

## PLYMOUTH CITY COUNCIL

**Subject:** Home Park Football Stadium and Higher Home Park  
**Committee:** Cabinet  
**Date:** 3 September 2013  
**Cabinet Member:** Councillor Lowry  
**CMT Member:** Anthony Payne (Director for Place)  
**Author:** David James, Head of Strategic Development Projects  
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**Ref:** DJ/SP/ED  
**Key Decision:** Yes  
**Part:** Part I

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### **Purpose of the report:**

The Council, having acquired the freehold of Home Park Football Stadium in 2011, and having leased the Stadium to Plymouth Argyle Football Club Limited, has now been requested to assist the delivery of a major improvement to the Stadium, in a £57.0m commercial development centred on the adjoining privately-owned Higher Home Park. This project was envisaged in the 2011 Agreements, and could create 600 construction jobs and 400 permanent new jobs. Improvements to Central Park itself – its sporting facilities and landscaping - will also be part of the project in the immediate vicinity of the Home park area. In order to enable commercial funding to be obtained, Cabinet is requested to authorise the surrender of the existing lease of the football Stadium, the re-grant of the Stadium lease over a reduced area, the transfer of the freehold interest of part of the existing leasehold area that is needed for the proposed commercial development, and associated estates matters mainly relating to site access. All proposed legal arrangements will be reliant upon planning permission being granted for the project.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:**

The proposed development will help to deliver the Council's Corporate Plan in the following ways:

*City Vision:* The scheme will provide new football and leisure facilities that will positively add to the quality of life in the City; it will contribute to *Growing Plymouth* by creating a significant range of new jobs, to *Pioneering Plymouth* by using land resources wisely, and improving the City's cultural and visitor offering, and to *Confident Plymouth* by raising the profile of Plymouth Argyle and also by building a new high quality ice arena that will be another facility in the City that will be of national importance.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:**

New investment in the football Stadium will assist the football club as a growing and sustainable business, and new commercial development will generate additional jobs and rental income for the Council and provide new sporting and leisure facilities for the public. The project will deliver for the City a new sports and cultural destination within a high quality environment of Central Park

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**Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

Health and Safety management has been address through the multi-agency Safety at Grounds Group; financial and legal risks will be handled through the proposed legal documentation for the project. As a private-sector development, all commercial risks will be borne by the development company.

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**Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? No – the proposed development is a private-sector development and the prospective developer will be responsible for managing all EIA assessment.

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**Recommendations and Reasons for recommended action:**

Cabinet is recommended as follows:

- (a) To accept a surrender from PAFC of the existing 30-year Home Park lease from October 2011, and to grant a new lease to PAFC on a reduced area including all the existing and proposed spectator stands, for 30 years from the original lease commencement date;
- (b) To grant HHP Nominee/Akkeron or nominated developer a lease for 125 years of 4 ground-floor commercial units within the new Grandstand;
- (c) To grant to HHP Nominee/Akkeron/developer a Building Lease for 125 years of approximately 1.22 acres of land to the north and east of Higher Home Park, all of which is within the existing Stadium lease, and subsequently to transfer of the freehold interest of the above 1.22 acres of land to HHP Nominee/Akkeron/developer following completion of all development works on Higher Home Park and Home Park;
- (d) To grant freehold easements to HHP Nominee/Akkeron/developer to allow pedestrian and vehicle access over the Council's adjoining land to the new commercial development;
- (e) All the above arrangements to be in accordance with the financial terms set out in this report;
- (f) To authorise the Director for Place in consultation with the Portfolio Holder for Finance to agree any additional or supplementary legal and estates issues associated with this project that may arise prior to completion of the relevant legal documentation.

Reasons:

- (a) – (e) above - To provide HHP Nominee/Akkeron/developer with an additional freehold area of approximately 1.22 acres adjoining its existing private freehold ownership of 2.27 acres at Higher Home Park, to enable the proposed commercial scheme to be fundable. The recommended decision will also to generate additional rental and business rates income for the Council from the football stadium and from commercial units within the new football Grandstand, in return for transferring the proposed freehold area of approximately 1.22 acres. The project will also lead to the creation of 600 construction jobs and 400 permanent jobs in the new facilities, and £1.1m investment into environmental improvements in Central Park;

- (f) To ensure that all legal documentation can be completed in a timely manner and in accordance with the commercial requirements of the proposed development;

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**Alternative options considered and rejected:**

If the Council were to take no action the developer would not be able to secure the necessary freehold site of a size needed to build the proposed commercial scheme including a new ice rink. If the commercial development were restricted to the privately-owned area of Higher Home Park, the proposed new ice rink could not be accommodated on Higher Home Park and a separate site would need to be found for that use. It would be logical to locate all major sporting facilities near to the Life Centre, and the only other feasible site for which there is supportive planning policy would be Cottage Field to the south of Higher Home Park. Development of the ice rink at Cottage Field would entail the loss of an important area of public open space and existing football pitch.

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**Published work / information:**

Central Park Adopted Area Plan

<http://www.plymouth.gov.uk/homepage/environmentandplanning/planning/planningpolicy/ldf/aaps/ldfcentralparkaap/ldfcentralparkadoption.htm>

**Background papers:**

None

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**Sign off:**

Fin	CRPlaceF EDC1314005	Leg	18177/8/8/ 13/AC	Mon Off	TH 22/08	HR		Assets		IT		Strat Proc	
Originating SMT Member: David Draffan													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## **1.0 Introduction**

1.1 To assist Akkeron Leisure Limited to save the football club, the Council acquired the freehold of the Home Park Stadium from the company ("Akkeron") on 31<sup>st</sup> October 2011 for £1.6m. This was authorised by the Council's Cabinet on 18<sup>th</sup> October 2011 (Minute Nos 69 and 69a refer) and by the full Council on the same day (Minute No. 76 refers). Before selling the stadium to the Council, Akkeron had acquired the property from the administrator of Plymouth Argyle Football Company Limited. Akkeron retained the freehold ownership of an area of land of about 2.27 acres immediately to the south of the football stadium, known as Higher Home Park.

## **1.2 The 2011 Agreement**

- (a) The Council leased Home Park Stadium to Green Pilgrim Limited ("Green Pilgrim") a company controlled by Akkeron, for 30 years from 31<sup>st</sup> October 2011 at an initial rent of £135,000 per annum. Green Pilgrim subsequently changed its name to Plymouth Argyle Football Club Limited ("PAFC").
- (b) The Council and Green Pilgrim also entered into Heads of Agreement on 31<sup>st</sup> October 2011 in respect of possible future arrangements for the redevelopment of the stadium Grandstand.
- (c) If the Grandstand redevelopment was to go ahead, the minimum size of any new replacement stand was agreed to be 3,800 seats (the capacity of the existing Mayflower Stand) and the existence of any new stand would not alter the rental to be paid for the Stadium, nor the option price if the tenant wished to purchase the freehold of the Stadium.
- (d) The Council would grant a new 125-year lease of the site for the new Grandstand, at a nil rent in respect of all football-related uses. However, any non-football uses, such as retail shops, restaurants, etc would require the payment of a rental to the Council at the rate of 10% of the occupational rental payable by all such occupiers.
- (e) The Council and Green Pilgrim also entered into a Deed and release and variation of covenants in respect of Higher Home Park on 31<sup>st</sup> October 2011. This document extinguished a purchase Option for £1.00, held by the Council over most of the Higher Home Park site, and varied the restrictive covenants on the site uses to allow the range of commercial uses that were permitted within the Central Park Area Action Plan Proposal CP02 which applied to this site.
- (f) The value of the Higher Home Park Option and variation of restrictive covenants was independently assessed by the District Valuer at £425,000, which the Council had forgone. Green Pilgrim also however granted the Council the right to receive a 50% share of any development profits exceeding 15% of total development costs, resulting from the future development of the Higher Home Park site. This was secured by way of Legal Charge on the land.

### **1.3 The 2013 Proposals**

Akkeron has now transferred Higher Home Park to another group company, HHP Nominee Limited (HHP) and had now decided to implement a £57m redevelopment scheme for the Home Park Stadium Grandstand and the adjoining Higher Home Park site. Akkeron Group has now submitted a planning application for the following facilities:

Football Grandstand of 4,800 seats to replace the existing Mayflower Stand

Ice arena with spectator seating for 1,500 people

Improvements to Central Park, including landscaping, drainage, and the provision of new sports changing facilities.

14 shop/restaurant units totalling 4,712 sq m (50,721 sq ft)

Hotel of 120 bedrooms

Medical centre

Cinema with 10-screens including IMAX screen

Car parking for 380 vehicles

- 1.4 It is anticipated that implementation of the project will require 600 construction workers, and that the completed buildings will provide jobs for 400 people. The new ice rink will provide a facility not available within about 150 miles of the City, and its replacement of the existing rink at Plymouth Pavilions will enable that building to be renovated with an improved concert arena. The nearest other IMAX cinema screens are located in Southampton and Cardiff. The “completed” Home Park Stadium will also itself be a major regional venue for events as well as for professional football.
- 1.5 To implement the development project that was envisaged in the 2011 Agreement, Akkeron has now requested that approximately 1.22 acres of the Stadium site, currently contained within the 30-year lease, should be transferred freehold to HHP, so that commercial use, rather than football, sports and events use, can take place on that area. The transfer of the freehold area is essential to enable commercial funding to be obtained for the commercial proposals.
- 1.6 An important issue for consideration is that if the site for the commercial scheme were to be limited to the current privately-owned area at Higher Home Park, it would not be possible to incorporate a new ice rink as now proposed by HHP. Since it would be logical to cluster all major sports facilities in proximity to the Life Centre at Central Park, the only other suitable site would be Cottage Field to the south of Higher Home Park which is within Proposal CP01 of the Area Action Plan, and therefore, in principle, suitable for that use. Cottage Field is currently a football pitch and an important area of public open space which would then be lost if required for development of the ice rink.

### **2.0 Proposed Land Disposal Terms and Variation of Existing Legal Documentation**

- 2.1 The implementation of the proposed scheme, subject to planning permission, will require the existing stadium lease to be surrendered by PAFC and re-granted with a reduced area, to exclude the land required for the commercial development elements. The existing Home Park Stadium lease comprises both the areas shown with broad green edging on the attached plan, and that shown with square hatching.

- 2.2 The Higher Home Park site – HHP’s freehold land – is shown with broad blue edging on the attached plan. It is proposed that the amended Stadium lease should be granted on the area shown only with broad green edging – this is the existing “horseshoe” of spectator stands, plus the site for the new Grandstand (less 4 new ground floor retail units – see 2.3 below). The amended Stadium lease will be for a term of 30 years from 31<sup>st</sup> October 2011.
- 2.3 The 125-year lease of the site of the new Grandstand, previously proposed (referred to in paragraph 1.2(d) above) will not go ahead. However, the Council will grant to HHP/developer a 125-year lease of 4 ground-floor commercial units which will be built within the new Grandstand, and which will face on to the new commercial facilities on Higher Home Park.
- 2.4 As an interim measure to enable the scheme to be commercially-funded, the Council will grant a Building Lease for 125 years over the 1.22 acres of additional land required (square hatched on the plan) and will ensure that all development works are completed before the freehold interest of this area is transferred to HHP or to the developer, for the nominal sum of £1.00.
- 2.5 In return for the eventual transfer of the freehold land, PAFC will pay an additional stadium rental of £30,000 per annum, i.e. increasing the stadium rental from £135,000 to £165,000 per annum, plus indexation, from the date of completion of the new Grandstand.
- 2.6 HHP/developer will also procure that any purchaser of the commercial investment developed at Higher Home Park will pay a ground rental to the Council as previously agreed, at the rate of 10% of the rental paid by occupiers of 4 commercial units within ground floor of the new Grandstand. Once these units are let, this ground rental is expected to amount to approximately £30,000 per annum.
- 2.7 The freehold land to be transferred will have user covenants that match those in place on Higher Home Park i.e. those permitted as indicated in the adopted Central Park Area Action, plus the additional specific uses of cinema and medical centre that are now proposed.
- 2.8 The value of the proposed freehold land is similar to the value of the adjoining Higher Home Park site as assessed by the District Valuer in his independent report dated 17<sup>th</sup> October 2011, that is to say, approximately £187,000 per acre. The area of the freehold land to be transferred is approximately 1.22 acres which at the same rate would indicate a value of £228,000. In return the Council would receive the additional rental payment of £30,000 per annum from the football Stadium.
- 2.9 The value of this additional stadium rental of £30,000 per annum as a capital sum would be in the order of £360,000, based on the freehold Option formula contained in the Stadium lease, compared with the estimated value of £228,000 for the proposed 1.22 acres of freehold land to be transferred. There will therefore be no public subsidy of the proposed new commercial scheme.
- 2.10 In addition the Council will retain 50% of the business rates payable for the new development; the retained amount is estimated at £750,000 per annum. The Council could also receive a share of any excess development profits from the commercial development of Higher Home Park and the Grandstand redevelopment, as an integrated development project.

- 2.11 The proposed freehold land to the east of Higher Home Park is an overgrown area to which the public has no practical access because of the undergrowth, or because there are no pathways. Photographs of this land are attached in the Appendix to this report. .
- 2.12 In order to enable the new commercial development to operate, HHP/Akkeron/developer will also require access rights over the Council's adjoining land. The primary vehicle access route will be from the Outland Road/Segrave Road junction, southwards to the football stadium. This will follow a route already approved as a right of way in the existing stadium lease.
- 2.13 Vehicle access on non-match days would then follow a dedicated route along the concourse around the northern and eastern sides of the stadium into the 380-space car park on the lower ground floor level of the commercial development on Higher Home Park.
- 2.14 Vehicle access on certain very busy match days – to be determined by the PAFC Safety Officer - will follow a route from the Outland Road/Segrave Road junction southwards along the western side of the football stadium to the south-western corner of Higher Home Park, then eastwards along the commercial scheme's service-vehicle route running parallel to and adjoining Gilbert Lane, then northwards along a dedicated route (partially encroaching beyond the existing stadium leased area) and then westwards into the commercial scheme car park. Egress of this traffic will be determined by the Safety Officer on the day, but is likely to be westwards along the service vehicle route, then west again to Outland Road to the south of the Life Centre.
- 2.15 Service vehicles will gain access to the commercial scheme from the main car park side of the Life Centre on a time-limited basis, past the front (south) of the Life Centre and then eastwards along the service route adjoining Gilbert Lane. The Council will need to grant easements for these vehicular routes where they affect Council-owned land, and also agree arrangements for routes always to be kept open (subject to time limits for service vehicles) and for maintenance responsibilities.
- 2.17 All land and property agreements will be subject to a "live" planning permission being granted for the proposed project, including the completion of a S.106 Agreement that will require the redevelopment of the football Grandstand, and also environmental improvements and community benefits in Central Park.

### **3.0 Temporary Contractor's Compound/Site Offices**

- 3.1 The provision of a contractor's compound and site offices has also been requested by HHP/Akkeron. The former "spoil heap" site on Zoo Field has been proposed, to the east of Higher Home Park. This site will be landscaped upon completion of the building works, together with the remainder of Zoo Field, and also Cottage Field, where a new football pitch will be provided. All excavated spoil will be retained and used for agreed landscaping works, or taken off-site.
- 3.2 It is proposed that occupation of such contractors' facilities should be on a Tenancy at Will basis at a licence fee to be negotiated with the main building contractor, so that any breaches of the conditions of occupation can ultimately be enforced by terminating the tenancy with immediate effect.

**Appendix**

**4 Photographs – Land to the east of Higher Home Park**















**Photograph – land south of the existing Grandstand**

