

<b>NORTHMINSTER DEVELOPMENT: UPDATE ON PROPOSED DISPOSAL OF LAND AT NORTHMINSTER AND PROPOSED SALE OF P.I.P (NORTHMINSTER) LTD</b>
<b>COUNCILLOR STEVE ALLEN, CABINET MEMBER FOR HOUSING, CULTURE AND COMMUNITIES</b>
<b>4<sup>th</sup> MAY 2022</b>
<b>Deadline date: 6<sup>th</sup> May 2022 in order to agree final Heads of Terms for sale, with completion date to be on or if possible prior to 18<sup>th</sup> May 2022 in order ensure the scheme is compliant with grant conditions.</b>

Cabinet portfolio holder: Responsible Director:	Councillor Steve Allen, Cabinet Member for Housing, Culture and Communities Cecilie Booth, Director of Resources
Is this a Key Decision?	YES If yes has it been included on the Forward Plan: NO – Urgency procedure invoked
Is this decision eligible for call-in?	NO – Urgency procedure invoked
Does this Public report have any annex that contains exempt information?	YES Appendix 1 relates to the financial or business affairs (past or present) of a particular person (including the Council); Appendix 3 relates to the financial or business affairs (past or present) of a particular person (including the Council);
Is this a project and if so has it been registered on Verto?	NO Verto number:

<b>RECOMMENDATIONS</b>	
The Cabinet Member is recommended to:	
1.	Dispose of land at Northminster in Peterborough City Council's ownership to P.I.P (Northminster) Ltd on the basis that PIP LLP will sell P.I.P. (Northminster) Ltd (the SPV) onwards simultaneously to a third party as outlined in paragraph 5 of the exempt Appendix; the purpose of which is to secure the delivery of the proposed project.
2.	Agree that payment for the land will be in the form of a capital receipt and not in the form of loan notes.
3.	Note that the arrangements made by Peterborough Investment Partnership LLP in relation to Peterborough Investment Partnership (Northminster) Ltd will end on transfer and the Council

will receive a distribution of the amount of money left in PIP Northminster after reasonable and verifiable costs.

4. Notes the proposed completion date of (or prior to) 18th May 2022.
5. Agrees that any final amendments to the transaction are delegated to the Director: Resources and Director: Law and Governance in consultation with the Cabinet Member for Resources

## 1. PURPOSE OF THIS REPORT

- 1.1 This report is to provide an update to the decision made at Cabinet on 21<sup>st</sup> February 2022 in relation to the proposed disposal of land at Northminster. Since that time the proposed transaction has changed, and those changes require a new decision. The proposed sale of the Northminster land is within the terms of the decision made in February. However, a number of other changes require an update and additional decisions. Given the timing of the proposed land transfer completion in mid-May 2022, decisions are necessary via urgency procedures.
- 1.2 Appendix 1 to Appendix 3 are NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating, namely relating the financial terms of a land transaction and parties to that transaction which have yet been finalised. 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 as to do so would prejudice commercial negotiations.
- 1.3 With the approval of the Chairman of the Growth, Environment and Resources Scrutiny Committee and the Monitoring Officer, the urgency procedure, special urgency procedure, and waiver of call-in procedure have been invoked to suspend the requirement to publish the decision on the forward plan for 28 days, to suspend the requirement to publish the report for five days in advance of the decision being taken, and the requirement to subject the decision to a three day call-in period. These procedures have been invoked in order to enable the Council's decision to allow the sale and onward sale to take place simultaneously with a required completion date imminently to allow the third party to finalise its arrangement for the development of the site. These dependencies have only come to light recently, as has the presence of the third party and so it was not known at the time of the previous report to Cabinet in February 2022 and the date can not be deferred to the next Cabinet meeting.

## 2. TIMESCALES

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

- 3.1 Cabinet approved the proposed sale of the land at Northminster to the Peterborough Investment Partnership (PIP), as set out in the report included at Appendix 2 and exempt Appendix 3 for information. The Cabinet decision included proposed completion dates, with phased completion dates of 31 March 2022 and 30 June 2022, subject to final valuation and compliance with best consideration requirements in line with the joint venture agreement with the PIP and with final terms delegated to the Director of Resources and Director of Law and Governance in consultation with the Cabinet Member for Finance.

3.2 This report includes at confidential Appendix 1 information relating to the final draft Heads of Terms for the sale of land, which are financially within the decision made in February. It also includes new information relating to the new external valuation carried out to support the decision to sell the land.

3.3 On sale of PIP (Northminster) Ltd, the Council will no longer have a role in that company and its current directors will resign. It should be noted that the Council representatives on P.I.P LLP and any subsidiaries have recently resigned and been replaced by two new Members, in order to avoid possible conflicts of interest in decision making.

3.4 This update is also to provide information about changes to the buyer, cited in the February Cabinet report as the PIP. Since then, the PIP has confirmed that the sale will be to its wholly owned subsidiary P.I.P (Northminster) Ltd.

3.5 This report also informs Cabinet about the proposed sale by PIP of the entire share capital of P.I.P. (Northminster) Ltd, after P.I.P.(Northminster) Ltd has acquired the land at Northminster, to a third party. This decision will be taken by the P.I.P Members, who are the Council, represented by Adrian Chapman and Tom Hennessy, and Peterborough Partnership Ltd a Guernsey company represented by David Taylor. Details about this proposed sale, including details about the third party, which at this stage is commercial sensitive and therefore confidential, are also included in confidential Appendix 3. The reason for the onward sale is to ensure that the proposed development, which includes 100% Build to Rent affordable housing, and which attracts grant provided by the Cambridgeshire and Peterborough Combined Authority, is funded and delivered. The sale allows a seamless transition to the Third Party to facilitate continuity on site. The Cabinet Member is asked to support this decision.

#### **4. CONSULTATION**

4.1 No specific consultation has taken place. The report is an update to a previous report with some important changes which do not require consultation.

#### **5. ANTICIPATED OUTCOMES OR IMPACT**

5.1 The proposed sale of land at Northminster will enable the development of 315 affordable Build to Rent homes on the site with a proposed construction completion by the end of January 2024. The proposed onward sale of PIP (Northminster) Ltd to a Third Party will ensure that the project is delivered which will support future growth of Peterborough and the regeneration of this area of the city.

#### **6. REASON FOR THE RECOMMENDATION**

6.1 The Council has already agreed to sell the land at Northminster to facilitate its development for housing. The report recommends agreement to the final Heads of Terms which will enable the sale to deliver the Council a significant capital receipt in the current financial year and enable the continued use of Combined Authority grant to support the affordable housing scheme proposed for the site.

#### **. ALTERNATIVE OPTIONS CONSIDERED**

7.1 Officers considered two alternative options:

- 1) To sell the land directly to the Third Party: This option is not achievable as the planning permission and grant site with PIP (Northminster) Ltd and the Third Party has already agreed its transaction with the PIP. The Council has worked in partnership with the PIP for some time to achieve the development of this site. The option to sell to PIP (Northminster) Ltd and then a simultaneously sell to a third party achieves the same outcome

- 2) Do nothing: This option would mean that the land sale would not proceed, the development of the land would not proceed at this point, detrimentally affecting the regeneration and growth plans for the city and would mean the need for the PIP would need to return grant to the Combined Authority and would not meet its costs. An alternative scheme at a later stage may not be viable.

## **8. IMPLICATIONS**

### **Financial Implications**

- 8.1 The Council will now receive a capital receipt from the land to PIP Northminster in this financial year 2022/23. This receipt was not included in the MTFS as the consideration for the sale was expected to be received as loan notes at the time of the MTFS, The Council will also receive a potential profit distribution from the sale of PIP Northminster to the developer. This was not included in the MTFS as the sale of the SPV was not part of the proposed scheme at the time of the MTFS.  
The Council has a recognised financial risk for the sale of the land with vacant possession, this is outlined in exempt Annex 1.

### **Legal Implications**

The proposed transaction satisfies the Council's statutory duties in regard to disposal of land and provision of housing. The consideration to be received by the Council is greater than the Council would be likely to achieve by any other route based upon the factors set out in this report in confidential Appendix 1.

8.2

### **Equalities Implications**

- 8.3 There are no direct equalities implications. However, the land will be sold to facilitate the provision of affordable (80% market rent) homes which will have a beneficial impact of households able to access this accommodation.

### **Carbon Impact Assessment**

- 8.5 Included in previous report and no change arising as result of this report

## **9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

- 9.1 N/A

## **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 21<sup>st</sup> February 2022: BUDGET APPROVAL FOR THE CONSTRUCTION OF PETERBOROUGH CITY MARKET AND FOR THE DISPOSAL OF LAND AT NORTHMINSTER

## **11. APPENDICES**

- 11.1 Appendix 1: Exempt report 03/05/2022  
Appendix 2: Main report Cabinet 21/2/2022  
Appendix 3: Exempt report Cabinet 21/2/2022