

Council Report

Cabinet and Commissioner's Decision Making Meeting – 14 November 2016

Title

Town Centre Regeneration – Strategic Acquisition of Units at Riverside Precinct

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Director Approving Submission of the Report

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Ward(s) Affected

Boston Castle

Executive Summary

Forge Island and the surrounding area is identified as a strategic development site in the Rotherham Town Centre Supplementary Planning Document (SPD) and in the brief for the Town Centre Masterplan. This report recommends that the Council acquires the remaining interests in the properties forming part of Riverside Precinct to assist in the redevelopment of Forge Island and to deliver wider Town Centre regeneration. Riverside Precinct is the land and property on the other side of the footbridge from Forge Island.

Recommendations

1. That the Assistant Director of Planning, Regeneration and Transport be authorised to negotiate the acquisition of the assets as described at Option 2 at paragraph 4.3 below and the Assistant Director of Legal Services is authorised to complete the necessary legal documentation for the acquisition.
2. That funding for the acquisition be authorised from the £17 million town centre allocation in the Capital Strategy (2016-2021).
3. That the Council be recommended to approve inclusion of the scheme in the Capital Programme to cover the cost of acquisition.

List of Appendices Included

Appendix 1 – Site and Location Plans

Appendix 2 – Exempt Financial Addendum

Background Papers

Rotherham Town Centre Supplementary Planning Document – 2016

Cabinet and Commissioner's Decision Making Meeting 10th October 2016 - Town Centre Regeneration – Strategic Acquisition of Forge Island

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Overview and Scrutiny Management Board – 4 November 2016

Council Approval Required

Yes for inclusion of spend from within the Capital Programme

Exempt from the Press and Public

Partial Exemption

Title

Town Centre Regeneration – Strategic Acquisition of Units at Riverside Precinct

1. Recommendations

- 1.1 That the Assistant Director of Planning, Regeneration and Transport be authorised to negotiate the acquisition of the assets as described at Option 2 at paragraph 4.3 below and the Assistant Director of Legal Services is authorised to complete the necessary legal documentation for the acquisition.
- 1.2 That funding for the acquisition be authorised from the £17 million town centre allocation in the Capital Strategy (2016-2021).
- 1.3 That the Council be recommended to approve inclusion of the scheme in the Capital Programme to cover the cost of acquisition.

2. Background

- 2.1 The recently adopted Rotherham Town Centre Supplementary Planning Document (SPD) identifies Forge Island as a strategic development site and states: *“Forge Island will be a mixed-use leisure hub. Proposals should seek to incorporate a mix of residential units and leisure developments (including A3/A4/D2 uses), to help create a new and vibrant Leisure Quarter in the centre of Rotherham that complements the existing Retail Quarter.”*
- 2.2 Riverside Precinct is a town centre retail location made up of a range of independent retailers as identified edged red on the attached plan at Appendix 1. The precinct forms a route of access between Corporation Street and (via a footbridge) the former Tesco store on the Forge Island site, currently utilised by the Council as a free and paid car parking facility. Wilko’s has rights of access into the precinct and pays a contribution towards the service charge for the management of common areas, though doesn’t currently exercise this right.
- 2.3 The precinct forms part of the portfolio of assets owned by the Council which were acquired for regeneration purposes.
- 2.4 The Council holds the freehold interest on the entire precinct edged red, with the individual units having subsequently been let on a mix of occupational short term leases, and long term 99/999 year leases. The units hatched at Appendix 1 are the lease interests for which authority is sought to acquire.

3. Key Issues

- 3.1. Forge Island is a major component of Rotherham town centre’s regeneration and a catalyst for the regeneration of adjacent areas, including Riverside Precinct. Riverside Precinct offers a direct link from the Minster area of the town centre via Corporation Street through to Forge Island.

3.2. The Estates Team are currently awaiting further information from the long leaseholders of the full details of their respective sub tenancies.

4. Options Considered And The Recommended Proposal

4.1. The options available to the Council in respect of an acquisition of units are listed below: -

4.2. **Option 1** – do nothing and leave the units to the market. This option removes the need for the Council to commit resources including finance to acquire the long lease interests. It is worth noting that one of the vacant long lease interests has been marketed both To Let and For Sale with no current interest. This option would make any future redevelopment options difficult to implement.

4.3. **Option 2** – enter into formal negotiations to purchase the remaining four leasehold interests via private treaty negotiation of Units 1, 2, 5 & 8.

4.4. It is recommended that Option 2 is pursued in order that the Council has full control of Riverside Precinct. This acquisition would form a key part of any redevelopment providing a link from Forge Island through onto Corporation Street and into the core of the town centre. If the Council was not successful in the acquisition of the Forge Island site, this would assist in securing the long term future of the Precinct.

5. Consultation

5.1 None specifically for this proposed purchase but full consultation occurred for the Town Centre SPD and will be a key component of the Town Centre Regeneration Masterplan.

6. Timetable and Accountability for Implementing this Decision

6.1 Once the options have been considered and a course of action agreed, the Estates Team will commence formal negotiations accordingly.

7. Financial and Procurement Implications

7.1. The Council's Capital Strategy (2016-2021), approved by the Council on 2nd March 2016, has allocated £17million to regeneration projects in the town centre for the period. This includes provisional sums for the purchase of Forge Island and a "reverse premium" to incentivise a developer or end user to deliver a leisure scheme.

7.2. The estimated cost of acquiring the assets is detailed within Appendix 2 which is exempt under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 as it contains sensitive commercial information in respect of the potential acquisition of assets and negotiation strategy.

- 7.3. The proposal to acquire the relevant sites is currently not part of the Council's approved capital programme and, therefore, in accordance with Financial Regulations, Cabinet/Commissioners would need to recommend for approval its inclusion in the programme to Council.

8. Legal Implications

- 8.1. None arising directly from this report.

9. Human Resources Implications

- 9.1. None Considered

10. Implications for Children and Young People and Vulnerable Adults

- 10.1. None Considered

11. Equalities and Human Rights Implications

- 11.1. None Considered

12. Implications for Partners and Other Directorates

- 12.1. None

13. Risks and Mitigation

- 13.1. With any private treaty negotiation there is the risk of a failure to agree an acceptable purchase price or even for the long leaseholders to even agree to a disposal. With regards to the vacant units, this is mitigated by the current market conditions affecting the precinct, with reduced footfall and depressed rental levels affecting the capital values and the likelihood of potential purchasers or tenants.

- 13.2. There is a risk of these interests being acquired by a 3rd party in an attempt to hinder any future redevelopment plans that the Council may have for Riverside Precinct.

- 13.3. There is a further risk that the Council fails to purchase the Forge Island site then they may not be the need to acquire the remaining interests in Riverside Precinct. However, amalgamating its interests in the entire precinct offers the opportunity for good estate management and to secure the long term future of the Precinct.

14. Accountable Officer(s)

Paul Woodcock – Assistant Director Planning, Regeneration and Transport.