

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

3 NOVEMBER 2011

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Transport – Lead Cabinet Member – Councillor Michael Smith

Billingham Town Centre Redevelopment

1. Summary

This report provides an update on recent progress related to the regeneration of Billingham town centre and seeks to gain an approval that will allow an amendment to the existing agreement between the Council and Stockland UK (owners of Billingham town centre) which will enable the Council to move forward in partnership with Stockland UK to deliver significant restoration and redevelopment works.

2. Recommendations

1. Cabinet approves the commitment of capital resource to support Stockland UK to deliver a redevelopment scheme for Billingham town centre under revisions to the existing sale agreement
2. The Corporate Director of Development and Neighbourhood Services be authorised, in consultation with the Cabinet Member for Regeneration and Transport, Director of Resources and Director of Law and Democracy, to agree the detail of the revised sale agreement and enter into all necessary legal agreements to facilitate the redevelopment scheme.

3. Reasons for the Recommendations/Decision(s)

The regeneration of Billingham town centre is a priority for the Council. Approval of recommendation will enable the Council to work alongside Stockland UK in delivering meaningful redevelopment of the town centre to go ahead.

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

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RECOMMENDATIONS

1. Cabinet approves the commitment of capital resource to support Stockland UK to deliver a redevelopment scheme for Billingham town centre under revisions to the existing sale agreement.
2. The Corporate Director of Development and Neighbourhood Services be authorised, in consultation with the Cabinet Member for Regeneration and Transport, Director of Resources and Director of Law and Democracy, to agree the detail of the revised sale agreement and enter into all necessary legal agreements to facilitate the redevelopment scheme.

DETAIL

1. Background

1. The Council's freehold interest in Billingham town centre was sold to Halladale UK (now Stockland UK) in July 2007.
2. Following the sale in 2007, Stockland UK in partnership with the Council decanted residential tenants from the centre, undertook some restoration works and sought to secure planning permission for, and interest from, a major supermarket operator to locate in West Precinct.
3. A masterplan for the regeneration of the town centre, based upon public consultation carried out in November 2009 and measures identified in the sale agreement between the Council and Stockland UK was produced in February 2010.
4. The masterplan included, amongst other things, provision of a 35,000ft² foodstore in West Precinct, new paving and public realm, new public toilets, new shop unit next to the Police

Station, further new shop unit adjacent to Billingham Arms and Billingham Forum and a wide range of measures to improve the appearance of the centre and take measures to reduce the pigeon population.

5. Sale Agreement

6. When the town centre was sold, an agreement was reached between the Council and Stockland UK which covers financial contributions from the Council to Stockland UK based upon agreed criteria linked to development progress in the town centre.
7. The sale agreement covers a whole range of issues linked to the disposal of the Councils asset. The financial content of the agreement in relation to Council capital contributions was agreed at Cabinet in July 2007 and the detail of development conditions was delegated to relevant officers and Members at the time.
8. The existing sale agreement sets out the criteria which Stockland UK have to meet, to release Council capital and sets out the agreed items that will be addressed as part of a cosmetic restoration scheme. Some of these key criteria are detailed at paragraph 4 above.

9. Recent Progress

10. In the last twelve months, Stockland UK have secured planning permission for a 16,000ft² foodstore adjacent to the Billingham Arms and Billingham Forum, a new B&M store has opened in 1 East Precinct, creating 40 jobs, planning permission has been granted for the merger and extension of units 27-31 on Queensway to facilitate a Poundland store due to open in early 2012.
11. Refurbishment and repair works have taken place to ensure that the spiral ramp, which provides access to first floor shops complies with Health and Safety regulations and the centre remains over 95% let (this figure excludes units in West Precinct which have been kept un-let to facilitate the proposed supermarket development).
12. These positive developments have been supported by the Council through £18.5million investment in state of the art leisure facilities at the refurbished Billingham Forum, which opened in June 2011 along with investment in improvements to John Whitehead Park. Following the failure to secure PFI credits for the Integrated Health & Social Care Facility, an options appraisal for delivering a combined customer service facility, library and office accommodation is being carried out, whilst discussions with the PCT are ongoing regarding the inclusion of a health element as part of the scheme.
13. Despite these positive developments, Stockland UK have been unable to secure a supermarket operator in West Precinct. As a result of this, Stockland UK recently approached the Council to re-negotiate terms within the existing sale agreement that would enable a meaningful development scheme to go ahead in the town centre in the absence of a major foodstore.
14. During recent discussions with Stockland UK involving senior Council officers and Billingham Ward Members it was acknowledged that Stockland UK have committed significant time and resources in attempting to secure a supermarket operator and there is an acceptance that none of the major supermarket operators are prepared to develop a store in this location.
15. The commitment from both parties, to take forward a redevelopment scheme in the absence of a foodstore remains. Stockland are currently in advanced negotiations with a number of non-food retailers who have shown interest in taking up the vacant ground floor

units in West Precinct, improving the retail offer and providing a large, non-food anchor store at the Western end of the town centre.

16. Council officers are now taking a proactive role in developing the detail of a redevelopment scheme that will see the release of Council capital alongside investment from Stockland UK enabling redevelopment to be forward, beginning in early 2012.

17. On this basis Council officers will now work with Stockland UK to establish a schedule of improvements and redevelopment, and negotiate a level of capital contribution from the Council and Stockland UK. These negotiations will ultimately culminate in the variation of the existing sale agreement to be approved as recommended.

18. FINANCIAL IMPLICATIONS

19. In order to secure a regeneration scheme, £1.75million was retained from the capital receipt received from the sale of Billingham town centre as agreed in 2007. Contributions to the revised regeneration scheme will not exceed this amount.

20. LEGAL IMPLICATIONS

21. Any changes to the existing sale agreement will be subject to a variation agreement to ensure that the commitments both parties are legally binding and that the Councils interests are protected.

RISK ASSESSMENT

This Billingham Town Centre report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

Economic Regeneration and Transport – supports the growth and redevelopment of the Boroughs town centres and contributes towards providing a quality environment to attract and retain businesses in the Borough

Safer Communities – final scheme will be designed with the reduction of crime and anti social behaviour in mind

Children and Young People – Final scheme will be designed and delivered with people of all ages in mind, providing a safe high quality environment that people of all ages can use and enjoy

Healthier Communities and Adults - Schemes will be designed and delivered with people of all ages in mind, providing a safe high quality environment that people of all ages can use and enjoy

Environment and Housing - The projects and schemes contained within the report support the desire to create a high quality built and natural environment to act a driver for economic change

Supporting Themes:-

Stronger Communities – A greater sense of pride in the local area will be fostered through the delivery of redevelopment proposals

Older Adults – Older adults will be considered as part of the redevelopment proposals through detailed design and best practise

Arts Leisure and Culture – redevelopment proposals will incorporate high quality design and art where possible. Proposals will also provide space for future events, leisure and markets

EQUALITIES IMPACT ASSESSMENT

This report is not subject to an Equality Impact Assessment because not a fundamental change in policy and the outcome, in terms of delivering redevelopment of Billingham town centre remains the same as it was before any alterations to the sale agreement.

CONSULTATION INCLUDING WARD/COUNCILLORS

Public Consultation - November 2009
All Billingham Ward Members – meetings/briefings
Billingham Central Ward Councillors - briefing
Billingham Town Council - meetings
Northern Area Partnership Board - meeting

Name of Contact Officer: Iain Robinson
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Education related? No

Background Papers

Report to Cabinet January 2007
Report to Cabinet July 2007
Billingham Town Centre Masterplan February 2010

Ward(s) and Ward Councillors:

Cllr Ann McCoy
Cllr Barry Woodhouse

Property

The property concerned is not in the Councils ownership. The Council has leasehold interests and ownership interests on adjacent sites but are not directly affected by proposals at this stage