

BROMSGROVE DISTRICT COUNCIL

CABINET

2ND SEPTEMBER 2009

REDEVELOPMENT OF THE MARKET HALL SITE

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| Responsible Portfolio Holder | Councillor Dr Del Booth JP |
| Responsible Head of Service | Phil Street |
| Key Decision | |

1. SUMMARY

1.1 Outline of proposal for dealing with the future of the market hall site

2. RECOMMENDATION

2.1 The proposal to demolish the market hall as the first stage in the preparation of the site for redevelopment be approved.

3. BACKGROUND

3.1 The market hall closed in February 2009 when the market was transferred on to the High Street. The establishment of the new outdoor market on the High Street so far appears to have been a successful move.

3.2 The transfer of the market on to the High Street leave the market hall vacant. It is used on an occasional basis for an antique fair and other events, but other than a café facility the hall is empty and no longer in use. There are continuing costs of maintaining, securing and repairing the market hall and a payment of £22,300 for non domestic rates has to be made on the property.

3.3 Efforts have been made to find temporary occupants for the market hall, but these have not been successful.

3.4 The intention is to enter into an agreement with a developer to redevelop the site and this is to be pursued through the European Union procurement route. The commitment is to dispose of the market hall site either for lease or sale. However, the current recession has meant that property prices are depressed and the Council would not receive the level of return on the sale or lease that it would have anticipated a year ago.

3.5 However, it remains a priority for the Council in terms of the town centre regeneration to redevelop the market hall site and work is being pursued to draw up the necessary documentation to permit the site to be taken through the European Union procurement process. It is proposed

that accompanying the work to prepare the documents to pursue the OJEU (Official Journal of the European Union) procurement route ought to be the demolition of the existing market hall.

3.6 It is estimated that the demolition will cost in the region of £20,000. The site would be cleared as the first stage in the redevelopment of the market hall site and in the short term could be used for additional car parking and garaging and storage for market stalls and vehicles necessitated by the demolition of the building.

3.7 The current market hall car park is one of the Council's most used and attracts over £170,000 of income in a full year. It is suggested that the land remaining after the demolition of the market hall would provide up to a further 25% more car parking spaces and it is estimated that this car park may realise the Council some additional £25,000 per year.

3.8 It is suggested that work continues on disposing of the site, but that this is carried out in such a way that the process is only pursued at a pace that allows the Council to take advantage of an improving property market.

3.9 On a final point there has been a recent ruling that may allow us to pursue the sale or lease of the market hall without having to go through OJEU procurement process. See appendix one.

4. FINANCIAL IMPLICATIONS

- 4.1 The current market hall continues to attract non domestic rates of £22,300 per annum. The demolition of the hall will remove the need to pay these rates.
- 4.2 In addition to the non-domestic rates the hall also requires some £20,000 to insure, maintain and meet utility costs. It is probable that the longer the building remains unoccupied the more prone it could be to vandalism and damage. The costs of repair and maintenance may increase as a consequence.
- 4.3 The conversion of the site into additional car parking would provide the Council with additional capacity and given that this is one of the most popularly used car park the likelihood exists that the the availability of greater capacity would attract additional revenue.
- 4.4 The costs of demolishing the building is estimated at £20,000.
- 4.5 The proposal is that work would continue on preparing the site for redevelopment and that the conversion into a car park would be an interim measure for no longer than necessary. It is difficult to put a time limit on the exact length of time that it would be a car park as this would depend largely on the recovery in the property market.

5. LEGAL IMPLICATIONS

5.1 The extent of the Council's ownership of the Market Hall site and the adjoining car park are marked as the hatched area within the red line on the plan at Appendix 2.

5.2 To demolish the existing Market Hall building and convert the top section of the site to additional car parking would require a planning application to be approved for a change of use (limited to the area of the site that is not currently used as a car park).

5.3 In the longer term if the Council was looking to sell the top section of the site (currently occupied by the Market Hall) to a developer, this is a transaction which the Council is able to enter into as it owns the land in question. The only significant issue is that there are electric cables located under parts of the eastern boundary of the site which are the subject of a wayleave agreement between the Council and the current successor of The Midlands Electricity Board . This would have to be notified to any potential developer and there is a risk that if the cables impinged on their plans the Council may have to bear the costs of moving them as a condition of any sale.

5.4 With reference to the remainder of the site which is currently used as a car park the legal issues a potential developer would have to make allowances for are more numerous and complex. In summary they are that :-

- There is an electricity sub-station located in the car park. This is covered by a legal agreement with Central Networks who have the benefit of a 99 year lease granted in 1994. In the event of the Council wanting to move the sub-station, the Council would be required to identify and provide an alternative site including providing an equivalent lease, and to bear the cost of removal and re-installation works.
- There are a number of business with frontages onto Worcester Road which are believed to have acquired prescriptive rights of way over the car park at the rear of their properties.
- In addition two formal rights of way have been granted by the Council over the same strip of the car park for the benefit of the dog and pheasant public house and a residential development at 18 Worcester Road. These provide for rights of access and could in theory be varied to provide an alternative route although in practical terms it is difficult to see how this could be achieved given geography of the site.

6. COUNCIL OBJECTIVES

- 6.1 The redevelopment of the town centre is the principal objective for the Council and the demolition of the market hall would be a first stage in the regeneration of that site.

7. RISK MANAGEMENT

- 7.1 Reputational damage by demolition of building – People expecting site to be developed for retail or services and cynicism created by demolition and not following demolition with construction work. It will be necessary to ensure public are informed that work will not start immediately on site, but that the vacant site is nothing other than a temporary measure until the property market recovers.
- 7.2 Damage to other buildings during demolition – Work will be undertaken by experienced and reputable company identified through an appropriate tendering arrangement.
- 7.3 Save the Market Hall group formed and takes action to oppose demolition – There may be a group formed to save the market hall. It's of little if any architectural interest, but sentiment runs deep about such buildings as market halls. Pre-demolition consultation and communication would both inform the residents of the plans and proposals for the future.
- 7.4 Unable to get company to carry out demolition – This is unlikely and already companies have indicated an interest in carrying out the work.
- 7.5 Site remains vacant for lengthy period – The longer the site remains unoccupied the more likely it is that cynicism will develop. The market hall site is a key location for town centre regeneration. However, the poor state of the property market means that the Council would currently be unable to realise the appropriate return on the site.
- 7.6 Expectation of development raised or adversely affected – Communication about what was happening on the site needs to be prepared well in advance of demolition so that the future use of the site is understood and explained.

8. CUSTOMER IMPLICATIONS

- 8.1 There is no direct impact on customers except that the market hall is used for antique fairs on an occasional basis. The market has already successfully moved on to the High Street and the use of the site for car parking may prove beneficial to some users of the town centre.

9. EQUALITIES AND DIVERSITY IMPLICATIONS

- 9.1 There are no apparent implications for the Council's Equalities and Diversity Policies.

10. VALUE FOR MONEY IMPLICATIONS

- 10.1 The market hall currently costs the Council expenditure in rates, repairs, maintenance, utility costs and security. The removal of these costs and their replacement with car park income which may provide additional satisfaction for customers would be seen as a positive action in terms of value for money.

10.2 Efforts have been made to identify a short term leasee of the market hall, but these have been unsuccessful. Since the market moved on to the High Street the Council have not received any income from the market hall.

11. OTHER IMPLICATIONS

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| Procurement Issues – The demolition will need to go to tender |
| Personnel Implications – None |
| Governance/Performance Management - None |
| Community Safety including Section 17 of Crime and Disorder Act 1998 - None |
| Policy –Supports the Council’s pursuit of the regeneration of the town centre |
| Environmental - None |

12. OTHERS CONSULTED ON THE REPORT

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|---|------------|
| Portfolio Holder | Yes |
| Chief Executive | Yes |
| Executive Director (Partnerships and Projects) | Yes |
| Executive Director (Services) | Yes |
| Assistant Chief Executive | Yes |
| Head of Service | Yes |
| Head of Financial Services | Yes |
| Head of Legal, Equalities & Democratic Services | Yes |
| Head of Organisational Development & HR | Yes |
| Corporate Procurement Team | Yes |

13. WARDS AFFECTED

St John's Ward

14. APPENDICES

Appendix 1 :Press Release on OJEU procurement development.
Appendix 2 : Plan of the Market Hall site

15. BACKGROUND PAPERS

N/A

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Government clarifies stance on Roanne ruling

The government will this month publish guidelines on a 2007 EU ruling that caused more than 70 UK schemes to be put on hold.

After a year of lobbying from the British Property Federation, the Office of Government Commerce will finally make it clear that the ruling, which involved a leisure centre in Roanne, France, only applies when public money is being spent, or when a partner is being sought to develop public sector facilities.

It was interpreted to mean that local authorities should put all schemes out to competitive tender through the Official Journal of the EU.

The new guidance means that several high-profile development agreements cancelled following the Roanne ruling, including Land Securities' £650m extension to the Stratford shopping centre in Newham, E15, and Hammerson's £500m regeneration of Kingston upon Thames, Surrey, need not have been terminated.

A LandSec spokesman said: "Although it was regrettable our plans for the scheme were caught in this, we welcome the fact there will be more clarity, something needed more than ever in the current market."

Appendix 2

