

## **CABINET**

**4 OCTOBER 2011**

### **PROPOSED NEW SUPERMARKET AND COMMUNITY HUB IN STROOD**

Portfolio Holder: Councillor Alan Jarrett, Finance

Report from: Deborah Upton, Assistant Director, Housing and Corporate Services

Author: Noel Filmer, Valuation and Asset Management Manager

#### **Summary**

This report advises Cabinet of the proposed development of a new supermarket and Community Hub in Strood town centre and seeks the necessary approvals to enable the scheme to proceed.

#### **1. Budget and Policy Framework**

- 1.1 As the value of the existing Strood library site and the land and Buildings in Cuxton Road is below £1,000,000 per property, these disposals are a matter for Cabinet.
- 1.2 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.
- 1.3 As the premium/rent, which will be charged for the letting of part of the Civic Centre site will be over £20,000 per annum, then the completion of this lease is a matter for Cabinet.
- 1.4 The later approval of the (capital) budget to pay for fees in respect of the new Community Hub and for its furniture and equipment will be a matter for Full Council.

#### **2. Background**

- 2.1 The Temple Street Car Park and some adjoining land (shown edged black & hatched black on the attached plan – Appendix 1) have been previously declared surplus and marketed. (Cabinet 20 July 2010, decision nos 102/2010 and 103/2010). After a series of negotiations and best offers, Tesco offered the highest price for the freehold of the land to enable it to build a new supermarket on the site of its existing store and on the Council's land.

- 2.2 As planning authority, the Council has resolved to grant planning consent for Tesco's scheme to include, amongst other things, a condition that an additional unit is built as part of the development (ground floor 900sqm and first floor 500sqm) and is ready for occupation as a non-residential institution (D1 use) before the supermarket opens. Whilst as part of the planning permission, Tesco will be required to make this unit fit for D1 use, it will not be required to pay for fees which the Council has to incur in ensuring that the unit is suitable for its use and for the cost of furniture and equipment for the Community Hub. The estimated cost of these will be known once Tesco's plans are further advanced.
- 2.3 Following a series of negotiations, as part of the land transaction, Tesco has agreed in principle that it will:
- Purchase the council's land at the Temple Street Car Park and the adjoining yard.
  - Build the D1 unit to the council's satisfaction and lease the ground floor to the Council for the provision of a new Community Hub in Strood.
- 2.4 The Council also owns the land at 173-175 and 1a-7a Cuxton Road Strood as shown cross-hatched black on the attached plan – Appendix 2. This was originally acquired for a now abandoned road scheme, but more recently was held for as possible new library site. (report to Cabinet 20 July 2011 refers.) A small part of the land at the junction of Cuxton Road and High Street is still required for highway improvement and this will be retained. As a result 173-175 High Street may need to be demolished before the remainder of the site is sold.
- 2.5 It is proposed that the new Community Hub will provide new accommodation to replace Strood library and possibly to co-locate other services.
- 2.6 Details regarding the potential short term lease of part of the Civic Centre site is set out in the Exempt Appendix.

### **3. Options**

- 3.1 The Council can either decide to proceed with the proposed sale of land to Tesco or not.
- 3.2 If the land sale is to proceed, then the Council can either decide to lease the ground floor of D1 Unit for its Community Hub or not.
- 3.3 If the Council decides to proceed with the lease of the new Community Hub, it will have the option to sell the existing Strood library in Bryant Road Strood and the balance of the land at 173-175 and 1a-7a Cuxton Road, which is not needed for highway improvements.

### **4. Advice and analysis**

- 4.1 Under the terms of the proposed transaction being recommended, the Council has the opportunity to secure a new Community Hub in central Strood and realise capital receipts from the sale of surplus

property assets. The financial benefits are summarised in the exempt appendix attached to this report.

## 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, prior to completing the necessary legal documentation, which are not funded.	The Council will need to specify employer's requirements for the construction of the Community Hub out as part of the deal. If the matter does not complete, then the costs involved could become abortive.	Ensuring that Tesco are committed to the headline terms before working on the details.

## 6. Consultation

6.1 Consultation has taken place with the service directorates and no objections to these proposals have been received.

## 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 land at the Temple Street car park and additional receipts from the sale of the current library site and the land in Cuxton Road.

7.3 If the Council chooses to lease the ground floor of Unit 2 as a Community Hub, then it 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. This will be subject to a later report to Cabinet once Tesco's plans are further advanced. Completion of the new building is probably around 18 months away.

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

## **8. Recommendations**

- 8.1 That Cabinet delegates authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, to declare surplus the land and buildings not required for highway improvements at 173-175 and 1a-7a Cuxton Road (as shown cross hatched black on the plan set out in Appendix 1) and proceed with their disposal upon the best terms reasonably obtainable.
- 8.2 That Cabinet delegates 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 in Strood on the best terms reasonably obtainable.
- 8.3 That Cabinet delegates authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, to grant a short term (no more than 2 years) lease of part of the Civic Centre site, Strood, as set out in the exempt appendix, on the best terms reasonably obtainable.
- 8.4 That Cabinet, once the new Community Hub is open, delegates authority to the Assistant Director of Housing and Corporate Services, in consultation with the Portfolio Holder for Finance, to declare surplus the Library complex in Bryant Road, Strood (as edged black on the plan set out in Appendix 2) and proceed with its disposal on the best terms reasonably obtainable.
- 8.5 That Cabinet recommends to Full Council that the Temple Street Car Park and the adjoining yard (as shown edged black and hatched black on the plan set out in Appendix 1), are declared surplus 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.
- 8.6 That Cabinet notes that a further report on the capital costs to the Council of the new Strood Community Hub will be submitted to Cabinet once Tesco's plans are further advanced, to be recommended to Council as an addition to the Capital Programme.

## **9. Suggested reasons for decision(s)**

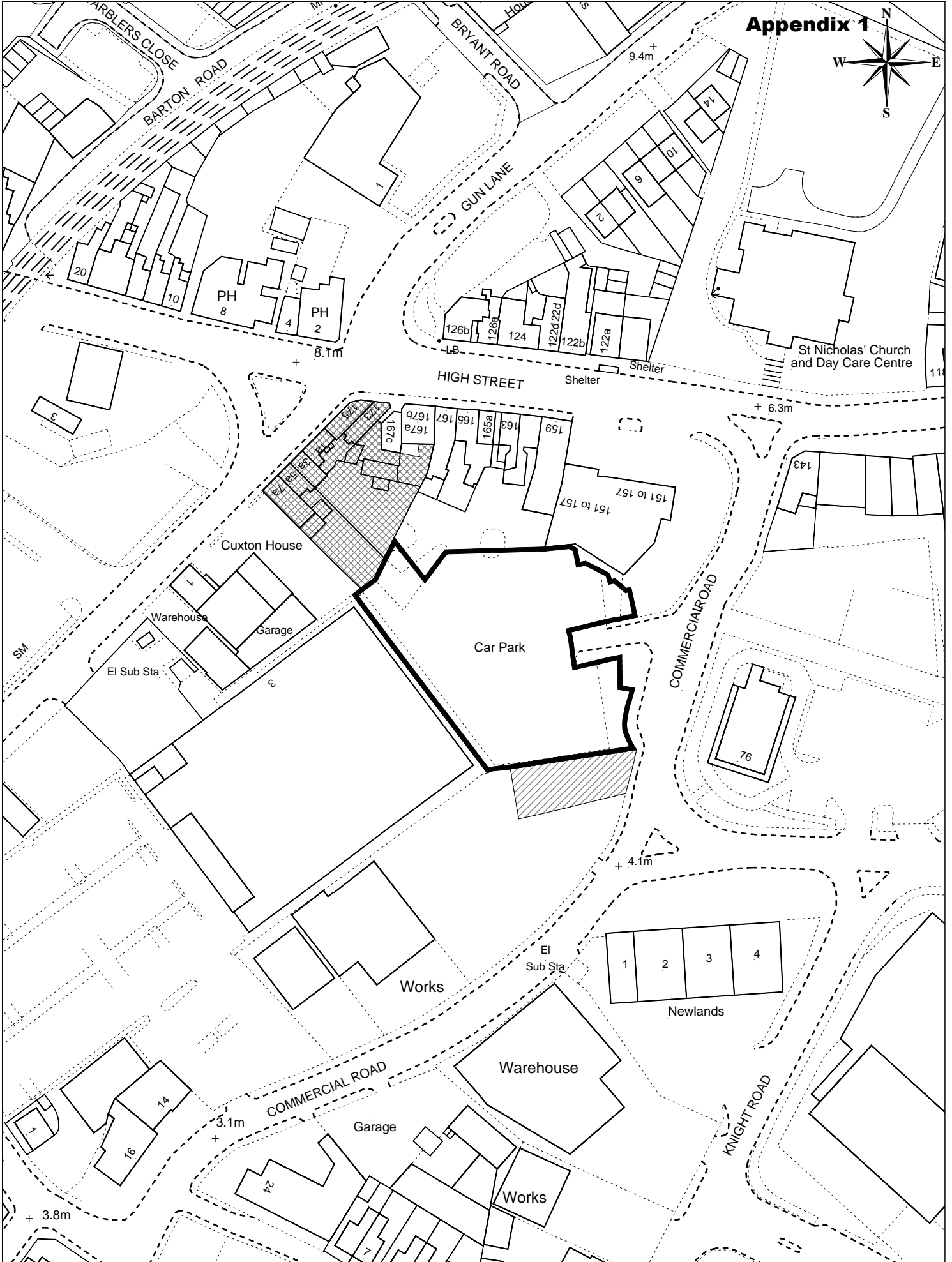
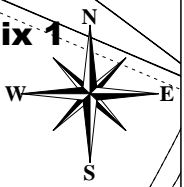
- 9.1 To secure a new Community Hub in Strood town centre, rationalise the property estate and realise capital receipts from the sale of surplus property assets.

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### **Background Papers:**

Cabinet Report - 20 July 2010 – Strood Environmental Enhancement Scheme

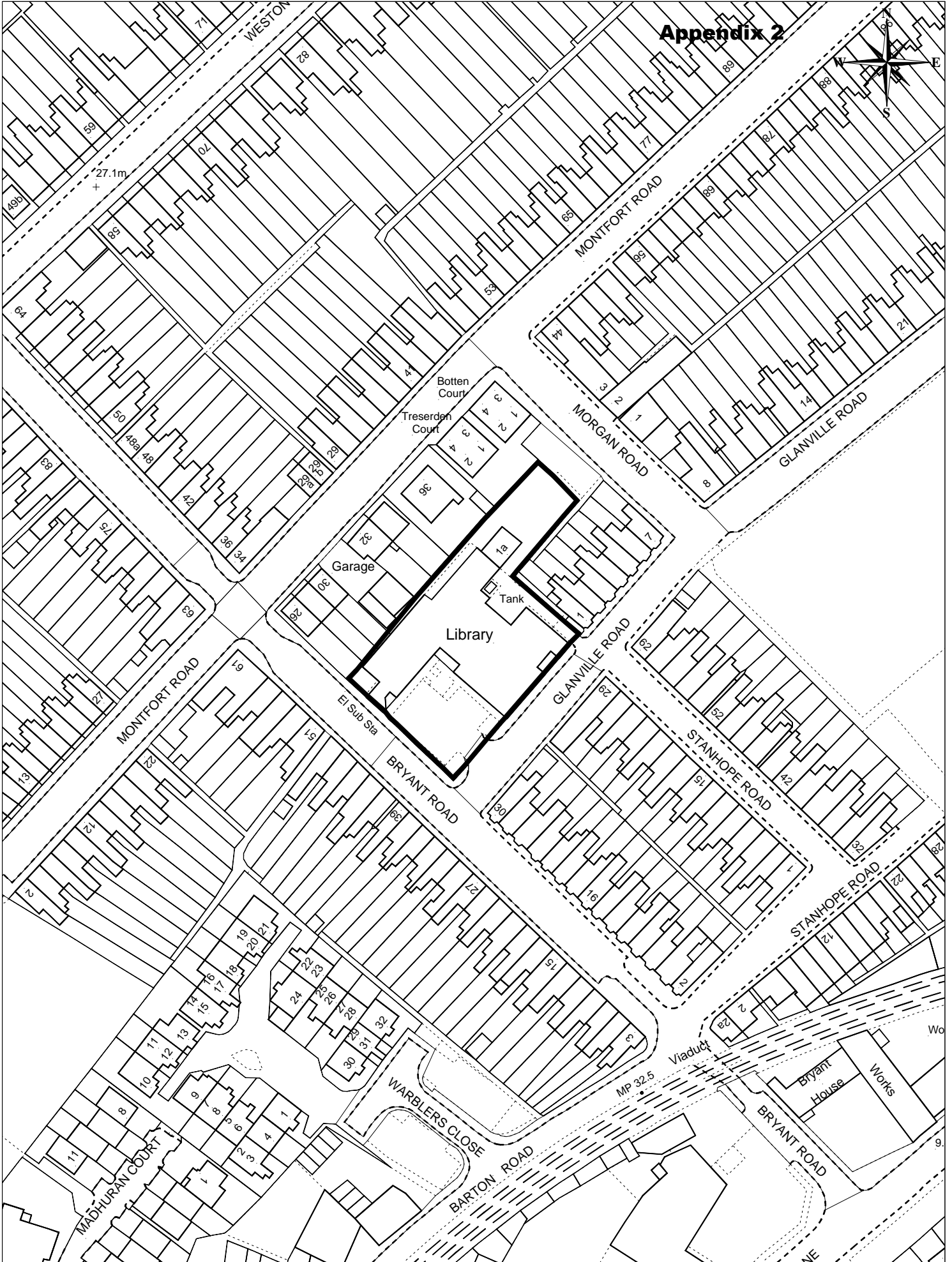
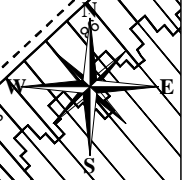


**Temple Street Car Park - Land at Commercial Road and Land at 173-175 High Street / 1a - 7a Cuxton Road Strood**



22/07/11





# Strood Library



16/09/11