hotels Holdings Limited and its subsidiary Fletton Quays Hotel Limited subject to recommendations 2. and 3. below
2. Authorise the Interim Director of Law and Governance and Interim Corporate Director of Resources to exercise delegated authority to finalise and agree all necessary due diligence, ground condition survey report and to approve the business case for the project.
3. Authorise the Interim Director of Law and Governance and Interim Corporate Director of Resources to exercise delegated authority to finalise and agree all necessary legal agreements with Norlin Hotels Holdings Limited and associated hotel franchises or otherwise connected to this project for the purposes of facilitating these arrangements.
4. Cabinet is requested to recommend to Council amendments to the Treasury Management Strategy to include organisations such as Norlin Hotels Holdings Limited and its subsidiary Fletton Quays Hotel Limited as organisations to which the Council is authorised to make secured loans

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.

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

4. CONSULTATION

- 4.1 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.

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 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

6. REASON FOR THE RECOMMENDATION

- 6.1 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 SEPT/17/CAB/41 to be implemented

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 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.

8. IMPLICATIONS

Financial Implications

- 8.1 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

- 8.2 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/41.

Equalities Implications

- 8.3 There are no equalities implications related to this decision.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 9.1 None.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

10.1 Cabinet Report SEPT17/CAB/41

11. APPENDICES

11.1 None.