

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**DATE 14<sup>th</sup> July 2011**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION/KEY DECISION**

**Regeneration and Transport - Lead Cabinet Member – Cllr Michael Smith**

**Thornaby Town Hall: Development & Regeneration of the Building**

1. Summary

Members will be aware that the Council's preferred developer to undertake the refurbishment and re development of Thornaby Town Hall, Python Properties, has now withdrawn. This report updates the current position of the project, looks at options for delivering the project and gives a recommendation for consideration.

2. Recommendations

Members are recommended to:-

- 1 note the current position of the project
- 2 authorise officers to progress Option A as identified in the report at paragraph 11, namely to invite ideas & proposals from interested parties who feel they can offer a workable / viable solution or package for the long-term use of the building, thus securing its future for years ahead.
- 3 authorise officers to invite interested parties to submit proposals including appropriate documentation detailing their ideas for the building for consideration by appropriate officers and members
- 4 authorise the Corporate Director of Resources in consultation with the Corporate Director of Development and Neighbourhood Services, the Director of Law and Democracy and Cabinet Member for Regeneration and Transport to draw up the necessary documentation required to progress Option A as identified in the report at paragraph 11
- 5 Authorise the Head of Legal Services to agree the associated terms in relation to the recommendations above and the Council's Scheme of Delegation.

3. Reasons for the Recommendations/Decision(s)

1. To seek positive ideas and proposals for the sustainable future use of the building.

#### 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.**

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**SUMMARY**

Members will be aware that the Council's preferred developer to undertake the refurbishment and re development of Thornaby Town Hall, Python Properties has now withdrawn. This report updates the current position of the project, looks at options for delivering the project and gives a recommendation for consideration.

**RECOMMENDATIONS**

1. note the current position of the project
2. authorise officers to progress Option A as identified in the report at paragraph 11, namely to invite ideas & proposals from interested parties who feel they can offer a workable / viable solution or package for the long-term use of the building, thus securing its future for years ahead.
3. authorise officers to invite interested parties to submit proposals including appropriate documentation detailing their ideas for the building for consideration by appropriate officers and members
4. authorise the Corporate Director of Resources in consultation with the Corporate Director of Development and Neighbourhood Services, the Director of Law and Democracy and Cabinet Member for Regeneration and Transport to draw up the necessary documentation required to progress Option A as identified in the report at paragraph 11
5. Authorise the Head of Legal Services to agree the associated terms in relation to the recommendations above and the Council's Scheme of Delegation.

**DETAIL**

Background

6. On the 13<sup>th</sup> March 2008 Cabinet endorsed, in principle, the freehold sale of Thornaby Town Hall and approved the recommendation to invite Python Properties as preferred developer to work up and agree detailed proposals and business plan based on their indicative submission for a viable and sustainable scheme for Thornaby Town Hall that incorporated Thornaby Town Council as an existing tenant and Thornaby Heritage Group as a future occupier on completion of the project.

7. Negotiations continued with Python Properties regarding the content and terms of the development until a development agreement was signed with the partnership on 15 September 2010.
8. During this period attempts were made both from Council officers and Python Properties to discuss and gain Thornaby Town Council's and Thornaby Heritage Group's approval for a new lease covering office accommodation within the refurbished building. However it was recognised that the prospect of agreement was extremely unlikely and a notice to terminate Thornaby Town Council's lease pursuant to section 25 Landlord and tenant Act 1954, endorsed by Cabinet on 11<sup>th</sup> February 2011, was served on the Town Council on 11<sup>th</sup> March 2011 in order to provide vacant possession of the building which would allow the development to proceed.
9. This was challenged in court by Thornaby Town Council with a preliminary hearing on 20<sup>th</sup> & 21<sup>st</sup> April 2011. The Court found in favour of the Town Council and the subsequent judgement entitled them to a new lease arrangement with the Council. This is currently being negotiated. Whilst the initial target date was to be 21<sup>st</sup> June 2011, a joint request has been submitted to court to extend this to 26<sup>th</sup> August 2011.
10. As a consequence of the court decision, Python Properties have now withdrawn from the project resulting in the need for the Authority to revisit development options for the regeneration of Thornaby Town Hall.

### Options

11. Taking account of this, officers have considered the various development options available to the Council to enable the refurbishment of Thornaby Town Hall (A more detailed analysis is attached at **Appendix 1**). The options are as follows:
  - A. invite ideas & proposals from interested parties who feel they can offer a workable / viable solution or package for the long-term use of the building, thus securing its future for years ahead;
  - B. Stockton Borough Council develop the building
  - C. Do nothing
12. Each option has been assessed against deliverability and risk criteria such as ability to be delivered, attractiveness to the market, availability of Council resources, external funding opportunities, political acceptability and procurement issues.
13. From the options analysis undertaken (please refer to **Appendix 1**), officers consider that Option A represents the most deliverable way forward. The marketing of the building would allow all interested parties from all sectors to come forward and submit ideas and proposals to the Council. These would then be assessed against strict deliverability criteria allowing the most sustainable proposal to go forward. It is therefore suggested that members authorise officers to take forward Option A as stated in the recommendations below.

### Next Stages

14. Subject to the approval of members, the next steps and timescales would be as follows:
 

a. Prepare marketing documentation	August 2011
b. Promote the opportunity for the property and invite the submission of expressions of interest with an associated delivery plan	August 2011
c. Closing date for submissions	September 2011
d. Analysis of submitted expressions of interest and delivery plan	October 2011
e. Select preferred submission.	October 2011
f. Appoint preferred party	November 2011
g. Prepare to draft up appropriate legal documentation	December 2011

## **FINANCIAL IMPLICATIONS**

### 15. Capital

- a. The pursuance of an option that may result in freehold disposal may generate a capital receipt for the Authority. Under the previous proposal from Python Properties this was to be £101,027. At this time it is not known what a future offer may be.

### 16. Revenue

- a. Any lease arrangement for the whole building would create additional income for the Authority.
- b. Currently, Thornaby Town Council pays £450 per year for use of office space on the ground floor of the building. Following the court outcome this is under review and is likely to increase to a level in excess of this figure. The implication of any freehold disposal of the building would be that the Council would no longer accrue this income.
- c. The Council also incurs annual costs in maintaining the building in the region of £15,000. Similarly, these costs would no longer be met by the Council.
- d. There will be a cost incurred by the Council to market the building and to draw up appropriate legal documentation.

## **LEGAL IMPLICATIONS**

17. As with any disposal of Council owned land the Council must obtain best consideration for the property. This will, as appropriate, be undertaken as part of the process of the preferred option.
18. Any sale of the freehold or lease arrangement of the building will result in the loss of control over the building; however conditions and restrictive covenants can be imposed to address any concerns.
19. Whilst the exact mechanism for protecting the rights of Thornaby Town Council in the event of a sale / lease are not yet determined all possible courses of action will be considered and the Director of Law & Democracy will advise on the most appropriate form for this to take.

## **RISK ASSESSMENT**

20. This (Thornaby Town Hall: Development & Regeneration of the Building) is categorised as an overall low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

### 21. No acceptable developer interest – medium

Under the current financial climate there may not be any appropriate interest in the building from potential interested parties. Also, potential interested parties may not wish to take on the building with sitting tenants.

### 22. Financial

Insufficient funding – Low to medium

The current conditions of the property market and the availability of credit, which are beyond the control of any interested party, could have an impact.

### 23. Stockton Borough Council

On completion of any sale arrangements for the property, the scheme would not be reliant on further capital or revenue investment from the Council. However, under a lease, there may still be a financial liability on the Council.

## **SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS**

24. An underused building will be returned to use that will benefit the environment and the local community.

## **EQUALITIES IMPACT ASSESSMENT**

25. This report is not subject to an Equality Impact Assessment because it reflects the current position regarding a Council asset and does not seek amendment to current policy.

## **CORPORATE PARENTING**

26. None

## **CONSULTATION INCLUDING WARD/COUNCILLORS**

27. Land & Property, Finance, Law & Democracy and Planning have been consulted on and contributed to the options analysis for this report.

28. *Ward councillors and the lead Member for Regeneration and Transport have been consulted on this report. Whilst Thornaby councillors recognise the need to regenerate the building, they would be unlikely support the loss of the Town Hall element of the building group from public / community ownership.*

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Education related? - No

### Background Papers:

Cabinet report 13<sup>th</sup> March 2008, Thornaby Town Hall: Marketing & Regeneration of the Building  
Cabinet report 11<sup>th</sup> February 2010, Thornaby Town Hall Regeneration  
Cabinet report 17<sup>th</sup> March 2011, Building Asset Review - Update

### Ward(s) and Ward Councillors:

Mandale & Victoria – Councillors Steven Walmsley, Tina Large and Tracey Stott

### Property - Thornaby Town Hall

Summarise any implications the report has in relation to the Council's property. Explain how the report impacts on the Capital Programme and Asset Management Plan.

29. SBC are currently at the consultation stage on a Community Asset Transfer Strategy. In addition, the proposal in the Localism Bill by Government is also in its early stages and therefore final wording and implications are, at this stage, uncertain. Until such time that we have those additional powers to call upon, we are deemed to undertake any asset disposal with "best consideration" provision.