



Report to Cabinet

Date: 7th June 2022.

Title: **Wycombe Air Park and Aero Airways Associations Ltd**

Two linked transactions:

a lease re-gear with Aero Airways Associations Ltd (“AAA”), current leaseholder of Wycombe Air Park (“WAP”) and

a collaboration agreement for the disposal of 18 acres of employment land (“Site B”) within WAP and subsequent sale of Site B to a third party.

Cabinet Member(s): Cllr John Chilver; Cabinet Member for Accessible Housing and Resources

Contact officer: Paul Redstone and John Reed.

Ward(s) affected: Chiltern Villages.

Councillor Dominic Barnes, Councillor Zahir Mohammed and Councillor Mark Turner.

Recommendations: **To delegate authority to the Director of Property and Assets in consultation with the Cabinet Member for Resources, Property and Assets, Head of Legal and the S151 Officer to:**

Authorise and undertake necessary outstanding due diligence, agree final terms for both a lease re-gear with AAA and a Collaboration Agreement for the disposal of Site B (“the principal transaction”) and exchange and complete relevant legal documentation for the reasons set out below and in the Confidential Appendix to this report.

Authorise and undertake necessary outstanding due diligence, agree final terms for sale of Site B to the current proposed investor/developer or an alternative party (“the associated

transaction”) exchange and complete relevant legal documentation for the reasons set out in this report and the Confidential Appendix.

Reason for decision: The overall transaction would provide Buckinghamshire Council (“the Council”) with unfettered legal ownership of all 24 acres of land (“Area A”) immediately to the south of Wycombe Air Park which would enable the development of a comprehensive and permanent film studio scheme subject to receipt of planning AND would bring forward employment development on Site B in accordance with the August 2019 adopted Wycombe District Local Plan (“WDLP”), subject to receipt of a satisfactory planning permission and the securing of vacant possession to all the site.

The linked transaction will generate

- Rental income that supports the Council’s Medium-Term Financial Plan.
- A net capital receipt (from the sale of Site B) which will materially contribute to the Council’s capital receipts target to fund existing priority Capital projects.
- A capital payment to AAA, the Council’s leaseholder of WAP and the responsible manager of the airpark which currently holds the airfield licence for the airpark from the administering authority, the Civil Aviation Authority (“CAA”), which has the benefit of an existing long lease.
- Agreement to withdraw legal proceedings between AAA and the Council without further costs and
- Resumption of Booker Gliding Club (“BGC”) to WAP subject to the lease conditions on a long-term basis.

Executive summary

- 1.1 The linked transaction provides the Council with the opportunity to procure a major development and employment project on this key regeneration site in accordance with WDLP.
- 1.2 Key elements of the development proposal include a major film studio on a 24-acre site owned freehold by the Council and an employment development on an 18-acre site within WAP.
- 1.3 The overall transaction would generate rental income for the Council which will support the Council’s Medium-Term Financial Plan. In addition, the Council would receive a significant capital receipt which will contribute to the capital receipts target to fund priority Capital projects of the Council.

- 1.4 Aside from the financial and economic benefits of the transaction to the Council, it will also provide a capital receipt to AAA; enable the return of Booker Gliding Club ("BGC") to WAP and a cessation of legal proceedings between AAA and the Council without further costs.

2. Content of the report – The Transaction

- 2.1 WAP (as shown on Plan 1 below and referred to as Area B) is owned freehold by the Council. It comprises circa 160 acres of which a significant element is in the green belt. It operates as a general aviation aerodrome providing facilities for gliders, fixed wing aircraft and helicopters.

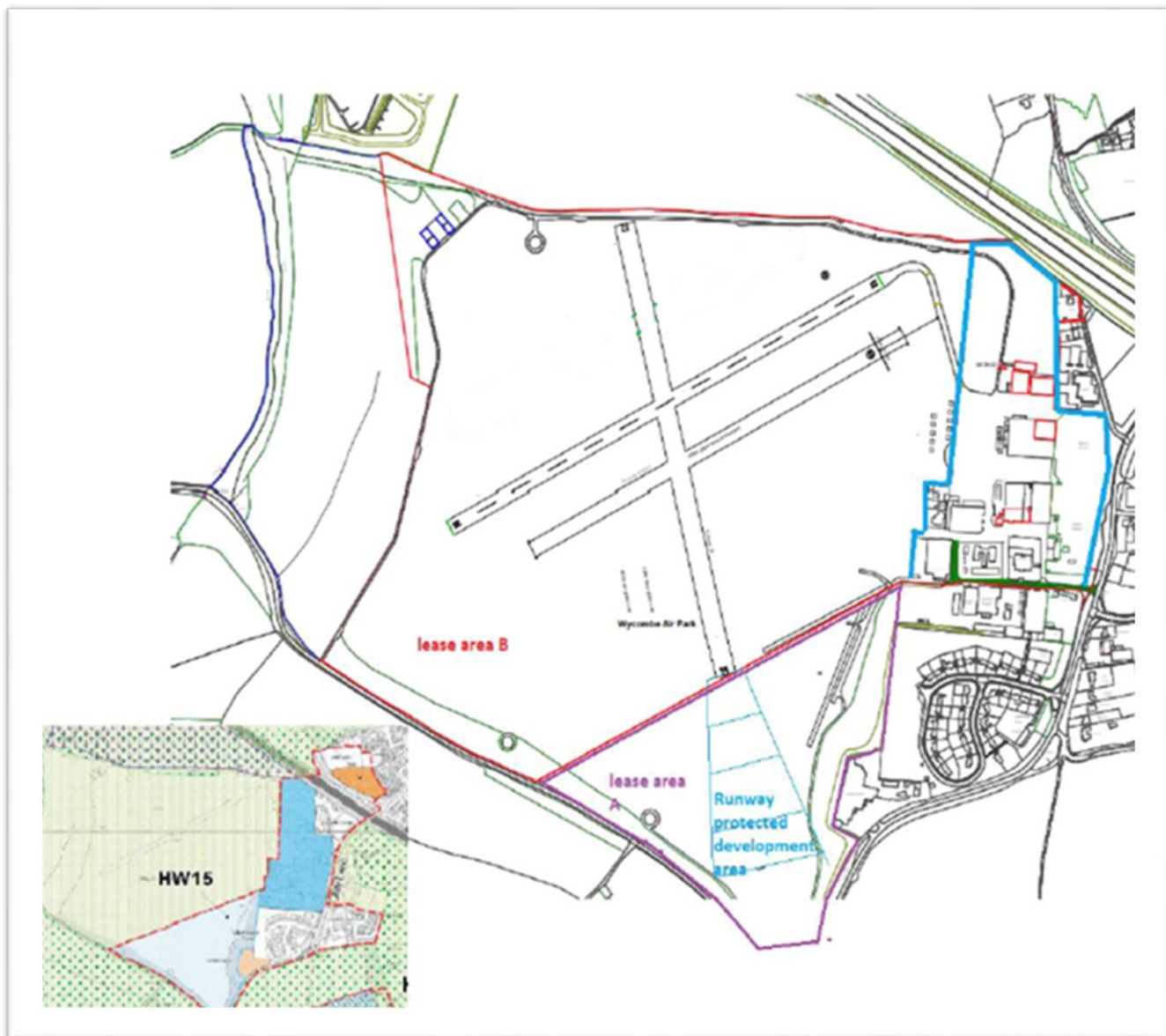
AAA is the Council's principal tenant on WAP. Its current leasehold interest covers all of Area B other than those buildings occupied by ATS Engineering and BGC. The lease runs until September 2066 (44 years unexpired) subject to a landlord break in October 2046 (24 years hence).

BGC and ATS lease their units directly from the Council. These premises are edged red on Plan 1.

Owned freehold by the Council, Area A is 24 acres of land which was historically leased to AAA and formed part of WAP. In September 2019, the Council exercised a landlord break in this lease which took effect in October 2020. Today, the Council own the freehold interest of Area A; AAA no longer have any interest in this land.

The Council has recently entered a lease with Stage 50, a film studio company, on all of Area A. Part 1 of this transaction is a 5-year lease; Part 2 comprises an Agreement to Lease and two draft leases for a 25-year term (including the period of the 5-year lease). Two schemes have been agreed between Stage 50 and the Council. These are considered in the Confidential Annex.

- 2.2 There is an on-going legal dispute between AAA and the Council as set out in this report and the Confidential Annex. This will be resolved by the recommendations contained in this report and the information contained in the Confidential Annex.



Plan A

Index to Plan A.

Area A	That land outlined in Purple outside the Property.
Site A	Runway Protected Development Area ("OLS") – Turquoise hatched.
The Property - Area B	Wycombe Air Park ("WAP") - outlined in Red.
Site B	That land outlined in Turquoise within the Property.
ATS and BGC buildings	Units outlined in red within Site B.

2.3 A lease re-gear with AAA on a reduced demise.

Council officers have commenced discussions on a subject to contract and without prejudice basis.

Heads of Terms for the AAA transaction are summarised in the Confidential Annex.

The terms of AAA's new lease will be materially the same as its current lease other than for the following changes:

- Demise to reduce enabling Site B to be sold off to a third party on a new 150-year lease.
- The user clause will be widened. Key proposed changes include allowing open storage on a 6-acre site in the north of the site (precise area yet to be identified); allow the buildings to be used on a more commercial basis, albeit remaining predominantly aviation based - any such alterations would be subject to planning approval.
- The 2046 break clause is to be removed.
- Specific wording securing the resumption of BGC activities at WAP.

If progressed, this lease re-gear will:

- enable Stage 50 to progress with additional development on Area A and increase employment – this will generate additional income to the Council as set out in the Confidential Annex. It also increases the value of Area A to the Council.
- amend the existing leasehold terms and demise between the Council and AAA as stated above.
- potentially generate a significant premium payment to be shared between the Council and AAA through the sale of Site B to a third party on the terms set out in the Confidential Appendix.
- ensure the resumption of BGC activities to WAP on a permanent basis on terms acceptable to both BGC and AAA.
- result in the withdrawal of proceedings between AAA and the Council at no additional cost and
- ensure AAA can continue to invest in WAP as a general aviation aerodrome.

2.4 Collaboration Agreement for the sale of Site B on a long leasehold basis.



Further details of the potential transaction are set out in the Confidential Annex. The objective is to dispose of Site B on a 150-lease subject to a peppercorn rent and for it to be developed as an employment site.

The premium payment for Site B is to be shared between the Council and AAA on an equitable basis and one that reflects each party's current negotiating position on the overall transaction.

- 2.5 The Council will retain its direct landlord relationship with BGC and ATS.
- 2.6 Benefits of the transaction for the Council as set out in the Confidential Appendix.
- 2.7 The financial implications as set out in this report and are further considered in the Confidential Annex to this report.

3. **Other options considered**

- 3.1 **Do nothing** - this would prevent Site B being re-developed for employment opportunities until AAA's lease terminates; the Council would not achieve an enhanced rental income or capital receipt from either Area A or Site B. It could also result in the resumption of Court proceedings and is unlikely to see the return of BGC to the aerodrome in the near future. This is not the recommended option.
- 3.2 **Commence negotiations with AAA for agreement on Area A only** - whilst this could be a workable scenario for the Council as it could deliver the larger film studio option, it is not something that AAA is currently prepared to consider and is therefore not a realistic prospect.

4. **Financial and Legal implications**

The rental income and capital receipt generated from this deal are budgeted for in the Council's Medium Term Financial Plan, and will therefore contribute to funding existing projects and expenditure within the Council.

5. **Corporate implications**

- a) Property – all included in the report and the Confidential Annex.
- b) HR – Not relevant.
- c) Climate change – subject to planning input, all parties involved will take due regard to the Council's Climate Change and Air Quality strategy.
- d) Sustainability – will be controlled by the planners.
- e) Equality – Not materially relevant.
- f) Data – No.

- g) Value for money – A letter from Independent Chartered surveyors will be sought confirming that the final terms of the transaction meets the compliance criteria of S.123 of the Local Government 1972 which states that except with the consent of the Secretary of State, a local authority shall not dispose of land “for a consideration less than the best that can reasonably be obtained”.

6. Local councillors & community boards consultation & views

- 6.1 Discussions have been held with relevant local Councillors including Ward members, Cllr Chilver (Cabinet member for Finance, Resources, Property and Assets) and Cllr Gareth Williams (Deputy Leader and Cabinet member for Planning and Regeneration).

7. Communication, engagement & further consultation

- 7.1 Communication is ongoing. There has already been a significant number of briefings and communication with BGC. No further consultation is anticipated.

8. Next steps and review

- 8.1 Instruct legal services to draft relevant legal agreements - all dealings to remain subject to the Council’s Procurement team approving the terms of the Collaboration Agreement and relevant S.123 approval being obtained from relevant professionals on all outstanding financial matters.

9. Background papers

None other than appendices attached.

If you have any questions about the matters contained in this report, please get in touch with the author of this report, Paul Redstone (paul.redstone@buckinghamshire.gov.uk) or his Head of Service (john.reed@buckinghamshire.gov.uk). If you have any views that you would like the cabinet member to consider, please inform the democratic services team. This can be done by telephone or email.

