

Title: **Redevelopment of Castle Place - Update**

Portfolio Holder: **Councillor Jeff Osborn – Planning and Development Portfolio Holder**

Reporting Officer: **Ian Gallin, Corporate Director**

Key Decision: **No**

Purpose

To provide an update to Cabinet on progress in relation to the current on-going negotiations regarding the redevelopment of Castle Place.

Background

Cabinet previously considered an initial report on the redevelopment of Castle Place at its meeting on the 20 July 2005.

This report asked for authority from the Cabinet to enter into negotiations with the developers over the

- relocation of the Council's leisure facility currently situated at Castle Place and
- the demolition of the multi-storey car park and replacement with an improved facility

In line with the timescale requirements, the developer has submitted a detailed planning application for the redevelopment of Castle Place, this is due to be considered by the Planning Committee on 17 November.

The proposals include plans for an additional 2000 sq. metres of retail floor space within Castle Place, a new Shopmobility facility with associated disabled parking and a new improved location for the market.

On the 20 July Cabinet was advised that there are a number of issues which need to be addressed:

- The issue relating to the covenant which applies to the multi-storey car park. (This issue was addressed in a presentation by the Legal and Democratic Services Manager)
- Replacement car parking standards and future charging regime(s)
- The ability to guarantee replacement facility in the case of both facilities

The Cabinet was also presented with the proposed heads of terms on which these negotiations would be undertaken, as follows;

Leisure relocation

- A new facility within the St. Stephen's Place development to a specification to be approved by us;
- We will surrender our present lease and take a new lease of the new facility for a nominal £1 a year.
- Relocation only to take place when new facility is ready for occupation.

Multi-storey Car Park

- We will retain the freehold. We will pass a long leasehold (999 years) for a value to be assessed by the District Valuer;
- Investment in a new facility to replace spaces on a like for like basis;
- Delivery of new car park to specification and timing to be secured by bonding;
- Temporary car parking to be made available during period of replacement.
- Shop Mobility office and disabled car parking spaces to be provided

Main Issues

Members at Cabinet correctly questioned whether the proposed heads of terms represented the most benefit that the Council could achieve from the proposed redevelopment. Consequently in progressing this issue, officers have taken advice from the District Valuer in order to ensure that the Council is receiving a satisfactory package of benefits in exchange for the current MSCP and lease of Castle Place.

The purpose of the valuation advice and formal report, now received by the Council, is to assist in the promotion and agreement of the redevelopment of the properties in question for the best price and terms obtainable in the market at the present time. The District Valuer's report is confidential, but is available to Members on request from Ian Gallin.

The report, which we have received, while providing a view, does not provide advice to the Council about how it should now proceed in respect of the current negotiations as it limits itself to a view about the values potentially generated by the proposed scheme and does not take account for example of issues such as the risk being carried by the developer, not of options for how the Council may seek to take any benefit which may accrue as a result of the development.

Officers, in considering how best to progress, have appointed a firm of specialists with understanding and detailed knowledge of the commercial and retail development market to advise on how best the Council proceeds with its negotiations.

This is to ensure that the Council adopts a strong negotiating position and is well supported in achieving the best outcomes. The developer has been informed of this action and recognises that the Council needs to take appropriate professional advice.

In relation to the timescales involved, the Council's appointed consultants have advised that they will require an initial 2 to 3 weeks to familiarise themselves with the key information. During this time, they will also discuss the development with the District Valuer in order that they are well apprised of the assumptions and methodology used by the Valuer in reaching his conclusions.

Following this period, they will be in a position to provide some initial advice to the Council. Cabinet, through the Portfolio Holder, will be kept up to date.

Financial Implications

There are no financial implications to the Council of continuing to undertake negotiations. Any financial implications which may arise as a result of the negotiations will be detailed in subsequent reports so that Cabinet can consider these in detail prior to making any final decision.

The additional external advice will be funded from existing budgets in the current financial year.

Legal Implications

There are none arising at this stage.

Options

It is not considered that there are any significant alternative options for consideration by Cabinet at this stage. Taking further professional advice and guidance at this stage is clearly a prudent measure. Cabinet will be presented with options at a later stage when it is asked to consider and approve the final package.

Recommendation:

Cabinet is asked to note and support the actions taken by officers in the appointment of external professional advice in relation to the redevelopment of Castle Place.

Background Papers

Report to Cabinet 20 July 2005 and subsequent minute.