

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

17th May 2012

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET DECISION

**Regeneration and Transport – Lead Cabinet Member – Councillor Mike Smith
Corporate Management and Finance: Lead Cabinet Member Councillor David Harrington**

THORNABY TOWN HALL – DEVELOPMENT DISPOSAL

1. Summary

Members will be aware that following the withdrawal in April 2011 of the Council's preferred developer, Python Properties, to undertake the refurbishment and re development of Thornaby Town Hall, Cabinet approved the recommendation in July 2011 to invite ideas and proposals from interested parties who feel they can offer a workable / viable solution or package for the long-term use of the building group. This report updates the current position of the project, looks at the proposals submitted and gives a recommendation for consideration.

2. Recommendations

Members are recommended to:-

- 1 Note the current position of the project
- 2 Authorise the sale of Thornaby Town Hall to Proposer B, Thornaby Town Council.
- 3 Authorise the Corporate Director of Resources in consultation with the Corporate Director of Development and Neighbourhood Services, the Director of Law and Democracy, Cabinet Member for Regeneration and Transport and Cabinet Member for Corporate Management and Finance to agree and finalise the necessary detailed terms and conditions of sale as required for the prompt freehold disposal of Thornaby Town Hall building group to Thornaby Town Council.
- 4 In consultation with the Authorities Historic Buildings Officer and Technical Services, authorise the replacement of the security and protective system to 7 and 9 Mandale Road with appropriate measures directly to the building frontage.

3. Reasons for the Recommendations/Decision(s)

- 1 To progress the opportunity for a workable / viable solution for the long-term use of the building, thus securing its future for years 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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MANAGEMENT TEAM**

CABINET DECISION

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SUMMARY

Members will be aware that following the withdrawal in April 2011 of the Council's preferred developer, Python Properties, to undertake the refurbishment and re development of Thornaby Town Hall, Cabinet approved the recommendation in July 2011 to invite ideas and proposals from interested parties who feel they can offer a workable / viable solution or package for the long-term use of the building group. This report updates the current position of the project, looks at the proposals submitted and gives a recommendation for consideration.

RECOMMENDATIONS

Members are recommended to:-

- 1 Note the current position of the project
- 2 Authorise the sale of Thornaby Town Hall to Proposer B, Thornaby Town Council.
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DETAIL

- 5 On the 14th July 2011 Cabinet approved the recommendation to invite ideas & proposals from interested parties who feel they can offer a workable / viable solution or package for the long-term use of Thornaby Town Hall, thus securing its future for years ahead.
- 6 From the 24th September 2011 to 28th October 2011 Thornaby Town Hall was actively marketed in the press, on the web and directly to over 70 potential interested parties and property agents via email and post, inviting interested parties to register interest.

- 7 At the 28th of October 2012 there had been 6 registered responses from a variety of organisations. Expression of Interest (Eoi) documentation was issued directly to the 6 respondents on the 15th November 2011, with email notifications to all other contacts and agents advising that the documentation was on the Thornaby Town Hall page of the SBC website, adding to the layout drawings, timeline and assessment information previously posted to the site. Deadline for return of Expression of Interest document and supporting information was set at 6th January 2012.
- 8 Two Eoi's were received; a joint proposal from the Proposer A and one from Proposer B. Clarification meetings were subsequently held with both applicants.
- 9 Following approval from CMT on 27th February 2012, both applicants were invited to develop and submit Scheme Detail documentation by the 11th April 2012.
- 10 At the deadline one submission was received from proposer B. Proposer A advised that they would not be making a submission. The reasons being that based on information at hand and despite extensive discussion with potential funders/match funders they were not in a position to offer a financially viable proposal.
- 11 The proposal has been assessed and scored against a set of criteria such as delivery, finance, operational, the immediate & wider area and project risk.
- 12 A clarification meeting was held on the 17th April to discuss issues arising from the assessment. This further informed the assessment process.
- 13 On completion of the development, Thornaby Town Hall would provide for a range of commercial and community uses. Summary points are identified below. A more detailed copy of the main points and terms of the proposal is located at **Appendix A** (containing exempt information).
- (i) Proposer B
 - a) To acquire the freehold of the building group, subject to surveys etc.
 - b) The building to be refurbished and restored to reflect the heritage of the building.
 - c) Completed development to provide a range of commercial and community uses.
 - d) To be funded through a variety of sources.
 - e) Middlesbrough based development company, Green Lane Capital, will assist in the project management of the project.
 - f) Site works expected to commence early 2013 for a period of approximately 28 months, subject to funding and approvals.
- 14 There are a number of areas of the proposal where Thornaby Town Council will need to develop and agree a robust case for progressing the development of Thornaby Town Hall and for developing funding applications. These areas of clarification and development include, but are not limited to:
- (i) The purpose of the development: restoration and refurbishment and providing a facility for community and commercial activity
 - (ii) Securing funding for the works
 - (iii) Business case development
 - (iv) The completion of the works within an agreed timescale.
- 15 The points relating to the redevelopment of the building group can be addressed through an appropriate legal mechanism as part of the preparation and due diligence process for the freehold transfer of the building.

- 16 Whilst the proposal presents both general and bespoke benefits for the building and its future sustainability, following the completion of the freehold disposal, the realisation of the proposal would be the responsibility of the new owners.
- 17 As a dual measure of security and protection, scaffolding and hoarding have been located to the front of numbers 7 and 9 Mandale Road for a period of time now due to unsafe windows at upper level. With the recent public realm works undertaken along Mandale Road, these encroach onto the public footway, limiting passing access for wheel chairs etc. The need for this protective measure in its present form is considered not now to be required but would need to be replaced with an alternative to ensure the protection of pedestrians, in consultation with the Authorities Historic Buildings Officer and Technical Services, with appropriate measures directly to the building frontage. It is expected that this would cost in excess of £5K.

FINANCIAL IMPLICATIONS

- 18 Capital
- (i) The sale of the building would generate a capital receipt for the Authority for general capital use.
 - (ii) Address protective security measures to 7 and 9 Mandale Road - £5,000 plus.
- 19 Revenue
- (i) Currently, Thornaby Town Council pays £1,800 per year for use of office space on the ground floor of the building. The implication of the sale of the building would be that the Council would no longer accrue this income.
 - (ii) 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.

LEGAL IMPLICATIONS

- 20 As with any sale of Council owned land the Council must obtain best consideration for the property. Through the marketing process undertaken in 2008, the sum of £101,027 was offered, and accepted, by Python Properties. Taking into consideration the current financial market it is considered the offer represents good value for money and, on the assumption that the restoration of the property could be a condition of the sale in order to achieve the desired outcome of the protection of the future use and refurbishment of the building group, meets best consideration in the disposal of the council's asset.
- 21 The sale of the freehold of the building will result in the loss of control over the building; however, if it is deemed appropriate, conditions of sale, for example requiring the redevelopment of the building and/or restrictive covenants, could be imposed to address any concerns. Heads of Terms for the sale have yet to be finalised but it is anticipated that any such terms and their subsequent legal documentation, will incorporate an appropriate requirement for the restoration of the property to a suitable standard.

RISK ASSESSMENT

- 22 Not completing the transaction - Low
- The proposer has demonstrated a desire and commitment to progressing discussions and negotiations to a mutually agreeable conclusion for acquiring the freehold of the building.
- 23 Insufficient funding – Medium to High

The proposer has confirmed immediate access to funds to acquire the freehold and made extensive enquiries and commenced the application process for funding from a number of funding streams to deliver the project based on previously assessed condition and costs. This funding is not yet secured. Along with the current conditions of the property market, the uncertainty of appropriate funding for development could have an impact on the deliverability of the project. It is possible that the proposal takes longer to achieve than is currently envisaged. This may continue to affect the visual impact and limit wider investment in the Mandale Triangle area.

24 Further allocation of financial resources - Low

On completion of sale of the property, the scheme would not be reliant on further capital or revenue investment from the Council. However, if the property is not developed the building group would continue to decay.

25 In either case, existing management systems and daily routine activities are sufficient to control and reduce the risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

26 An underused building will be returned to use through commercial and community activity that will benefit the environment and the local community.

27 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

28 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.

CONSULTATION INCLUDING WARD/COUNCILLORS

29 Resources, Technical Services, Law & Democracy, and Planning have been consulted on and contributed to the options analysis for this report.

30 Ward councillors and the lead Member for Regeneration and Transport have been consulted on the subject of this report.

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Education related? No

Background Papers

Cabinet report 13th March 2008, Thornaby Town Hall: Marketing & Regeneration of the Building

Cabinet report 11th February 2010, Thornaby Town Hall Regeneration

Cabinet report 17th March 2011, Building Asset Review - Update

Cabinet report 14th July 2011, Thornaby Town Hall: Development & Regeneration of the Building

Ward(s) and Ward Councillors:

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

Property

Implications relating to the Capital Programme and Asset Management Plan are covered in the body of the report