

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting13th March 2008

1. Title of Item/Report

Thornaby Town Centre Redevelopment

2. Record of the Decision

Consideration was given to a report that provided an update on the redevelopment of Thornaby Town Centre.

On 24th October 2002 Cabinet endorsed the recommendations of the Thornaby Regeneration Partnership Board and approved the appointment of Thornfield Properties plc (Thornfield) as the Council's preferred developer for Thornaby Town Centre.

On 12th March 2004 the Council entered into a Development Agreement with Thornfield under which the latter was obliged to comprehensively redevelop the Town Centre. The Development Agreement set out all the necessary steps to prepare the Town Centre for redevelopment. One of the most important of these steps was the granting of the Building Lease, which transfers the leasehold interest in the Centre to Thornfield.

It was explained that under the Building Lease Thornfield would receive a 150 year lease of the Town Centre and would lease back to the Council, the Pavilion, Library and Area Housing Office at peppercorn rents. In exchange the Council would receive a capital receipt, and 10% of the annual rental income for the duration of the lease.

It was advised that in order to minimise the delay caused by the need for a CPO to secure possession of all interests required for the approved redevelopment scheme, Thornfield carried out the demolition of Brus and Meynell Houses under a separate demolition licence between April – July 2007. This represented a major step forward in the programme of works ensuring that following the grant of the Building Lease; Thornfield could immediately commence the main construction works of the scheme. Additional physical preparation work had also been completed such as the construction of a new roundabout, electricity substation and diversion of services to ensure a quick construction programme.

Following a successful CPO inquiry in June 2007, the land included in the

CPO was transferred to the Council under a General Vesting Declaration on the 25th January 2008; consequently the Council was now in a position to grant the Building Lease to Thornfield.

Members were advised that like all commercial operators, Thornfield had recently experienced a sharp increase in commercial cost pressures on the project due to the recent credit crunch which had led to uncertain financial markets, alongside rapidly escalating construction costs. Consequently the Council had agreed to assist Thornfield with the costs of dealing with a B.T. fibre optic cable buried in land adjacent to Mitchell Avenue which was required to be lowered or re-routed prior to the construction of the new car park. The Council had agreed to assist Thornfield with the costs of dealing with the cable if it needed to be diverted and the costs exceeded the initial payment by Thornfield of £128,000. It was explained that the Council would contribute up to £122,000 using savings from MS, on the basis that Thornfield would spend £10,000 on legal action against B.T. to recover the costs, and if successful, the Council's contribution would be recouped.

Members were informed that the Council and Thornfield were now both working to achieve a transfer date of the 31st March, when the Council would grant the Building Lease to Thornfield. This would ensure a start date for the main construction programme of works on the 1st April which would provide Thornaby Town Centre with modern retail & office accommodation desirable to national and local retailers, an attractive public realm and a new car park by summer 2009.

A contractor had recently been appointed and was likely to commence lead-in preparation works throughout March 2008. It was advised that Thornfield had already secured 65% pre-lets (based on rental income) and successfully attracted a number of key national retailers to the scheme as well as a number of local traders, to provide an attractive mix of local and national retailers delivering a greatly improved shopping offer. It was expected that further retailers would be announced as the scheme construction was underway.

To further enhance the scheme Thornfield had submitted planning applications to provide a retail kiosk in the new open air mall and construct three retail kiosks in prime locations in front and to the side of the library, in exchange for reconfiguring and extending the library to provide the facility with a greater frontage on the main shopping mall, significantly enhancing its overall prominence within the Centre. In addition Thornfield intended to seek permission to extend an existing retail unit to secure the interests of a national retailer to the scheme and may use it as an opportunity to achieve improvements to the layout of the recycling bins and taxi rank.

Members were informed that in addition, the Council and Tees Active had completed the initial stages of the Pavilion Sports Centre refurbishment; the provision of a new 70 station gym, which would offer brand new state of the art fitness equipment and the refurbishment of the bowls club signifying the beginning of an investment in excess of £1m. The final stages of the upgrade programme would be undertaken later this year and would provide a modernised crèche and nursery, new children's play barn, re-branded café and refurbished changing rooms.

Thornaby Library would also benefit from a major refurbishment by the Council in 2008, which would be further complemented by the arrangements to significantly increase its shop frontage on the new retail mall (subject to planning permission). In addition the Library would be the location for the Council's new Access to Services, effectively a one stop shop which would provide face to face help with Council queries such as Council Tax and Housing Benefits. It was anticipated that the improved services would be launched in autumn / winter 2008.

Members were advised that following completion of the £25m regeneration of the Town Centre in summer 2009, it was expected that significant progress would have been achieved on the new link road which Thornfield were obliged to procure under the terms of the Development Agreement. The link road would provide a new access / egress into the Town Centre and could act as a catalyst to attract further development to the area. This would not only further enhance the area, but serve to complement the redeveloped Town Centre and the Mandale housing regeneration scheme, which was successfully delivering 800 new homes, signifying a total investment of £60m which included £1m to improve linear park, an existing area of open space and linking the scheme to the wider Thornaby area.

RESOLVED that the progress made to date on the redevelopment of Thornaby Town Centre be noted.

3. Reasons for the Decision

To keep Members updated on the imminent commencement of the main construction works in Thornaby Town Centre.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Councillors Mrs Beaumont and Mrs Womphrey declared personal non prejudicial interests in the item as they were members of Tees Active Management Board.

6. Details of any Dispensations

Not Applicable

7. Date and Time by which Call In must be executed

By no later than midnight on Tuesday 25th March 2008

Proper Officer
17 March 2008