

CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**13 MARCH 2008**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET DECISION**

**Regeneration & Transport - Lead Cabinet Member - Councillor Cook**

**THORNABY TOWN CENTRE REDEVELOPMENT**

1. Summary

This report updates Members on the Thornaby Town Centre redevelopment.

2. Recommendations

It is recommended that Members:

1. Note the progress made to date on the redevelopment of Thornaby Town Centre.

3. Reasons for the Recommendations/Decision(s)

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

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 (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering

questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;

- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must 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 (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.**

## **CABINET DECISION**

### **THORNABY TOWN CENTRE REDEVELOPMENT**

#### **SUMMARY**

This report updates Members on the Thornaby Town Centre redevelopment.

#### **RECOMMENDATIONS**

It is recommended that Members:

1. Note the progress made to date on the redevelopment of Thornaby Town Centre.

#### **DETAIL**

##### Background

1. On 24<sup>th</sup> 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.
2. On 12th March 2004 the Council entered into a Development Agreement with Thornfield under which the latter is obliged to comprehensively redevelop the Town Centre. The Development Agreement sets out all the necessary steps to prepare the Town Centre for redevelopment. One of the most important of these steps is the granting of the Building Lease, which transfers the leasehold interest in the Centre to Thornfield.
3. Under the Building Lease Thornfield will receive a 150 year lease of the Town Centre and will lease back to the Council, the Pavilion, Library and Area Housing Office at peppercorn rents. In exchange the Council will receive a capital receipt, and 10% of the annual rental income for the duration of the lease.

##### Progress on redevelopment scheme

4. 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 can immediately commence the main construction works of the scheme. Additional physical preparation

work has also been completed such as the construction of a new roundabout, electricity substation and diversion of services to ensure a quick construction programme.

5. 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 25<sup>th</sup> January 2008; consequently the Council is now in a position to grant the Building Lease to Thornfield.
6. Like all commercial operators, Thornfield have recently experienced a sharp increase in commercial cost pressures on the project due to the recent credit crunch which has led to uncertain financial markets, alongside rapidly escalating construction costs. Consequently the Council has agreed to assist Thornfield with the costs of dealing with a B.T. fibre optic cable buried in land adjacent to Mitchell Avenue which must be lowered or re-routed prior to the construction of the new car park. The Council has agreed to assist Thornfield with the costs of dealing with the cable if it needs to be diverted and the costs exceed the initial payment by Thornfield of £128,000. The Council would contribute up to £122,000 using savings from MS, on the basis that Thornfield will spend £10,000 on legal action against B.T. to recover the costs, and if successful, the Council's contribution would be recouped.
7. The Council and Thornfield are now both working to achieve a transfer date of the 31<sup>st</sup> March, when the Council will grant the Building Lease to Thornfield. This will ensure a start date for the main construction programme of works on the 1<sup>st</sup> April which will 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.
8. A contractor has recently been appointed and is likely to commence lead-in preparation works throughout this month. Thornfield have already secured 65% pre-lets (based on rental income) and successfully attracted a number of key national retailers to the scheme including New Look, Peacocks, Lidl, Wilkinsons, HomeBargains, and the Post Office and 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 is expected that further retailers will be announced as the scheme construction is underway.
9. To further enhance the scheme Thornfield have 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 intend 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.
10. In addition, the Council and Tees Active have completed the initial stages of the Pavilion Sports Centre refurbishment; the provision of a new 70 station gym, which offers 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 will be undertaken later this year and will provide a modernised crèche and nursery, new children's play barn, re-branded café and refurbished changing rooms.
11. Thornaby Library will also benefit from a major refurbishment by the Council this year, which will 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 will be the location for the Council's new Access to Services, effectively a one stop shop which will provide face to face help with Council queries such as Council Tax

and Housing Benefits. It is anticipated that these improved services will be launched in autumn / winter 2008.

12. Following completion of the £25m regeneration of the Town Centre in summer 2009, it is expected that significant progress will have been achieved on the new link road which Thornfield are obliged to procure under the terms of the Development Agreement. The link road will 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 is successfully delivering 800 new homes, signifying a total investment of £60m which includes £1m to improve linear park, an existing area of open space and linking the scheme to the wider Thornaby area.

### **FINANCIAL IMPLICATIONS**

13. The Council will receive a capital receipt, less the 10% deposit paid on completion of the Development Agreement in March 2004, and 10% of the annual rental income for the duration of the 150 year lease.
14. The Council may be required to assist Thornfield with capital costs of up to £122,000 to divert the B.T. cable. This money will be provided from MS.

### **LEGAL IMPLICATIONS**

15. In the event that the Council and Thornfield pursue a claim against B.T. the legal costs are likely to exceed the £10,000 contribution that Thornfield have offered to commit to recoup the costs of lowering / diverting the cable. On this basis, the Council would have to decide whether it would be prepared to contribute to the legal challenge if the costs exceed £10,000, based on a judgement on the likely success of the challenge and the need to recoup the costs, at the time. In this instance legal advice would be sought.

### **RISK ASSESSMENT**

16. There is a risk that the Building Lease will not be granted to Thornfield on the 31<sup>st</sup> March; however this is minimal as both parties are keen to achieve this completion date. When the Building Lease is granted the risk for the scheme will be transferred to Thornfield.
17. There is a risk that if the Council is required to assist Thornfield with £122,000 towards the costs of dealing with the B.T. cable, that the costs for the legal challenge could exceed the £10,000 that Thornfield are prepared to commit and / or that a legal challenge could be unsuccessful and the Council will not have any monies reimbursed.

### **COMMUNITY STRATEGY IMPLICATIONS**

18. Revitalise Thornaby Town Centre, which will impact positively on the further regeneration of the Borough.
19. Stockton Renaissance regeneration Strategy 2004 – 2008 – Action Area 2 Image and Environment.
20. Stockton Renaissance Community Strategy 2005-08:
  - Economic regeneration and transport - revitalise the Borough's town centres
  - Improve the health of the local community

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

21. Thornaby Ward Members and the Cabinet Member for Regeneration and Transport have been consulted on this update.

**Name of Contact Officer**     **Nigel Laws**  
**Post Title**                     **Regeneration Project Manager**  
**Telephone No.**                **01642 527565**  
**Email Address:**                **nigel.laws@stockton.gov.uk**

### Background Papers

Report to Cabinet – June 2005

### Ward(s) and Ward Councillors:

Mandale and Victoria – Cllr Mrs Large, Cllr Mrs Trainer and Cllr Walmsley  
Stainsby Hill - Cllr Mrs Craggs and Cllr Mrs Walmsley  
Village – Cllr Dalgarno and Cllr Eddy

### Property Implications

As detailed in the report.