

Report for: Mayor and Cabinet

Part 1

Part 2

Key Decision

Date of Meeting	8 th May 2023	
Title of Report	Millwall Football Ground – Lease Re-structure	
Author	Patrick Dubeck – Director of Inclusive Regeneration Kplom Lotsu – Head of Property, Estates and Capital	Ext. 49283

At the time of submission for the Agenda, I confirm that the report has:

Category	Yes	No
Financial Comments		
Legal Comments		
Cabinet Briefing consideration		
EMT consideration		

Signed:

Cabinet Member: James Walsh – Cabinet Member for Inclusive Regeneration and Planning

Date: 29/04/2024

Signed:



Executive Director: Nazeya Hussain – Interim Executive Director for Place

Date: 29/04/2024

Control Record by Committee Services

Action	Date
Listed on Key Decision Plan	
Date submitted to Legal & Finance	
Date submitted to Cabinet Members for sign off	
Date submitted to Executive Director for sign off	



Mayor and Cabinet

Millwall Football Ground – Lease Re-structure

Date: 8th May 2024

Key decision: Yes

Class: Part 1

Ward(s) affected: New Cross Gate

Contributors: Director of Inclusive Regeneration; Head of Property, Estates and Capital Programmes.

Outline and recommendations

Outline and recommendations:

The report is seeking Mayor and Cabinet approval to:

- the restructuring and renewal of a 999-year lease for the Millwall stadium site – ‘The New Den’, John Berylson Way (formerly known as Zampa Road).
- new 999-year leases being granted across three separate sites surrounding the Millwall stadium site to enable the delivery of mixed use development, including the re-location of facilities for the Millwall Community Trust.
- delegate authority to the Executive Director of Place, in consultation with the Executive Director of Corporate Resources and the Director of Law and Corporate Governance, to negotiate and agree the final terms of the lease and all associated documentation.

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Timeline of engagement and decision-making

- *Agreement of new heads of terms with Millwall Football Club – April 2024*
- *Agreement of EMT on proposed scheme and terms April 2024*
- *Cabinet briefing on proposals April 2024*
- *All Member Briefing – 30th April 2024*

1. Summary

- 1.1. Discussions between Lewisham Council (the Council) as freeholder and Millwall Football Club (MFC) as leaseholder, in relation to land demised by the Council to MFC at John Berylson Way, SE16. A restructuring of the lease is necessary to enable a comprehensive redevelopment of the site, in line with the Council's adopted Surrey Canal Triangle Supplementary Planning Document. MFC hold aspirations for the redevelopment of the site to enable an improved stadium along with residential development to the north of the stadium and mixed use development and improved public realm to the west of the stadium.
- 1.2. The current lease contains an absolute restriction against residential use and therefore any development proposals could not be implemented without the Council's specific consent. The proposed lease will see this restriction removed enabling the delivery of the Council's vision of comprehensive redevelopment of the Surrey Canal Triangle area. It will also ensure the protection of the role and interests of the Millwall Community Trust (MCT), who have a separate land interest to that of the Club. The proposed lease will further ensure that the Council benefits from any value uplift to be generated by any new development.
- 1.3. The proposed lease restructuring constitutes a disposal of land by the Council and therefore the Council must comply with the requirements of Section 123 of the Local Government Act 1972 in that it must be able to demonstrate that the disposal has taken place for the best consideration reasonably obtainable.
- 1.4. The proposed restructuring of the stadium lease seeks to update the terms of the lease and secure a commercial return to the Council, commensurate with the development rights which the new lease structure proposes to afford MFC.
- 1.5. The site contains a separate leasehold, afforded to the MCT, whose activity delivers a range of positive outcomes for the local community. The Council's approach to the restructuring of the leasehold with the Club has been predicated on ensuring a relocation of facilities for the Trust and enabling delivery of their programmes during any disruption caused by development works.

2. Recommendations

Mayor and Cabinet is asked to approve to:

- 2.1 the restructuring and renewal of a 999-year lease for the Millwall stadium site – 'The New Den', John Berylson Way (formerly known as Zampa Road).

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- 2.2 new 999-year leases being granted across three separate sites surrounding the Millwall stadium site to enable the delivery of mixed-use development, including the re-location of facilities for the Millwall Community Trust.
- 2.3 delegated authority to the Executive Director of Place, in consultation with the Executive Director of Corporate Resources and the Director of Law, to negotiate and agree the final terms of the lease and all associated documentation.

3. Policy Context

- 3.1 The Council's Local Development Framework sets the vision, objectives, strategy and policies that will guide development and regeneration in the borough to 2025 and together with the Mayor of London's 'London Plan', forms the statutory development plan for the Borough. It anticipates major change and includes a focus on the Surrey Canal triangle area as a major development opportunity. The London Plan reinforces this view by identifying the area as having potential for significant urban renewal.
- 3.2 The content of this report is consistent with the Council's policy framework, namely the Corporate Strategy 2022 – 2026. Delivering this strategy includes the following priority outcomes that relate to the Council's regeneration activities:
 - Cleaner and Greener – working to tackle the climate crisis through our development policies.
 - A Strong Local Economy – continue to expand our apprenticeship programme and invest in our high streets, doing what we can to be the best place in London for new businesses.
 - Quality Housing and Safer Communities – we will deliver more social homes for Lewisham residents, providing as many people as possible with safe, comfortable accommodation that they can be proud of and happy to live in.
 - Open Lewisham – we will co-design services and ensure strong consultation processes that reach out to people whose voices are seldom heard.
- 3.3 Strengthening the local economy is a corporate priority, emphasising the importance of 'gaining resources to regenerate key localities, strengthen employment skills and promote public transport'.
- 3.4 The contents of the report and the outcomes to be gained from a restructured lease through enabling redevelopment supports the ambitions of the Council's Cultural Strategy through place making.
- 3.5 The Council's emerging Asset Management Strategy sets out the approach to using property effectively in order to achieve the Council's objective of making Lewisham the best place in London to live, work and learn. It acknowledges that the Council's assets have a key role to play in supporting the Borough's

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regeneration aims.

- 3.6 The Surrey Canal Triangle area is a strategic site within the current site allocations document adopted in 2013 and the emerging Local Plan. The Millwall Football ground and its surrounding land, located within the Surrey Canal Triangle area, are therefore significant sites in the borough and offer opportunities to make lasting and sustainable improvements which will benefit residents in the immediate and wider area. The proposal includes ambitions for:
- extending Millwall Football Club's stadium
 - creating mixed-use business spaces
 - much-needed genuinely affordable housing
 - a potential new train station
 - other community facilities.

4. Background and Narrative:

- 4.1 The Council owns the freehold of the land leased to Millwall Football Club (MFC) on a 150-year lease from 1993, along with the adjoining Lions Centre leased to Millwall Community Trust (MCT) on a 25-year lease dated November 2004. The surrounding land is owned by Renewal Ltd, a third party, who secured outline planning consent in 2022 for a major development within the Surrey Canal triangle area. The various interests demised to MFC and MCT under the current lease terms are shown in appendix A attached to this report.
- 4.2 The Millwall Football Club stadium (known as the New Den) currently provides capacity for approximately 20,000 spectators. Surface car parking and hardstanding areas surround the stadium. Fencing marks the boundary of this land. The Millwall Community Trust at The Lions Centre sits to the north of the stadium, which provides sports facilities for the local community.
- 4.3 The 150-year lease with Millwall terminates in September 2143 and has the following core permitted uses:
- a football stadium with associated activities (including sale of food & drinks) merchandise & office accommodation.
 - other sports & leisure activities.
 - offices/light industrial within class B1.
 - ancillary car parking.
 - any other use subject to the Council's position which shall not be unreasonable withheld.
- 4.4 The current lease precludes redevelopment of the site or any part of it for any other use, including residential use.
- 4.5 However, the Council and the Club share an aspiration to see development come forward on the site of the ground and the surrounding land. There is an unrealised potential for new homes and a healthy mix of uses in this part of the borough, which has been home to the Club for over a century.
- 4.6 To that end, the Council has been exploring a revised lease structure with MFC. This followed earlier proposals for the incorporation of the parts of the MFC

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demised site into a scheme developed and promoted by Renewal Ltd in 2016. Since then, the Council has worked with the stakeholders independently and with MFC, in particular, to enable development of the site, subject to mutually acceptable terms of a new lease structure.

- 4.7 It will also require the grant of a longer lease than the current unexpired term remaining on the lease to MFC. Typically, lease terms in the region of 999 years are usually the norm for such comprehensive developments. According to the Council's Constitution, the grant of such long-term leases is a matter for the Executive requiring Mayor and Cabinet authority to effect.
- 4.8 A revised lease structure has several benefits for the Council including enabling the development of much needed housing and provision of a new community facility. MFC are an important and valued stakeholder in the Borough, providing jobs and driving spend and commercial activity so a lease structure which supports development will in turn support the sustainability of MFC and will further support jobs, employment and economic activity. The proposed lease structure also has the added benefit of securing the Council increased income from the stadium site as well as the land surrounding the stadium when developed.
- 4.9 The Council's adopted strategic planning objectives for the area known as the Surry Canal Triangle seek to ensure development creates employment, affordable housing, community infrastructure and create new public realm and wider connections. The existing lease structure with MFC and MCT restricts development and the potential to bring about change which could enable additional jobs, homes and a better-quality environment. The development rights proposed to be afforded to MFC will enable development, subject to the securing of necessary planning consents. The proposed lease structure has been designed in such a way as to require that any development proposals brought forward by MFC must be agreed by the Council, as freeholder, with a view to ensuring improved public realm and connectivity across the site.
- 4.10 The proposed lease structure has sought to ensure that adequate provision for the Millwall Community Trust is made. This is a key principle of the proposed sacrifice of existing leases and the entering of new leases, which enable development rights. In addition, the quality of the public realm and a connection through the site is a priority for the Council and any the abilities afforded to Millwall under the lease will secure this public access link.
- 4.11 Millwall Community Trust
- 4.11.1 The Millwall Community Trust (MCT) is the community arm of Millwall Football Club and delivers community focussed programmes in the London Boroughs of Lewisham, Southwark and in North Kent, following the granting of a planning consent for the Club's new training facility in West Kingsdown. A comprehensive redevelopment of the site in accordance with the Council's adopted planning vision will require the inclusion of the land currently demised to Millwall Community Trust (MCT).
- 4.11.2 MCT is an independent charity largely dependent on Millwall FC for its funding. MCT provide sporting, education, social and healthy lifestyle opportunities for

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Lewisham and Southwark communities at affordable prices. The Council has good links with the Trust, and it offers sports coaching services in football, basketball, rugby and sports hall athletics for schools in the borough.

4.11.3 The Trust have a lease from the Council at peppercorn for the Lions Centre. This lease agreement expires in 6 years. The Trust are a key community stakeholder in the north of the Borough and report drawing in c£7m per annum in charitable funds for youth and community provision. They provide commissioned services from the Council, including holiday club and employability provision.

4.11.4 In 2023, the MCT worked with over 12,000 individuals over 25 different projects and programmes and was recognised at the Mayor of Lewisham Business Awards with the 'Best Community Contribution' award.

4.11.5 Retaining, supporting and growing the MCT delivery within Lewisham has been central to the considerations of the Council and MFC when discussing the new lease structure. Charitable trusts are vital vehicles for distributing money from the football pyramid to support local community outcomes, including sports pathway development, education and employment and health and wellbeing.

4.11.6 MCT have been engaged in discussions with the Council and MFC relating to the proposed new lease provisions and are supportive of MFC's development ambitions. Their interests have been protected in the following ways:

- Any new development proposals will re provide facilities for MCT at nil rent that need to be agreed by the three parties.
- A Service Level Agreement (or community benefit plan) that ensures support for the MCT's charitable objectives for a minimum term.

5 Summary Heads of Terms for New Lease

5.1 A detailed narrative, including some key considerations on the restructured lease proposals in the new Heads of Terms (HoT) are contained in a part two of this report. A new lease plan for Millwall Football Club is attached as Appendix B with a summary of the key points below.

5.2 Summary of proposal in Heads of Terms

Site	All the land known as the New Den, John Berylson Way, London SE16 3LN including the area known as The Lions Centre, Bolina Road, London SE16 3LN.
Term	999 years
Use	New permanent MCT Facility; Public Realm; Football Stadium uses and uses in connection with the permitted

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use of the Stadium Site;
Ancillary Car Parking for Match days (Match, being defined in the Existing Lease) and other occasions;
Residential/student accommodation;
Commercial/Retail/Leisure;
Hotel use;
Any other use for which planning permission is obtained from time to time and which is approved by the Landlord (such approval not to be unreasonably withheld).

6 Financial Implications:

The terms of the proposed lease provides a mechanism for the Council to secure an increased rental income from the site. Further details of the financial implications are set out in the part two report.

7 Legal Implications:

7.1 Bevan Brittan LLP have provided legal advice to the Council during the negotiation of the heads of terms.

7.2 The Council has the necessary powers to enter into the lease arrangements as proposed. In order to comply with section 123 of the Local Government Act 1972, the Council must obtain the best consideration for the leases that can reasonably be obtained. Officers have obtained a professional valuation that confirms that this requirement can be met.

7.3 Care must be taken to ensure that the final terms of the lease and development arrangements do not amount to a contract for works which would be covered by the Public Contracts Regulations 2015/Procurement Act 2023 (when in force) and which would necessitate a public procurement exercise. A further legal review of the final agreed terms will be conducted to ensure compliance with applicable procurement legislation.

8 Equalities implications

8.1 By law, the Council must have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

8.2 This means that the Council has a legal duty to consider the implications of anything we do on the basis of people's protected characteristics as set out in the Equality Act 2010.

8.3 Officers consider that should the lease restrcture be granted, this will allow the Millwall Football Club to increase their level of influence within the community and help reduce inequality and further assist marginalised groups.

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9 Climate change and environmental implications

9.1 There are no immediate environmental implications associated with the recommendations of this report.

10 Crime and disorder implications

10.1 There are no immediate crime and disorder implications associated with the recommendations of this report.

11 Health and wellbeing implications

11.1 None specific to this report.

12 Background papers

12.1 None

13 Report author and contact

13.1 If there are any queries on this report please contact Kplom Lotsu, Head of Property, Estates and Capital Programmes Email: Kplom.lotsu@lewisham.gov.uk

13.2 Comments for and on behalf of Executive Director for Corporate Resources Shola Ojo, shola.ojo@lewisham.gov.uk

13.3 Comments for and on behalf of the Director of Law and Corporate Governance Melanie Dawson, melanie.dawson@lewisham.gov.uk,

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