

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

DATE 11th FEBRUARY 2010

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

**Regeneration and Transport - Lead Cabinet Member – Councillor Cook
Environment – Lead Cabinet Member – Councillor Mrs Beaumont**

Thornaby Town Hall Regeneration

1. Summary (expanded report summary)

Further to the Cabinet report of the 13th March 2008 regarding the proposals for the regeneration of Thornaby Town Hall, this report outlines the current position and circumstances with regards to the sale of the building to Python Properties.

As contained in resolution 2 of the decision dated 13 March 2008, SBC and Python Properties wish to proceed with the development of a scheme that includes Thornaby Town Council as tenants within the building. However at the moment, the town council are unwilling to commit to be part of the scheme. Therefore, authority is sought to serve a Landlord & Tenant Act Section 25 notice on Thornaby Town Council now due to the timescales involved in both the serving of the notice/obtaining vacant possession and the need for the redevelopment to commence in order for the secured funding to be drawn down. Simultaneously with the period of notice, SBC and Python Properties would continue to liaise with the Thornaby Town Council to secure commitment to enter into a lease with the developer, thereby negating the need to pursue vacant possession.

2. Recommendations

Members are recommended to:

1. Approve the authority for officers to undertake necessary legal action to ensure the satisfactory implementation of the Thornaby Town Hall Regeneration Project as stated under the Legal Implications section of the report. (paragraphs 14 -19)

3. Reasons for the Recommendations/Decision(s)

1. To ensure that Thornaby Town Hall Regeneration Project is implemented as agreed to a programme which maximises both private and public funding opportunities.

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.

AGENDA ITEM

REPORT TO CABINET

DATE 11th FEBRUARY 2010

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Thornaby Town Hall Regeneration

Summary

Further to the Cabinet report of the 13th March 2008 regarding the proposals for the regeneration of Thornaby Town Hall, this report outlines the current position and circumstances with regards to the sale of the building to Python Properties.

As contained in resolution 2 of the decision dated 13 March 2008, SBC and Python Properties wish to proceed with the development of a scheme that includes Thornaby Town Council as tenants within the building. However at the moment, the town council are unwilling to commit to be part of the scheme. Therefore, authority is sought to serve a Landlord & Tenant Act Section 25 notice on Thornaby Town Council now due to the timescales involved in both the serving of the notice/obtaining vacant possession and the need for the redevelopment to commence in order for the secured funding to be drawn down. Simultaneously with the period of notice, SBC and Python Properties would continue to liaise with the Thornaby Town Council to secure commitment to enter into a lease with the developer, thereby negating the need to pursue vacant possession.

Recommendations (amend as above)

Members are recommended to:

1. Approve the authority for officers to undertake necessary legal action to ensure the satisfactory implementation of the Thornaby Town Hall Regeneration Project as stated under the Legal Implications section of the report. (paragraphs 14 -19)

DETAIL

Background

- 1 The Cabinet report of the 13th March 2008 identified proposals for the viable and sustainable future use of Thornaby Town Hall. The sale of the building was approved, subject to resolutions that included, in particular, to

“authorise officers to invite the preferred developer to work up and agree detailed proposals and business plan based on their indicative proposals for a viable and sustainable scheme that incorporates Thornaby Town Council and Thornaby Heritage Group through an appropriate mechanism,”

- 2 The decision to sell was upheld at Scrutiny Committee on the 10th April 2008. Thornaby Town Council’s application for permission to apply for Judicial Review on the decision was refused on the 8th August 2008.

- 3 The developer and the Council has discussed with both Thornaby Town Council and the local heritage group (Remembering Thornaby Group) their individual spatial needs on several occasions and subsequently provided options and associated rental and management costs for consideration together with separate Heads of Terms for lease arrangements. Whilst the RTG have declined the opportunity to take up permanent space in the building, Python Properties remain willing to provide meeting and display space free of charge.
- 4 Python Properties have presented proposed Heads of Terms to Thornaby Town Council for use of rooms on the ground floor of the building and associated storage space. The terms are for a lease period of 20 years. The initial rental/management and service charge in year 1 would be some £6,500 pa rising to £11,300pa over a 5 year period. This includes the use of the main chamber and mayor's parlour for meetings on a pre-booking basis. This proposal is comparable to the lease agreement for the Billingham Town Council offices in Billingham Town Centre. The initial rental figure for Thornaby Town Council would be approximately £8.50 per sq.ft whereas Billingham Town Council's arrangement is £13.00 per sq.ft. Thornaby Town Council currently pay a lease and service charge of around £1,000, a figure which was last reviewed in 2000/1. The current lease arrangements reflect the fact that the Town Council occupies space which is not of the highest specification for office use. It has always been the considered intention that these terms would be reviewed as part of any regeneration project for the building when the office accommodation would be upgraded.
- 5 Thornaby Town Council rejected the proposed Heads of Terms based on there having been no public consultation. They advised Python Properties that they were opposed to the selling off of a publicly owned building and reserved the right to delay their decision until the views of the Thornaby community were known.
- 6 The Council held an Information Event in Thornaby Central Library from 2nd to the 8th December 2009 regarding the proposed redevelopment scheme. A feature was also included on the Council's website and interested parties were given the opportunity to comment on the proposals. 73% of respondents fully supported Python's proposals for the regeneration of the building. Thornaby Town Council have also carried out their own consultation exercise solely on the sale of the building.
- 7 SBC Legal Services, in the capacity of current landlord in preparation for the redevelopment of the building, wrote to Thornaby Town Council on the 7th January 2010. This letter summarised the results of the Information Event and requested the Town Council to confirm its willingness to be part of the regeneration scheme for Thornaby Town Hall. The letter also urged the Town Council to re-open discussions with Python Properties regarding lease arrangements.
- 8 Thornaby Town Council responded to the Council's letter on 18 January without confirming their willingness to be part of the redevelopment but were taking the matter further. They have also failed to re-enter negotiations with Python.

Next Stages

- 9 In order to avoid further delay and to make progress on the current opportunity to revitalise this important landmark building and maximise the opportunity for both public and private funding, it is intended subject to Cabinet approval, to serve a section 25 notice on Thornaby Town Council to terminate their lease and pursue to regain vacant possession of the building to enable the redevelopment to continue.

- 10 Simultaneous to the period of the section 25 notice, SBC and Python Properties will make every effort to continue in dialogue with Thornaby Town Council to seek their commitment to be part of the scheme.
- 11 Progress with the Development Agreement between SBC and Python Properties.

FINANCIAL IMPLICATIONS

- 12 Delay in facilitating Python Properties to start on site could result in Python Properties withdrawing from the project with the resultant loss of private and Single Programme funding currently secured to deliver the refurbishment of Thornaby Town Hall.
- 13 Should Python Properties withdraw from the process:
 - (i) Maintenance and repair costs would continue to be met from SBC resources.
 - (ii) The capital receipt from the sale of the property would not be achieved.

LEGAL IMPLICATIONS

- 14 Thornaby Town Council currently occupies the town hall under the terms of a lease dated 31 March 1998 which expired on 24th July 1998 and are holding over on the same terms. In order to terminate that lease and regain vacant possession of their offices a notice pursuant to s25 Landlord and Tenant Act 1954 must be served.
- 15 The notice will require Thornaby Town Council to vacate their premises within a period of 6 months. The Town Council have the right to apply to the court for a new tenancy, which could take 6 to 12 months to resolve.
- 16 Approval is sought in this report for authority to agree heads of terms for a lease, or other appropriate mechanism, to Thornaby Town Council of rooms within the town hall, for more than 7 years if appropriate, including occupation of alternative accommodation during the redevelopment works, to be delegated to the Corporate Director of Resources in consultation with the Director of Law and Democracy in the event that Thornaby Town Council resolve to reverse their rejection of the offer of a lease, or approve any agreement or mechanism between Python Properties and Thornaby Town Council as may be necessary to facilitate their occupation.
- 17 Approval is also sought for officers to be authorised to progress discussions with Python Properties to work up and agree detailed proposals for a viable and sustainable scheme that does not incorporate Thornaby Town Council, contrary to resolution 2 of the decision dated 13 March 2008
- 18 Officers are hereby authorised to serve a Landlord & Tenant Act Section 25 Notice on Thornaby Town Council and then unless agreement can be reached in accordance with paragraphs 16 and 17 above to obtain vacant possession.
- 19 Officers will be authorised in respect of resolutions 3 and 4 of the previous Cabinet report dated 13 March 2008

RISK ASSESSMENT

- 20 Further legal response from TTC – medium to high

TTC have repeatedly objected to the sale of the building throughout the process. Additional actions of this nature could impede the sale process.

- 21 Developer withdraws – low to medium
Developer has, at this stage, reiterated his commitment to the project. However, without the comfort of vacant possession of the building the developer could withdraw.
- 22 No developer interest – medium to high
Under the current financial climate there may not be any interest in the building from other developers or parties should there be a need to revisit the market.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

- 23 An underused building will be returned to use through commercial and community activity that will benefit the environment and the local community.
- 24 The proposal represents an opportunity to develop a regeneration strategy through the use of Thornaby Town Hall as a catalyst for the regeneration of the Mandale Triangle and Bon Lea area of Thornaby.

EQUALITIES IMPACT ASSESSMENT

- 25 This report is not subject to an Equality Impact Assessment because it does not relate to a new policy, strategy or change of delivery of a service.

CONSULTATION INCLUDING WARD/COUNCILLORS

- 26 As part of the development of previous proposals, consultation with the people of Thornaby by Vision Sense was carried out in 2005 in the production of an Audience Development Plan. This identified that community use and activity related to the Town Hall was important. It also recognised the opportunity for business incubator units.
- 27 Throughout the development of the current proposal, Ward Councillors and Thornaby Town Councillors have expressed their concerns of the possible loss of a public asset from the Council and the resultant loss of potential community space. To mitigate these concerns, the developer has engaged with the Town Council and The Heritage Group to discuss issues and requirements relating to the building's future use and occupancy in the preparation of their submissions.
- 28 An Information Event explaining the regeneration proposals for the building was held in the Central Library in Thornaby Town Centre between the 2nd and 8th December 2009, with further access to the information being available via the SBC website for a further week. The local media covered the proposals with items both on local radio and in the press. Completed feedback forms identify that 73% of respondents support the regeneration proposals.

Name of Contact Officer: Tim Gibson
Post Title: Regeneration Project Manager
Telephone No. 01642 526021
Email Address: tim.gibson@stockton.gov.uk

Education related

The Town Hall Council Chamber will be made available for Community and Educational use.

Background Papers

Cabinet report of 13th March 2008

Ward(s) and Ward Councillors:

Mandale & Victoria – Councillors Steven Walmsley, Tina Large and Allison Trainer

Property (<http://sbcintranet/library/64521/RES/Capital.doc?view=Display>)

As detailed in the report