

**MINUTES OF THE EXTRAORDINARY GROWTH, ENVIRONMENT AND RESOURCES
SCRUTINY COMMITTEE MEETING
HELD AT 6.30PM ON
TUESDAY, 23 MARCH 2021
VIRTUAL MEETING VIA ZOOM**

Committee Members Present: Cllrs C. Harper (Chair), K. Aitken, R. Brown, C. Burbage, G. Casey (Vice-Chair), A. Ellis, Judy Fox, J. Howard, H. Skibsted, C. Wiggin, S. Qayyum
Co-opted Member: Parish Councillor Keith Lievesley

Officers Present: Pete Carpenter – Corporate Director Resources
Howard Russell – Commercial Lawyer
Paulina Ford – Senior Democratic
David Beauchamp – Democratic Services Officer

Also Present: Cllr John Holdich – Leader of the Council
Cllr Peter Hiller – Cabinet Member for Strategic Planning and
Commercial Strategy and Investments
Councillor David Seaton – Cabinet Member for Finance
Jason Neale – Director, Peterborough United Football Club
Ed Warwick – Applegarth Partners

44. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Yasin. Cllr Qayyum was in attendance as a substitute.

45. DECLARATIONS OF INTEREST AND WHIPPING DECLARATIONS

There were no declarations of interest or whipping declarations.

46. EXCLUSION OF PRESS AND PUBLIC

In accordance with Standing Orders, Members were asked to determine whether the exempt annexes relating to item 4, Sale of Land and Buildings at London Road to London Road Peterborough Properties Limited, which contained exempt information as defined by Paragraph 3 of Schedule 12A, Part 1, Local Government Act 1972, should be exempt and the press and public excluded from the meeting should these annexes be discussed, or whether the public interest in disclosing this information outweighed the public interest in maintaining the exemption.

It was UNANIMOUSLY agreed to exclude the press and public for Item 13 should the Exempt Annexes be discussed.

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

The report was introduced by the Corporate Director, Resources and the Director, Peterborough United Football Club. 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 was now taking place and the Committee was therefore given the opportunity to consider and scrutinise the decision before it was made. At the time of the meeting the decision was in the consideration period with the forward plan reference number being KEY/12OCT20/01.

The Growth, Environment and Resources Scrutiny Committee debated the report and in summary, key points raised and responses to questions included:

- Noting the original purchase price of £8.4m and the proposed sale price of £5.2m, members asked for the justification for selling the stadium at a loss given current pressure on local government funding. The Corporate Director responded that the total revenue and capital benefit from the purchase of the stadium was £12.9m (split into £6.5m revenue funds, £6.4m capital funds) giving the Council an overall profit of £1.7m. Benefits had included rental income from Vista Homes and Business Rates from the Allia Centre. It was difficult to assess what would have happened if the purchase had not been made due to low interest rates. The Director of the Football Club added that they wanted to purchase the stadium in March 2020, invest in the youth academy and deliver Championship football. The deal took a year and a half to put together but was then delayed due to the COVID-19 pandemic.
- Members asked if any alternative sites other than the embankment had been identified for the new stadium and if there would be a public consultation. It was noted that a formal planning application had yet to be submitted. Officers responded that Council had agreed to help the club find another site and would prefer it to be located in the centre of the City. The planning process would be extensive and include a full public consultation.
- Members requested more information on the Club's plans for youth development. The Director of the Club responded they aimed to obtain Category 2 status and receive £200,000 of funding from the Premier League. New coaches had been appointed and this had been successful with academy players rivalling first team players. An indoor football dome was also planned.
- Members asked what the consequences would be of the sale not being approved within this financial year. Officers responded that the Council was dependent on the capital receipt of the sale and if this did not happen, a deficit would be created.
- Members stated that the proposed location was within protected green space in the local plan. The Cabinet Member for Strategic Planning and Commercial Strategy and Investments responded that the decision on the relocation of the stadium had yet to be made. It was true that the proposal was contrary to the local plan. The Council would endeavour to assist the club in finding a new stadium within the City boundary.
- Members asked how the Council funded the investments it made in the stadium, e.g. improvements to the Allia Business Centre. Was this money borrowed and had ongoing repayments been taken into account when selling the stadium? The Cabinet Member for Finance responded that the money was indeed borrowed. There was a net positive financial benefit to the transaction and the capital receipt would be used to pay off minimum revenue provision (debt).

- The sale would benefit the current year's accounts. If it took place next year, reserves would have been needed to cover the shortfall, which were limited.
- Members expressed concerns regarding the overage and clawback clauses and ask if there had been improvements for the Council since the previous deal. Officers responded that overages were a clawback clause. The 60/40 split represented current market conditions.
- Members expressed concern regarding the relocation clauses in section 3.6 of the CMDN. Officers responded that the Council had given deferred consideration of 20% of the economic value of the ground. If the ground did not move, the Council would receive this amount. The Director of the Club added that they had a medium-term ambition to move to new multi-purpose facility. The current stadium was only used 30-40 times a year and the ambition was to increase this to the hundreds. Detailed plans for this had not yet been developed.
- Members asked what would happen to the Allia Business Centre and the new Stand after the sale, commenting that it seemed investment in them was unlikely if the club planned to move. The Director responded that were opportunities to generate secondary revenues in the existing stadium. This would not have made sense when the club was a tenant. An answer could not yet be given regarding the Allia Centre as they were a tenant in an existing facility.
- Members asked how the figure of the club providing a £7m benefit to the City's economy was arrived at and what year this related to. The Corporate Director responded that the economic impact report was based on the Football Club being in its current division but it would be beneficial if they were promoted. The Director of the Club added that it was arguably unfair the club had not been promoted last year. Promotion would result in a significant economic boost for the City and it was hoped this would happen next season.
- Members expressed concern that the rent relief offered to the Football Club had not been consistent with the support offered to other businesses in the City. The Cabinet Member for Finance responded that there was no comparable situation where the Council would give an economic benefit in the sale of an asset. The Corporate Director agreed and added they were seeking value from the end-to-end purchase to sale transaction. Significant support had been given to business during the pandemic and the Council would always be receptive to proposals for alternative payment plans from businesses. This was a positive time for the sale. The club would be in a position to invest in facilities, unlike the Council, which would have benefits for the City.

ACTIONS AGREED:

The Growth Environment and Resources Scrutiny Committee **RESOLVED** to scrutinise the decision to sell land and buildings at London Road to London Road Peterborough Properties Limited and make any recommendations.

CHAIRMAN

6.30pm – 7.15pm

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