

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM 7

REPORT TO CABINET

7 SEPTEMBER 2006

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION/KEY DECISION

Regeneration and Transport - Lead Cabinet Member - Councillor Cook

STOCKTON TOWN CENTRE – DISPOSAL OF TOWER STREET CAR PARK

1. Summary

This report seeks approval to dispose of Tower Street car park to Lathe Investments, so that the access can be achieved to the proposed foodstore at the Castlegate Centre, Stockton.

2. Recommendation

It is recommended that Cabinet:-

1. Authorise the sale of the Council's freehold interest in Tower Street car park to Lathe Investments, developers of the foodstore at the Castlegate Centre, Stockton-on-Tees Borough Council,
2. Authorise the Corporate Director of Development and Neighbourhood Services, in consultation with the lead Cabinet Member for Regeneration and Transport, to agree terms for the above sale,
3. Authorise the completion of a Development Agreement between the Council and Lathe Investments in respect of the land to be disposed of in accordance with the terms outlined in the report or such other agreements as may be deemed necessary by the Director of Law and Democracy to give effect to the sale of the land in the best interests of the Council.

3. Reasons for the Recommendations/Decision(s)

1. To bring about the development of the foodstore at Castlegate and thus kick-start the regeneration of the Southern Gateway.
2. Under the terms of the Council's constitution, Cabinet approval is required should terms for the land disposal exceed £250,000.
3. To ensure that control over the closure and redevelopment of Tower Street car park is retained in terms of timing and handover.

4. Members Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

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7 SEPTEMBER 2006

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

STOCKTON TOWN CENTRE – DISPOSAL OF TOWER STREET CAR PARK

SUMMARY

This report seeks approval of the principle of disposing of Tower Street car park to Lathe Investments, so that the access can be achieved to the proposed foodstore at the Castlegate Centre, Stockton.

RECOMMENDATIONS

Recommendation

It is recommended that Cabinet:-

1. Authorise the sale of the Council's freehold interest in Tower Street car park to Lathe Investments, developers of the foodstore at the Castlegate Centre, Stockton-on-Tees Borough Council,
2. Authorise the Corporate Director of Development and Neighbourhood Services, in consultation with the lead Cabinet Member for Regeneration and Transport, to agree terms for the above sale,
3. Authorise the completion of a Development Agreement between the Council and Lathe Investments in respect of the land to be disposed of in accordance with the terms outlined in the report or such other agreements as may be deemed necessary by the Director of Law and Democracy to give effect to the sale of the land in the best interests of the Council.

BACKGROUND

1. In May, Lathe Investments, developers acting on behalf of the Castlegate Centre owners, submitted an outline planning application for a 61,000 sq ft gross foodstore, with limited small retail units and decked car parking for 643 spaces. This proposal requires the use of Tower Street car park for a ramp to access the decked car park. The application was approved by Planning Committee on 2nd August 2006, subject to a number of planning conditions and a Section 106 Agreement
2. Officers have now agreed the terms of the Section 106 Agreement with Lathe Investments. These cover financial contributions towards mitigation measures such as off-site highway

improvements, pedestrian linkages to the river, provision of a street plaza, public transport improvements and footpath and cycleway linkages.

3. As well as the foodstore proposals at this end of the town centre, a number of opportunities to acquire properties are also being considered as part of wider land assembly in this area. These issues are being given due consideration as part of an ongoing masterplanning exercise covering the Southern Gateway and the riverside. The creation of a significant entrance to the town is sought at this key strategic location and it is considered that the development of a quality foodstore at Castlegate will not only assist in significantly enhancing footfall and anchoring this end of the town centre, but it will also kickstart the wider regeneration of this gateway into the centre.

DETAIL

4. Tower Street car park is a charging car park. Authority to enforce these charges is contained within a Traffic Regulation Order, Borough of Stockton-on-Tees (Offstreet Parking Places Stockton-on-Tees)(Amendment)(No18) Order 2006. Prior to the closure of the car park, this order will need to be further amended to delete Tower Street car park from the list using existing delegated powers.
5. The closure of Tower Street car park will clearly have implications in terms of loss of parking spaces and loss of revenue to the Council. 34 existing public car park spaces will be lost to the development and not replaced, whilst significant revenue accruing to the Council through pay and display ticket machine takings will also be forfeited. During the financial year of 2005/06 over 32,000 tickets were purchased at Tower Street car park, yielding approximately £34,700 gross to the Council. However, there will be some cost savings such as the rates, hence the net financial loss to the Council is estimated at approximately £30,000.
6. Negotiations between the Council and Lathe Investments are ongoing regarding the agreement of a sale price for Tower Street car park. Disposal of land by a Council does not need to achieve best consideration if there are significant economic, social or environmental benefits coming out of the disposal. In this particular case the site disposal will enable economic and retail benefits at the southern end of the Castlegate Centre, as well as initiating regeneration and environmental benefits for the wider Southern Gateway area. It is proposed that these benefits are built into the negotiations on price for the sale of the site. Should the agreed price exceed £250,000 then delegated approval is sought for the Corporate Director Development and Neighbourhood Services, in consultation with the lead Cabinet Member for Regeneration and Transport, to agree these terms with Lathe Investments. Should the agreed sale price not exceed £250,000 then agreement can be reached as part of existing scheme of delegation functions.
7. A Development Agreement will also need agreeing between the Council and Lathe Investments. This is a conditional document which binds both the Council and Lathe to progress the sale of the site and implementation of the approved planning consent. This Agreement will focus on when the car park is to be closed and handed over to the developer, when the capital receipt is to be paid to the Council, and when the ramp is to be developed in relation to the foodstore at the Castlegate centre.

FINANCIAL AND LEGAL IMPLICATIONS

8. The sale of Tower Street car park will produce a capital receipt to the Council and this is likely to be received in 2007/08. This will be available for general capital expenditure in the future.
9. The £30,000 net loss of revenue resources will need to be considered as part of the 2007/08 Medium term Plan process.

10. In terms of legal implications, Section 123 of the Local Government Act 1972 establishes the general principle that a Council may dispose of land held by them in any manner they wish. However, as a matter of law this is subject to the statutory requirement that, except with the consent of the Secretary of State, a Council shall not dispose of land for a consideration less than the best that can be reasonably obtained. The Local Government Act 1972 General Disposal Consent (England) 2003 in turn gives a general consent to particular disposals for less than the best consideration that can reasonably be obtained. These disposals include the promotion or improvement of economic well being, social well being, or environmental well being, as well as any situation where the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2 million.

RISK ASSESSMENT

11. A risk assessment has been undertaken for the disposal of this site and this reveals a medium overall risk. The likelihood of the ramp to the decked supermarket parking being built is good as it has planning consent and without it alternative parking will need to be accommodated within the scheme. This would significantly reduce the size of foodstore and create the need for a fresh planning application. However, there is still a risk that Lathe Investments will be not successful in securing a supermarket operator for the site and this risk will be heightened if there is no access to the parking proposed. The potential impact of no land disposal is, therefore, high.

COMMUNITY STRATEGY IMPLICATIONS

Economic Regeneration and Transport

12. The wider Southern Gateway Scheme forms part of the 'Key Development Project', 'Revitalise the Borough's Town Centres'.

CONSULTATION INCLUDING WARD/COUNCILLORS

13. The Lead Cabinet Member for Regeneration and Transport has been consulted on the disposal of this site and Planning Committee approved the granting of outline planning consent for a foodstore with access ramp to decked car parking on 2nd August 2006.

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Background Papers

Planning Application 06/1440/OUT

Ward(s) and Ward Councillors:

Stockton Town Centre Ward – Cllr Coleman and Cllr Kirton

Property Implications

As detailed in the report