

This report will also be submitted to the Policy and Resources Committee.

**NOT FOR PUBLICATION BY VIRTUE OF PARAGRAPH 9 (CONTRACTS) OF PART 1 OF SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972**

**DENBIGH NORTH SITE - SPORTS STADIUM**

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1. **Purpose**

- 1.1 To inform the Committee of a request by P. Winkleman to be granted a legal option to buy the Denbigh North site so that he can achieve the building of a substantial sports stadium and bring professional football to Milton Keynes (see attached **Annex**).

2. **Summary**

At its meeting on 29 March 2000 (Minute PR143/00 refers) the Policy and Resources Committee granted Mr Winkleman an exclusivity deal for a period of 12 months on the Denbigh North site subject to milestones and terms to be agreed by the Head of Legal and Property Services. That agreement was effective from 10 May 2000. The purpose of the agreement was to allow Mr Winkleman time to put together a proposal to build a major sports stadium and bring League football to Milton Keynes.

- 2.1 Although the agreement was binding on the Council it did not give Mr Winkleman any legal interest in the land. He is now in a position where a major football club is expressing an interest in moving to Milton Keynes. Officials from the club have met council officers but are unwilling to make a public announcement unless they are certain the move can be delivered.
- 2.2 P Winkleman has told Council officers that he is in a position to secure the funding for a stadium and the possible transfer of a League football club to a new sports stadium on the Denbigh North site. Because of the sensitivity of such a move the club would not want to announce a move unless they are sure it can happen. To ensure this Mr Winkleman needs a legal interest in the Denbigh North site which he can use to set up the complex development agreement necessary to fund the stadium development.

3. **Recommendations**

- 3.1 That the Committee recommends to the Policy and Resources Committee that the Head of Legal and Property Services in consultation with nominated spokespersons from each political party be authorised to enter into a legally binding agreement with Inter M.K. Ltd for the development of the Denbigh North site.
- 3.2 That the agreement be on such terms as the Head of Legal and Property Services considers appropriate.

#### 4. **Background**

- 4.1 On 29 March 2000 the Policy and Resources Committee agreed to enter into a "lock out" or exclusivity agreement with Inter MK Ltd, a company set up by P Winkleman. The primary purpose of the agreement was to allow Inter MK Ltd time to progress their proposals for a stadium development on the Denbigh North site. The agreement was effective from 10th May 2000 for 12 months and was intended to bring League football to Milton Keynes.
- 4.2 The previous report to the Policy and Resources Committee made it clear that the exclusivity agreement was necessary to allow for milestones to be completed including the full planning application, agreement between Milton Keynes Council, Inter M. K. Ltd and English Partnerships about the use of English Partnerships' land and funding for the project.
- 4.3 P Winkleman has told council officers that he is in a position to secure the funding for a stadium and the possible transfer of a League football club to a new sports stadium on the Denbigh North site. Because of the sensitivity of such a move the club would not want to announce a move unless they are sure it can happen. To ensure this Mr Winkleman needs a legal interest in the Denbigh North site which he can use to set up the complex development agreement necessary to fund the stadium development.
- 4.4 Perhaps, understandably, he is not prepared to incur the significant costs associated with making a planning application until he has a firm commitment from a football club to move to the stadium site. A First Division football club has indicated a willingness to move to Milton Keynes if Mr Winkleman can deliver the site for a stadium. Officers are minded to recommend that Mr Winkleman be offered a legally binding option to purchase the Denbigh North site which would only take effect if certain milestones were met.

#### 5. **Issues and Choices**

- 5.1 The Council needs to decide whether it wants to enter into a binding legal agreement with Inter M K Ltd The agreement envisaged is a legally binding option for Inter MK Ltd to buy the land at its existing use value. The option would be valid until the end of the year subject to certain conditions being met.
- 5.2 Of the previous milestones agreed, there are now proposals which would allow for the removal of clawback and restrictive covenants as issues and allow the council to share in any profit made without assuming any financial risk.
- 5.3 The use of the stadium by a First Division football team is likely to be a use acceptable to the Council. Although a capital funding business plan for construction of the development has not yet been drawn up outline figures have been discussed with officers who are broadly happy that the development scheme is viable.

- 5.4 Given the planning process is likely to cost a quarter of a million pounds and the football club have not yet publicly committed themselves to this project it is not surprising that these particular milestones have not been met yet.
- 5.5 The detailed terms of the option, including the conditions to be met, would be agreed by the Head of Legal and Property Services in consultation with appropriate party spokespersons. The option would not be assignable without the express permission of the Council and would only be exercisable for a relatively short period.
- 5.6 Given the apparent willingness of a football club to announce its intention to come to Milton Keynes a legally binding option for a relatively short period should be all that is necessary to facilitate the proposed development.

## 6. **Implications**

### 6.1 Environmental

Inter MK Ltd recognise the need for environmental and transport studies as part of the planning application process. They have already been in discussion with planning officers about the scheme and planning application process. They are also aware of the EDAW study about the regeneration of Bletchley. They wish to participate fully in regenerating the area.

### 6.2 Equalities

None.

### 6.3 Financial

The viability of proposals has been worked up sufficiently to interest a professional League football team. The council may have the possibility of sharing in profits generated by the development as a whole but will not need to fund it beyond a commitment to sell its land at market value.

### 6.4 Legal

There is no general requirement in law for local authorities to tender when disposing of land. Where a development is based on a unique set of circumstances DETR guidance suggests that a competitive process may not be the best way forward. The previous report dealt with why Inter M.K. Ltd are in a unique position to deliver a multi-purpose stadium and professional league football for Milton Keynes.

The Council will need to get the best consideration it can reasonably obtain for the site when it is sold unless an application to do otherwise is made to the DETR. The proposal is that any legally binding option would be to sell the land at its then market value, thus meeting that requirement.

### 6.5 Staff and Accommodation

None.

## 6.6 Crime Prevention

Inter MK Ltd have been in discussions with the Thames Valley Police about ways in which are the design of the stadium and surrounding areas can be used to facilitate the policing of events at the stadium.

## 6.7 Cultural Planning

These proposals for a sports stadium would see professional League football played in Milton Keynes. The lack of a professional football team is a major deficit in the cultural life of the city.

## 7. **Conclusions**

- 7.1 If the Council grants a legally binding option to Inter MK Ltd the agreement would be for a relatively short period of time. It would give the company an opportunity to develop their proposals.

Background Papers:       None.