



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

Agenda Item 2.4 – Appendix 1

## iMET Legal position

The current ownership of the freehold title vests in Urban and Civic. As landlord, Urban and Civic have granted a long lease (125 years) of the IMET Building to the Cambridge Regional College with a peppercorn rent (nil rent).

The permitted use under the lease allows the premises to be used as a training and educational facility including ancillary office, research and development facilities. Due to the restrictive user clause, the Combined Authority and the local business that has made an offer would be prohibited to use the premises for their intended purposes. However, subject to the Urban and Civic consenting, either party would be able to seek a variation to the lease or alternatively purchase the freehold.

We understand that Urban and Civic have agreed to transfer the freehold interest to either the Combined Authority or the local business in return for a payment of £750,000. It is likely that VAT will be payable in addition to this sum, although this needs to be clarified with Urban and Civic. Acquisition of the freehold interest will free the building from the current use restriction within the lease.

Heads of terms have been agreed with the college that enable the Combined Authority to instruct the college to assign the lease to the Combined Authority or to a third party or surrender the lease back to Urban and Civic. In either scenario, the college will not retain any land receipt. They do however require that, in return, the Combined Authority formally confirms that this shall discharge any potential liability of the College in relation to clawback of the grant. Whilst the amount of the grant was substantially greater than the current value of the College's long lease of the building, it is understood that the grant terms may not have included formal clawback provisions and, as such, the Combined Authority is willing to confirm that the College's clawback liability shall be discharged on assignment or surrender of their lease, on the basis the College does not retain any part of the land receipt.

Whether the building is acquired by the Combined Authority or the local business, SDLT will be payable by the party which acquires the building. This will require further investigation if the Combined Authority acquires the building, given the slightly unusual circumstances in that transfer of the College's lease is effectively in discharge of any clawback liability. For budgeting purposes, it is suggested the Combined Authority assumes an SDLT charge of 5% on the £3.15m.

Regardless of which entity (Combined Authority or local business) acquires the building, it will be necessary to verify that the intended use is permitted by the existing planning consent. If not, a planning application will need to be made. Savills have reported on the planning position.

### **Provisions of the Grant Funding Agreement in place on the IMET**

As of 1<sup>st</sup> April 2018 the GFA was novated to the CPCA from the Greater Cambridge and Greater Peterborough Enterprise Partnership Limited, making the CPCA the accountable body. Under the novation the CPCA takes on the obligations and liabilities of the GCGP as well as the benefits the GCGP was entitled to.

The relevant provision of the GFA is as follows;

- Clause 28 – Disposal or Transfer of Assets, if the costs of the asset have been included as net eligible costs then the Grant Recipient:-
  - a) Must not enter any agreement for sale or transfer other than for full value – a sale at undervalue will require the GCGP's consent.
  - b) Refund in full the grant paid by the GCGP
  - c) Pay to GCGP 100% of any net sale profit realised in respect of any sale, disposal or transfer.