

Sale of Land and Buildings at London Road to Peterborough United Properties Limited

Councillor Seaton, Cabinet Member for Finance

March 2020

Deadline date: N/A

Cabinet portfolio holder: Responsible Director:	Councillor Seaton, Cabinet Member for Finance Pete Carpenter, Acting Corporate Director 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/14OCT19/04
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES
Is this a project and if so has it been registered on Verto?	NO

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

The Cabinet Member is recommended to:

1. The Cabinet Member is recommended to delegate authority to the Acting Corporate Director Resources to dispose of the land and buildings at London Road to Peterborough United Properties Limited.
2. Delegates to the Director of Law and Governance the authority to finalise and put in place any agreements and legal documentation necessary to give effect to these proposals, in consultation with the Corporate Director of Growth and Regeneration and the Acting Corporate Director, Resources.

L E A D E R C O N S U L T A T I O N

The Leader of the Council has been consulted and supports the sale and signed the initial heads of terms on 17th August 2019

1. PURPOSE OF THIS REPORT

- 1.1 This report is for the Cabinet Member for Finance to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (a).
- 1.2 The attached report/background information is NOT FOR PUBLICATION in accordance with paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to commercially sensitive information relating to the business affairs of the Council and Peterborough United Properties Limited. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

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 The Council proposes to sell the land and buildings at London Road which includes the Weston Homes Stadium, the Allia Business Centre and ancillary land to Peterborough United Properties Ltd (PUPL) for £5,265,000.00

The Council bought the stadium and the surrounding land in 2010 for £8.4 million. Since then the following value has been received:

1. £700,000 - Value of London Road car park, which has been retained to provide 82 affordable city centre apartments through the council's Medesham Homes partnership.
2. £491,291 in business rates through the creation of the Allia Business Centre, which will continue to be collected in future years.
3. £2million in council tax for Vista carbon zero homes, which will continue to be collected in future years.
4. £3.9 million in rent charged to Peterborough United Football Club
5. Total - £12.3 million including the agreed sale value of £5,265,000

Since the purchase of the land in 2010 the Council have secured all of its aspirations for the Southbank Development area. It has successfully seen the delivery of the Carbon Challenge scheme, the Skills Centre has been completed and is operating, the City Centre Community Stadium (Moyes End Stand) has its new, all seater stand, the Fletton Quays development is nearing completion with the construction of the new Council offices and The Mill arts complex.

- 3.2 The Council wishes to dispose of the premises now to secure a capital receipt within the financial year 2019/2020.

The commercial value of the stadium and associated properties has been valued by the Council's property advisors NPS Peterborough Ltd at £6.17m. The Council recognises the economic and social benefit provided to the City by the Football Club in this location which justifies the discount given in this transaction.

The Council has planned for this receipt in the 2019/20 financial year. As such there is the requirement for a substantive capital receipt before the 31 March 2020 and it not

possible for the Council to achieve this capital receipt other than by a sale in this financial year to parties with special knowledge and interest in the Football Club.

The Sale Terms agreed are:

Sale of Football Stadium	£4,150,000
Discount of 20% to recognise economic benefit provided to the City by the Football Club	-£ 830,000
Sale of Allia Business Centre	£1,870,000
Sale of additional car parking land	£ 150,000
Discount applied to the valuation of the land	-£ 75,000
Total Sale Income	£5,265,000

Sale Income Schedule

Cash received before 31 March 2020	£4,100,000.00
Cash received on 28 March 2021	£ 388,333.33
Cash received on 28 March 2022	£ 388,333.33
Cash received on 28 March 2023	£ 388,333.34

The deferred receipt has been agreed in equal instalments over three years and will not be subject to an interest charge.

As part of the transaction a restrictive covenant will be placed on the ground requiring it to be used for professional football, thus securing the future of the Club's presence within the City. The contract includes an overage clause which will result in the Council sharing equally with PUPL in any increase in value arising from future development.

3.3

Related Transactions

On 4 March as part of the MTFS 2020-2021, 2022-2023 Council agreed a grant to Peterborough United Football Club of £1,470,000 to fund the enhancement of the facilities at the Club's training ground and to increase community use. This project will have an immediate economic benefit and will promote the community outreach of the Club including immediate access by the school located next to the training ground. The grant will be available to the Club under normal grant conditions in the financial year 2020/2021.

As part overall transaction the Football Club have agreed to pay all rent to the time of transfer.

4. CONSULTATION

4.1 Full consultation with Members, including local members and the Leader of the Council. The POSH Supporters Trust have been consulted throughout the process.

5. ANTICIPATED OUTCOMES OR IMPACT

5.1 The ownership of the stadium, the Allia Centre and the ancillary land will transfer to Peterborough United Properties Limited and the Council will receive a capital receipt of £5.265m. The payment will be made as £4.1m by 31st March 2020, with the remainder in instalments over three years.

6. REASON FOR THE RECOMMENDATION

- 6.1 The new majority owners of PUFC expressed an interest in purchasing the stadium and talks have progressed with these new owners over the last year. This sale secures the long term aspiration for PUFC for development in the future.

This transaction will provide a capital receipt of £4.1m to the Council in the current financial year.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1
1. Council to retain ownership of the land and buildings, however this will restrict the future development of PUFC.
 2. The Council sell the freehold interest to a third party. This could undermine the ability of the Club to develop.

8. IMPLICATIONS

Financial Implications

- 8.1 The sale will provide capital receipt income for the Council, contributing to its MTFS target and providing finance to support the Council's capital programme. The details of the sale are included in the main body of the report.

Legal Implications

- 8.2 The property will be in compliance with the Council's legal obligations in s123 Local Government Act 1972 and the Well Being Power under s2 Local Government Act 2000.

Equalities Implications

- 8.3 There are no Equalities Implications

Carbon Impact Assessment

- 8.4 Neutral overall – this decision has some positive and negative aspects which includes an overall reduction in energy use, water use and renewable energy generation. However, these impacts will only effect the Council's carbon emissions and not the city's and on balance is therefore felt to be neutral.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 9.1 This decision would normally be taken by Councillor Peter Hiller as Cabinet Member for Strategic Planning and Commercial Strategy and Investment. In this instance, Councillor Hiller has a conflict of interest as a Director of Medesham Homes. Therefore, the Leader has delegated the decision to Councillor David Seaton.

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.

11. APPENDICES

- 11.1 Exempt Annex Appendix One: Heads of Terms signed by the parties 17th August 2019