

New Bermondsey / Surrey Canal

Independent Inquiry

Executive summary

1. The New Bermondsey site (the Site) is approximately 30 acres in size. It consists of many industrial buildings and a few dwellings. It also includes the football ground of Millwall Football Club (MFC) which is known as The Den. It is agreed between the key participants to the Inquiry, notably the London Borough of Lewisham (the Council) and MFC, that the Site is in great need of redevelopment.
2. The freehold of a large part of the Site is now owned by Renewal Group Limited (Renewal). Renewal is a privately owned company based in the Isle of Man. Its two shareholders are overseas companies, which are registered in the Isle of Man and British Virgin Islands. The freehold of part of the Site is owned by the Council. This comprises the football stadium and car park (which are let to MFC) and *The Lions Centre* (which houses various sports facilities and is let to Millwall Community Trust). In the report, I refer to this as “the Millwall Land”.
3. Renewal has produced a comprehensive scheme for the development of the Site for which it has obtained outline planning permission. It has spent millions of pounds in acquiring properties on the Site and in working up a detailed development scheme. The scheme involves leaving the football ground intact, replacing *The Lions Centre* with a state-of-the-art sports facility called Energize (with an estimated cost of £40 million) and redeveloping the rest of the Site. Renewal established the Surrey Canal Sports Foundation Limited (SCSF) for the purpose of delivering the Energize facilities.
4. On 7 March 2012, the Council resolved in principle, but subject to important conditions, to make a compulsory purchase order (CPO) in respect of those parts of the Site that Renewal did not own, including the Millwall Land. On 30 March 2012, it granted Renewal outline planning permission for the development of the Site.
5. On 20 December 2013, the Council entered into a conditional contract to sell the Millwall Land to Renewal.
6. On 30 September 2014, Renewal submitted a bid to the Greater London Authority (GLA) for £5 million of grant funding towards the cost of the construction of Energize. This bid, which stated that a pledge of £2 million had been given by Sport England, was supported by the Council.
7. On 7 September 2016, the Mayor and Cabinet of the Council (M&C) considered a detailed report by its officers which advised that all of the conditions that had been set for the making of a CPO on 7 March 2012 had been met and resolved to use CPO powers in relation to the Millwall Land. These included that the scheme was viable and could be

delivered by Renewal. On 20 September 2016, this decision was called in by the Overview and Scrutiny Business Panel of the Council (OSBP) on grounds which included that there was uncertainty as to the viability and deliverability of Renewal's scheme.

8. On 28 September 2016, M&C adjourned further consideration of the CPO decision pending the investigation of allegations that, as apparently evidenced by a brochure published by Lambert Smith Hampton (LSH) (commercial property consultants), Renewal had marketed the Site with a view to selling it. The officers reported the outcome of their investigation to the M&C on 15 December 2016. They reported that LSH had confirmed that they had not been instructed by Renewal or Incorporated Holdings Limited (one of Renewal's shareholders) to prepare the brochure. MFC criticise this investigation as having reached an "incredible" conclusion.
9. MFC was strongly critical of the way in which M&C had decided to appoint Renewal as the developer. It criticised the decision to enter into the conditional sale agreement and the decision to make the CPO. The criticisms are summarised at paragraph 15 of my report and the officers' answers to the criticisms are summarised at paragraph 16. Some members of the OSBP shared MFC's concerns. They were particularly unhappy at the prospect of the Council awarding the right to develop the Site to an overseas company whose shareholders were registered in "tax havens" and which had no track record of carrying out a large development project.
10. On 9 January 2017, MFC raised a new point. This was that, if the Renewal scheme went ahead and the sports facilities provided at *The Lions Centre* were replaced by those to be provided at Energize, the MFC Youth Academy might lose its English Football League Category 2 status. On 11 January 2017, M&C adjourned its reconsideration of the CPO decision until 8 February 2017 to allow time for the investigation of this issue to be completed.
11. By now, allegations were also being made that the Council had been misled into making a pledge of £500,000 to the SCSF by what was said to be a misrepresentation by Renewal and the SCSF that Sport England had pledged a sum of £2 million towards the Energize project. This was the catalyst for the decision to have an independent Inquiry. The M&C resolved not to proceed with the CPO until the outcome of the Inquiry was known.
12. The Terms of Reference and the Scope of the Inquiry are set out at paragraphs 20 to 22 of the report. In summary, I have been asked to decide whether officers and/or members of the Council acted with propriety, due diligence and in compliance with applicable codes of practice in relation to the decisions that I have outlined above.
13. I have rejected all of the criticisms that have been made of the conduct of officers and members. I have been particularly impressed by the care with which the officers carried out their consideration of some complex issues and the thoroughness, objectivity and professionalism of their reports.

14. I have reached the conclusion that they behaved with propriety, due diligence and in accordance with the applicable codes of practice in relation to all of the decisions outlined above, namely:
- (i) the decision to grant outline planning permission (paragraphs 33 to 55);
 - (ii) the decision to enter into a conditional agreement to sell the Millwall Land to Renewal (paragraphs 56 to 159);
 - (iii) the decisions to use CPO powers in relation to the Millwall Land (Chapter 4, paragraphs 160 to 293);
 - (iv) the decision to pledge £500,000 to SCSF (Chapter 5, paragraphs 294 to 336);
 - (v) the Council's support for Renewal's bid for a grant from GLA (Chapter 6, paragraphs 363 to 366);
 - (vi) the investigation into the LSH brochure (Chapter 7, paragraphs 367 to 412); and
 - (vii) the appraisal of the financial viability of Renewal's scheme and Renewal's ability to deliver it (Chapter 8, paragraph 414).
15. I have also concluded that (a) the Council was not misled by any misrepresentation, misinformation or withholding of information in relation to the decision to make the pledge of £500,000 (issue 4); and (b) there was no inadequacy in the Council's inquiry into the circumstances surrounding the production of the LSH brochure (issue 7).
16. I draw particular attention to my Overall Conclusion (Chapter 9, paragraphs 415 to 422), where I make some general observations about the purpose that I hope will have been served by this Inquiry. I express the hope that my findings will help to take the heat out of the debate that has taken place and enable all concerned to approach the question of how to bring about the much-needed redevelopment of the Site in a calm and measured way.



The Right Honourable Lord Dyson

November 2017