

CABINET

27 March 2014

DISPOSAL OF COUNCIL ASSETS AT HANOVER STREET CAR PARK AND GEORGE HOUSE – PUBLIC REPORT

Relevant Portfolio Holder	Cllr Del Booth
Portfolio Holder Consulted	Yes
Relevant Head of Service	
Wards Affected	St Johns
Ward Councillor Consulted	Yes
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 The Council has been actively marketing the site it owns at Hanover Street Car Park and George House for the purposes of a mixed retail and leisure development since April 2012. Members previously gave approval to the granting of a long term lease to the developer Opus in October 2012.
- 1.2 As the project has progressed changes have been made to the proposed scheme which impact on the size of the area of land to be disposed of and the financial implications. This report sets out the details of the final version of the scheme and members are asked to re-affirm their agreement to the leasing of the land to Opus.
- 1.3 This report sets out the information regarding the decision which can be made available publically. As referred to at 3.3 the financial arrangements behind the decision cannot be reported on publically and that information will be available to members separately in an exempt report.

2. RECOMMENDATIONS

- 2.1 That members approve the granting of a 250 year lease of the land at Hanover Street marked in red for identification purposes on the plan at Appendix 1 to Opus on the basis of the revised proposals for a food retailer, cinema, and restaurant units
- 2.2 That Members note and approve the proposed car parking arrangements and specifically agree to the following:-
 - (i) That the Council will retain the area of car park marked in blue for identification purposes on the plan at Appendix 2 and operate it as a shoppers car park retaining the income; and

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- (ii) That the Council enter into a Car Park Management Agreement with Opus for the provision of up to 135 car parking spaces for an initial term of 25 years.

2.3 That delegated authority be granted to the Executive Director of Finance and Resources in consultation with the Portfolio Holder for Planning and Regeneration to agree the final terms for disposal of the land to the developer.

2.4 That delegated authority be granted to the Head of Legal, Equalities and Democratic Services to enter into the necessary legal documents for the purpose of implementing 2.1 and 2.2.

3. KEY ISSUES

Financial Implications

3.1 It is estimated that the income received in the car park from a development of this nature would be approximately £255k pa. This represents an additional £195k pa gross income for the Council (£155k pa net of VAT). The car parking spaces available will be increased from 133 to 135.

3.2 The car park would need to be closed for a period of around 12 months from mid-2014 during construction works. This would result in a shortfall in car park income. It is anticipated that with adequate signposting the resulting shortfall will be mitigated as shoppers will be directed to other town centre car parks.

3.3 As part of any development, whereby the Council is selling its land and assets, we have to demonstrate that we are achieving value for money. The District Valuer (DV) has provided the Council with a detailed report on the site valuation. The report is attached as an Appendix to the exempt report and cannot be included in this report due to commercial sensitivity to the Council and the developer around the price of to be paid by the developer for the 250 year lease

Legal Implications

3.4 It is proposed that the Council will enter into an agreement for lease with the developer which will be subject to a number of conditions, including the granting of planning permission and the diversion of an existing footpath which crosses the site.

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- 3.5 . The Car Park will remain an asset of the Council and the Council will enter into a Car Park Management Agreement with Opus for an initial term of 25 years. The initial 25 year period is considered to be reasonable for a development of this nature as the proposed tenants of the development will expect the developer to give them assurance that parking will be available. At the time of writing this report officers are still working on the details of the agreement with the solicitors for the developer. However, in general terms it will cover the practical operational details such as hours of operation, provision of trolley bays and maintenance.
- 3.6 A change to the District Car Parking Order will be required to accommodate the change in footprint of the car park.
- 3.7 A strip of land owned by BDC adjacent to the Highway along Hanover Street from the existing exit from the Car Park to the junction with Worcester Road may be needed to be dedicated as Highway land to facilitate improvements and increase the capacity of the road network that will service the new development.

Service / Operational Implications

- 3.8 In January 2011 Full Council approved the Draft Area Action Plan for Bromsgrove District which included the site of George House and Hanover Street Car Park as a potential redevelopment area for a number of uses including retail, leisure and cinema. Members agreed in April 2012 to the marketing of this site for disposal.
- 3.9 The outcome of the marketing exercise was reported to Cabinet in October 2012. At this time it was anticipated that there would be a 27,000 square feet anchor store together with a cinema and other retail/ restaurant use. The total area for development on offer was 52,000 square feet. Members agreed to the granting of a long term lease to the developer and delegated authority was given to officers to finalise the negotiations and enter into the necessary legal documents.
- 3.10 The present position is that there have been some changes to the proposed scheme since October 2012. It was not possible for the developer to conclude negotiations with the original proposed anchor tenant. The scheme currently before members therefore provides for an alternative anchor tenant.
- 3.11 This change to the anchor tenant has brought about the following changes to the scope of the development:

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- a. A reduction in the size of the retail anchor from 27500 square feet down to 11000 (+5000) square feet, to be open June 2015.
 - b. Retention of the Car Park in the Councils ownership to include 135 spaces (as at present)
 - c. The inclusion of a small food retail unit in the Hanover Street Car Park.
 - d. Keeping the brook in its current position with a number of landscaped and naturalised areas
- 3.12 There has been no change to the proposal to include in the scheme a multi-screen cinema.

Customer / Equalities and Diversity Implications

- 3.13 During works there will be a period where the car park will not be accessible, however, signs will direct customers to nearby pay and display car parks.
- 3.14 Once completed the scheme will provide new retail and leisure facilities for residents and will contribute to the plans of the Council to re-generate Bromsgrove Town Centre. It is estimated that once fully operational the site will provide 200 to 300 town centre jobs.

4. RISK MANAGEMENT

- 4.1 The risk of the scheme not receiving planning permission has been mitigated as far as possible by involving planners in proposal selection and initial design discussions with the developers to ensure that a comprehensive development which appears to conform in principle to the planning policies / guidelines for the site contained in the AAP is proposed. However, the granting of planning permission will depend on the developer satisfying various planning obligations and detailed development control and highways conditions.
- 4.2 The risk that the required timescales will not be met because of delays in obtaining approvals from the Council has been mitigated by the recommendations contained in this report.

5. APPENDICES

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Appendix 1 – Plan showing footprint of land to be disposed of marked in red

Appendix 2 – Plan showing footprint of car park area to be retained marked in blue

6. BACKGROUND PAPERS

April 2012 Cabinet Paper – 'Marketing Exercise – Inclusion of Council Owned Assets (Hanover Street Car Park, George House and Stourbridge Road Car Park).

October 2012 Cabinet Paper - DISPOSAL OF COUNCIL ASSETS AT HANOVER STREET CAR PARK AND GEORGE HOUSE

7. KEY

N/A

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