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| GROWTH ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE | AGENDA ITEM No. 4 |
| 23 MARCH 2021 | PUBLIC REPORT |

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| Report of: | Peter Carpenter, Corporate Director Resources | |
| Cabinet Member(s) responsible: | Councillor Hiller, Cabinet Member for Strategic Planning and Commercial Strategy and Investments in consultation with Councillor John Holdich, Leader of the Council, and Councillor Seaton, Cabinet Member for Finance | |
| Contact Officer(s): | Peter Carpenter, Corporate Director Resources | Tel: 01733 452520 |

DECISION: SALE OF LAND AND BUILDINGS AT LONDON ROAD TO LONDON ROAD PETERBOROUGH PROPERTIES LIMITED

| RECOMMENDATIONS | |
|---|---|
| FROM: Corporate Director of Resources | Deadline date: 23 rd March in order that transaction can be completed within this financial year. |
| <p>It is recommended that Growth, Environment and Resources Scrutiny Committee:</p> <ol style="list-style-type: none"> 1. Scrutinise the decision to sell land and buildings at London Road to London Road Peterborough Properties Limited and make any recommendations. | |

1. ORIGIN OF REPORT

1.1 This report is brought to the Committee at the request of the Corporate Director of Resources.

2. PURPOSE AND REASON FOR REPORT

2.1 This report originated from the fact that an initial sale report of London Road was issued a year ago but did not take place due to COVID-19. However, had that decision been enacted, it would have been called in. The transaction is now taking place and in order for it to take place before Year End, it would benefit the decision-making process if this Committee was given the opportunity to consider and scrutinise the decision before it is made.

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 3.3:

The Scrutiny Committees will:

(f) Hold the Executive to account for the discharge of functions in the following ways:

i) By scrutinising Key Decisions which the Executive is planning to take, as set out in the Forward Plan of Executive Decisions.

2.3 There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of

paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains information confidential to the operation of and the financial affairs of Peterborough United Football Club. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

2.4 *How does this report link to the Corporate Priorities?*

By the sale of assets held (that are not linked to the core business of the Council) in order to deliver the objectives of the Medium-Term Financial Plan.

3. TIMESCALES

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

4.1 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 London Road Peterborough Properties Ltd for £6,095,000.

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 is in the process of being sold for re-development.

This sale was subject to a previous CMDN MAR20/CMDN/92, however due to COVID-19 this was unable to proceed. If this had proceeded, the decision would have been called in.

The Council wishes to dispose of the premises now to secure a capital receipt within the financial year 2020/2021 and is seeking approval to sell to London Road Peterborough Properties Ltd (Company Number 13260429) which is owned by three shareholder Directors of the Football Club.

The commercial value of the stadium and associated properties have been valued by the Council's property advisors NPS Peterborough Ltd at £6m. The Council recognises the economic and social benefit provided to the City by the football club if it relocates to new site on the Embankment and provides additional facilities to the City. The proposed allowance given in this transaction reflects this ambition, but to secure the Council's interest, it has been time limited to 8 years. If the new stadium and additional jobs have not been completed by this date the deferred consideration, which has been secured by a first charge over the London Road Stadium, becomes repayable immediately.

Financial details of the transaction are set out in the public portion of the CMDN which is contained in Appendix A. Exempt Annexes, which contain commercially sensitive negotiations with the buyer, are contained in Annexes 1 to 3.

This meeting has been set up to scrutinise the transaction in order that it can be completed before year end and the £4.1m Capital Receipt set against the 2020/21 budget.

5. CONSULTATION

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

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The ownership of the stadium, the Allia Centre and the ancillary land will transfer to London Road Peterborough Properties Ltd and the Council will receive a capital receipt of £5.265m. The payment will be made as £4.1m by 31 March 2021, with the remainder in instalments over five years. The value of the economic benefit of a new stadium has been recognised by the Council in this transaction, however, if this has not been achieved by March 2029 £830k will be immediately payable to the Council.

7. REASON FOR THE RECOMMENDATION

- 7.1 The new majority owners of PUFC expressed an interest in purchasing the stadium and talks have progressed with these new owners over the last two years. 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 and links to the Capital Receipts target in the 2020/21 Medium Term Financial Strategy

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1
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 delay the capital receipt for the Council into the following financial year 2021/22.

9. IMPLICATIONS

Financial Implications

- 9.1 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 set out in Appendix A.

Legal Implications

- 9.2 The transaction will be in compliance with the Council's legal obligations in s123 Local Government Act 1972 and the wellbeing powers under s2 Local Government Act 2000.

Equalities Implications

- 9.3 There are no equalities implications.

Rural Implications

- 9.4 There are no rural implications.

Carbon Impact Assessment

- 9.5 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 affect the Council's carbon emissions and not the city's and on balance is therefore felt to be neutral.

10. BACKGROUND DOCUMENTS

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

- 10.1 CMDN - Sale of Land and Buildings at London Road to London Road Peterborough Properties Limited

11. APPENDICES

11.1 Appendix A – CMDN - Sale of Land and Buildings at London Road to London Road Peterborough Properties Limited

Exempt Annex's

Appendix 1: Heads of Terms signed by the parties 10 February 2021

Appendix 2 – Commercial details of the request for the Rent Rebate from 1st April

Appendix 3 – Confirmation of land value post development