

29 MARCH 2000

Not for publication by virtue of Paragraph 7 (Financial Business Affairs of Any Particular Person) of Part 1 of Schedule 12A of the Local Government Act 1972

PROPOSAL FOR A STADIUM ON THE DENBIGH NORTH SITE

Accountable Officers: Mark Jones (Head of Legal and Property Services)

Author: Helen Smith (Valuer) - MK252443

1. Purpose

- 1.1 To advise of the proposal put forward by Inter MK Ltd, a company set up by [REDACTED], as Director, for a stadium development on the Denbigh North Site. Inter MK Ltd are seeking a "lock-out" agreement from the Council for a minimum period of 12 months to enable them to progress their proposals for a stadium development on the site.

2. Summary

- 2.1 The proposal put forward by Inter MK Ltd sets down a strategy that could lead to the development of a landmark stadium, with the introduction of professional football to Milton Keynes.

- 2.2 Inter MK Ltd state that they understand and agree with the recommendations put forward by the Council's advisers, Chesterton, that there is potential for a [REDACTED], if the primary focus is sport. [REDACTED]

These circumstances will include satisfactory planning permission approvals on the Denbigh North Site, together with enabling development packages that can be supported by the planners.

- 2.3 Inter MK Ltd are requesting an exclusive 'lock-out' agreement from Milton Keynes Council for an initial period of 12 months. [REDACTED]

2.4

[REDACTED]

3. **Recommendations**

3.1 That the Committee agrees that Inter MK Ltd be granted a 'lock-out' agreement on the Denbigh North site for an initial period of 12 months subject to milestones and terms to be agreed by the Head of Legal and Property Services.

3.2

[REDACTED]

4. **Background**

4.1 The marketing of the Bowl and the related sites at Elfield Park and Denbigh North Playing Fields began in 1998. The Council's stated objective was for an intensification of use on all three sites by the provision of enhanced leisure and associated facilities. The marketing brief also stated that "one of the Council's wishes is to see a stadium or multi-purpose venue to create a flagship facility for the people of Milton Keynes".

4.2 A two-stage tendering process was agreed. Seven expressions of interest were received and the Milton Keynes Bowl Sub-Committee agreed in August 1998 that five organisations be invited to put forward detailed proposals. Bids were received from four organisations.

[REDACTED]

4.3 The results of the public consultation exercise were fed back to the Milton Keynes Bowl Sub-Committee in January 1999. The report was considered by Policy and Resources Committee in February 1999 and one of the resolutions was that there should be "further discussion with the Commission for the New Towns and other groups, to identify the potential for locating a multi-purpose sports facility in Milton Keynes."

4.4

[REDACTED]

4.5

[REDACTED]

This decision was endorsed by the Policy and Resources Committee in August 1999 (PR35/00 refers), with the further resolution that "the Denbigh North Site be negotiated out of the current proposals being considered...". The Committee also resolved that "officers be instructed to investigate and bring forward proposals

for the provision of a major sporting facility at Denbigh North for detailed consideration with a view to inclusion of such a facility in the Local Plan".

- 4.6 At a meeting with officers and members in August 1999 the BS Group plc and Paul Green Holdings Ltd were notified of the withdrawal of the Denbigh North Site from the package. [REDACTED]

- 4.7 A Stadium Working Group, made up of officers from Milton Keynes Council and English Partnerships, was set up in August 1999. The Group agreed to jointly commission a Stadium Feasibility study from Chesterton in September 1999. The brief required Chesterton to assess other possible sites in and adjoining the City against relevant planning criteria, including the need to adopt a 'sequential approach' to identifying new sites for leisure development. The final report was received in December 1999 with two main recommendations: firstly that any proposal for a stadium development would need to be "occupier-led " and secondly that their site identification and evaluation process had identified only one site, the Denbigh North site, that could accommodate a multi-purpose stadium with the potential for an ultimate capacity of 40,000.

- 4.8 The Chesterton study has also provided useful information which has been fed into the Local Plan process. The Local Plan Sub-Committee agreed on 23rd February 2000 that, subject to certain criteria being met, the Denbigh North site be identified as the preferred site for a new stadium on the proposals map.

- 4.9 [REDACTED] was part of the consortium under the name of Abbeygate Developments that put forward a proposal for the development of the Bowl and related sites in response to the marketing exercise. A range of schemes were put forward including a proposal for a stadium on the Denbigh site. [REDACTED]

- 4.10 [REDACTED]

- 4.11 The Council's aspirations for a stadium on the Denbigh North site have received much publicity in the local press. In recent weeks, the plans for a stadium, as envisaged by [REDACTED], have received a great deal of

coverage. However, this has not led to any enquiries from others with alternative plans. [REDACTED]

[REDACTED] This means that any proposals to build a stadium need to be founded on the ability to bring a major sporting club to the area. [REDACTED] would appear to have the necessary contacts to enable this to happen.

4.12

[REDACTED]

5. Issues and Choices

5.1 The Council has unfulfilled aspirations for a stadium in Milton Keynes. The Denbigh site was held back from the Bowl package to allow officers to investigate opportunities for a stadium development on the site. The Chesterton report concludes that the Denbigh site, because of its size and shape and its position in relation to transport networks, is really the only suitable site for a large-scale stadium development in Milton Keynes. There are no other proposals for the site at present.

5.2

[REDACTED]

5.3

[REDACTED]

5.4 Whilst officers of English Partnerships have offered their support for the scheme, they have yet to declare their position regarding the land they own at the north-west and north-eastern flanks of the site. [REDACTED]

[REDACTED] The issue of clawback between Milton Keynes Council and English Partnerships is also still to be agreed. English Partnerships are unwilling to discuss the arrangements for clawback at this stage, but the Council's protection against large clawback payments will also be one of the milestones of the agreement.

5.5

[REDACTED]

[REDACTED]

[REDACTED]

Management agreement for the day to day operation of the Bowl.

[REDACTED]

- 5.6 The possible interest in acquiring the freehold of the Bowl by English Partnerships was reported to Property Sub-Committee on 9th March 2000. The Sub-Committee agreed that any decision about the sale of the Bowl should be considered through the new process for dealing with property that was also agreed by the Sub-Committee. [REDACTED]
- [REDACTED]

- 5.7 There have been several structured consultation exercises throughout the marketing of the Bowl and related sites. It is recognised by Inter MK Ltd that open consultation with Parish, Town and Neighbourhood Councils will be required. Consultation with the existing tenants of the Bowl, Elfield Park and Denbigh North would also be carried out.

6. **Implications**

6.1 Environmental


[REDACTED] They have already been in discussion with Planning Officers about the scheme and the Planning Application process. [REDACTED]

[REDACTED]

6.2 Equalities

None.

6.3 Financial



6.4 Legal

There are several legal issues that arise as a result of this proposal.

(a) Tendering

There is no general requirement in law for local authorities to tender when disposing of land. A “lock-out” agreement would not entail a disposal as such. A disposal might arise later in the process if Inter MK can reach the agreed milestones for development of a stadium.

(b) Choice of Developer

There is no specific requirement for the Council to carry out a competitive process before deciding to work with Inter MK. The DETR Good Practice Guide of 1997 generally favours a competitive process but recognises that there are circumstances where competition may not necessarily be the best way forward. This is particularly so where the development is based on a unique set of circumstances. This report deals with why Inter MK are in a unique position to deliver a multi-purpose stadium and professional league football for Milton Keynes.

(c) Exclusivity Agreement

Such an agreement can be entered into provided that in the particular circumstances of the case, the period, the area of the land and the other terms of the agreement are reasonable. Usually a period of 6 to 12 months is considered reasonable. It is proposed that if the agreed milestones are met then a further period of up to 12 months might be given if this proved necessary.

The agreement would be a memorandum of understanding or statement of intent and would not be expected to be legally binding. It would exclude any implication that the Council’s licence, permission, approval or consent will be forthcoming for the eventual development proposals. It would also not be assignable to any other body.

(d) Best consideration/Market Value

It is too early to be concerned about the need for the Council to obtain the “best consideration that can reasonably be obtained” as required by S.123 Local Government Act 1972 on property disposals as the Council does not intend to dispose of the site yet, and, indeed may never intend to do so.

(e) Economic Development Powers


The construction and operation of the stadium with its proposed enabling development will create many jobs within the locality. The Economic Development Plan for next year includes the possibility of a stadium development. This allows the Council the freedom to use its

economic development powers to assist in making the proposals for a stadium a reality without imposing any obligation on the Council to do so.

6.5 Staff and Accommodation

None.

7. **Conclusions**

- 7.1 If the Council grants a lock-out agreement to Inter MK Ltd it would not be entering into any legal commitment. The agreement would be for a relatively short period of time and would not restrict the Council from having discussions with any other interested parties.
- 

Background Papers: Inter MK Ltd's written proposal dated 3 March 2000
Local Plan Proposals Map and Policy Statements
Local Plan Sub Committee reports
Chesterton's stadium feasibility study