

CABINET

10 JULY 2012

PROPOSED NEW SUPERMARKET AND COMMUNITY HUB IN STROOD: UPDATE REPORT

Portfolio Holders: Councillor Alan Jarrett, Finance
Councillor Howard Doe, Housing and Community services

Report from: Perry Holmes, Assistant Director, Legal and Corporate Services.

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Summary

This report provides an update for Cabinet on the proposed disposal of land and the possible development of a new supermarket and Community Hub in Strood town centre.

1. Budget and Policy Framework

1.1 As the value of the Temple Street Car Park and adjoining land is in excess of £1,000,000, this disposal is a matter for Full Council.

2. Background

2.1 The Cabinet considered a report on the proposed development of a new supermarket and Community Hub in Strood town center on 4 October 2011 and agreed the following:

2.2 Decision no 134/2011: The Cabinet agreed to delegate authority to the Assistant Director of Housing and Corporate Services in consultation with the Portfolio Holder for Finance to take a lease of the new Community Hub on the best terms reasonably obtainable.

2.3 Decision no 137/2011: The Cabinet also recommended to Full Council, that the Temple Street Car Park and the adjoining yard (as shown edged black and hatched black on the attached plan) are declared surplus by Full Council and that it delegates authority to the Assistant Director of Housing and Corporate Services in consultation with the Portfolio Holder for Finance to enable their disposal upon the best terms reasonably obtainable.

- 2.4 Subsequently on 20 October 2011, Full Council agreed that the Temple Street Car Park and the adjoining yard (as shown edged black and hatched black on the attached plan) should be declared surplus and it delegated authority to the Assistant Director of Housing and Corporate Services in consultation with the Portfolio Holder for Finance to enable their disposal upon the best terms reasonably obtainable.
- 2.5 Whilst the recommendations did not explicitly state that the sale of the land was conditional upon the Council securing a requirement from the purchaser that it must agree to build the Community hub, before it can buy the land, it is clear from the reports to Cabinet and Council that amongst other things, the main objective was to secure a new Community Hub.
- 2.6 The planning consent, which has been obtained for the development, shows the Hub and the store as an integrated part of the same scheme. As a result, the Hub cannot be built without the store. The purchaser has now stated that it is not prepared to be obliged to build the Hub, (as this will also oblige it to build the store whether it wants to or not) as a condition of the land sale and that it will only build the hub if it builds a new store on the site.
- 2.7 Subsequent to the original reports last October, the post of Assistant Director of Housing and Corporate Services has been replaced for non-housing matters by the post of Assistant Director of Legal and Corporate Services.

3. Options

- 3.1 The Council can either decide to proceed with the proposed sale of land to or not.

4. Advice and analysis

- 4.1 Under the terms of the purchaser's suggested amendments to the transaction, the Council will still receive a substantial capital receipt from the sale of surplus property assets, however the Council may not be able to secure the construction of or the use of the Hub.

5. Risk Management

| Risk | Description | Action to avoid or mitigate risk |
|---|--|---|
| The Council has to pay non- recoverable fees towards the design of the Community Hub. | The Council will need to specify employer's requirements for the construction of the Community Hub fit out, even though there is a chance that it may not be built. As a result these costs could be abortive. | Ensuring that purchaser is committed to the headline terms before working on the details. |

6. Consultation

6.1 Consultation has taken place with the service directorates.

7. Financial and legal implications

7.1 The Council has a duty under s123 of the Local Government Act 1972 to obtain best consideration, when it disposes of interests in property, unless consent is obtained from the Secretary of State, or one of the general consents applies.

7.2 Assuming the proposal proceeds to completion, the Council will receive a significant capital receipt for the sale of the land at the Temple Street car park.

7.3 If the purchaser provides the Hub and the Council leases it, then the Council will need to pay for fees, furniture and equipment, a small element of which may be at risk in the event the proposed transaction does not proceed to completion or the purchaser does not build the Hub. If the Hub is built, then this is likely to be about 18 months time and the request for funding will be contained in a future report to Cabinet and Full Council.

7.4 Whilst the new Hub will be similar in size to the existing library, due to the way that rateable values are assessed, the new Hub is likely to have a higher rateable value than the existing library and therefore the business rates payable for it will also be higher. Hopefully, the new building being more energy efficient than the old one can offset some of this extra cost.

8. Recommendation

8.1 That Cabinet recommends to Full Council that it delegates authority to the Assistant Director of Legal and Corporate Services, in consultation with the Portfolio Holder for Finance, to enable the disposal of the Temple Street Car Park and the adjoining yard (as shown edged black

and hatched black on the attached plan), upon the best terms reasonably obtainable.

9. Suggested reasons for decision(s)

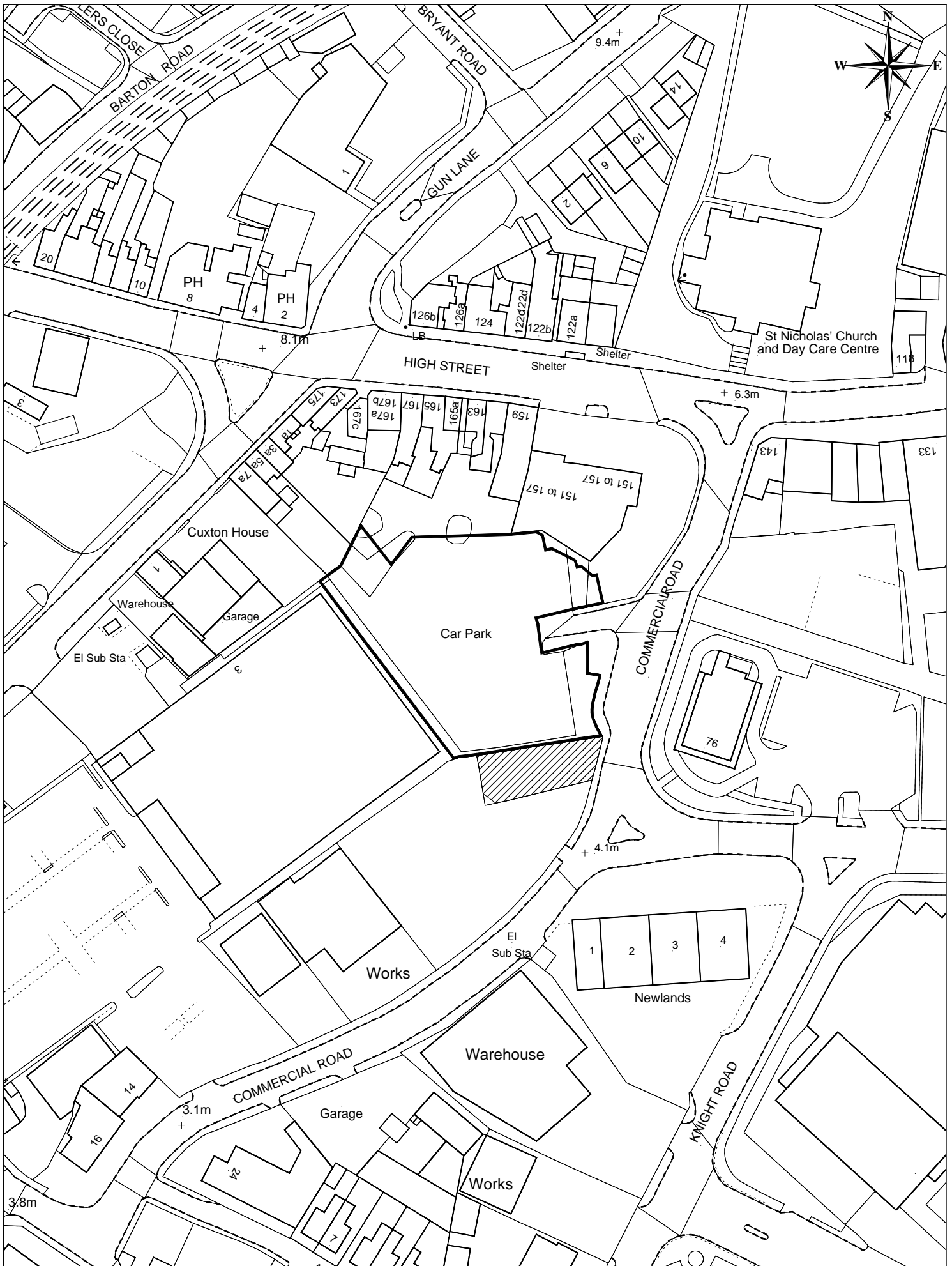
9.1 To realise a capital receipt from the sale of surplus property assets.

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Background Papers:

Cabinet Report 20 July 2010- Strood Environmental Enhancement Scheme.
Cabinet 4 October 2011- Proposed new Supermarket and Community Hub in Strood.
Full Council 20 October 2011. Proposed new Supermarket and Community Hub in Strood.



Temple Street Car Park and Yard
Commercial Road
Strood



Scale: NTS 26/06/12