

Summary Sheet

Council Report

Cabinet & Commissioners' Decision Making Meeting – 13 March 2017

Title:

Town Centre Regeneration – Strategic Acquisition of the Former Rotherham Magistrates Courts

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

This is not a key decision, but has been included on the Forward Plan

Strategic Director Approving Submission of the Report

Damien Wilson – Strategic Director, Regeneration & Environment

Report Author

Jonathan Marriott – Estates Manager, Corporate Property Unit
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Ward(s) Affected

Boston Castle

Executive Summary

To seek approval for the acquisition of the former Magistrates Court building in Rotherham from Her Majesty's Court & Tribunal Service (HMCTS) in order to support the Council's strategic objectives for the regeneration of the town centre.

Recommendations

1. That the acquisition of the former Rotherham Magistrates Courts under the terms detailed in this report be approved
2. That the option to demolish the building be delegated to the Strategic Director of Regeneration and Environment, in consultation with the Cabinet Member for Jobs and the Local Economy and Commissioner Kenny.
3. That the Assistant Director of Legal Services be authorised to negotiate and complete the necessary legal documentation to enable the transfer of the building.
4. That funding for the costs associated with the acquisition of the building and the potential demolition be taken from the approved £17m town centre allocation in the Capital Strategy 2016-2021.

List of Appendices Included

Appendix 1 – Site and Location Plan

Background Papers

Freehold Title information

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

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Title:**Town Centre Regeneration – Strategic Acquisition of Former Rotherham Magistrates Courts****1. Recommendations**

- 1.1 That the acquisition of the former Rotherham Magistrates Courts under the terms detailed in this report be approved
- 1.2 That the option to demolish the building be delegated to the Strategic Director of Regeneration and Environment, in consultation with the Cabinet Member for Jobs and the Local Economy and Commissioner Kenny.
- 1.3 That the Assistant Director of Legal Services be authorised to negotiate and complete the necessary legal documentation to enable the transfer of the building.
- 1.4 That funding for the costs associated with the acquisition of the building and the potential demolition be taken from the approved £17m town centre allocation in the Capital Strategy 2016-2021.

2. Background

- 2.1 The building which is subject to this report is the former Magistrates Court located at The Statutes, off Main Street in Rotherham town centre. This building is located to the rear of the Main Street Police Station and adjacent to the Forge Island site. The building is a concrete and steel frame with brick external leaf, which was designed by the Council's architects and built in 1990. The building has a gross internal area of 5,833 square metres over four floors. The total site area extends to 1.34 acres (0.54 hectares) and is shown in Appendix 1.
- 2.2 A review of the Criminal Courts of England and Wales in 2001 resulted in the merger of Magistrates Courts and the Higher Court Service. This resulted in the Magistrates Court at The Statutes, Rotherham, being transferred by statute to the newly formed Her Majesty's Court Service (HMCS) from the Council at a nil consideration.
- 2.3 In the Spring of 2016, the Council was notified that the Magistrates Court Service would cease operating in the building from the Autumn of the same year. The Council submitted an expression of interest in the building and was subsequently notified that the building would be offered to the open market and appointed agents would commence pre-marketing investigations. Exchanges of correspondence between the Council and Government Departments were made, requesting that the property be transferred back to Council ownership in the spirit of One Public Estate and on the basis of its original transfer, which was initially rejected.

- 2.4 In February 2017, the Homes and Community Agency (HCA) which is dealing with the building on behalf of HMCS notified the Council that it had reconsidered the position and that it would be willing to transfer the ownership of the building to the Council, at a £1 consideration, so long as the transfer completes by the 31st March 2017.

3. Key Issues

- 3.1 The site of the Magistrates Court forms part of a much larger development opportunity which includes Forge Island, the Weirside site and Riverside Precinct. The emerging Town Centre masterplan identifies this larger strategic site as an opportunity for the Council to transform this part of town.
- 3.2 It is helpful and timely that the opportunity to acquire this important site has come forward, as the Council's masterplan consultants are confirming their approach to the development of key sites. The consultants advise that including the Magistrates Court site within the Forge Island development will provide added benefit to the masterplan. At this stage the site could play a number of different roles through redevelopment and accommodate several alternative, complementary activities. Whilst not wishing to rule anything out at this stage, feedback from the masterplan consultants, who are working closely with officers, is that the site should be redeveloped for new buildings and uses and that a conversion of the existing building is not likely to be viable or desirable.
- 3.3 The impact of a comprehensive redevelopment of this area will create a catalyst for further investment to introduce new jobs, businesses and housing into Rotherham Town Centre.

4. Options considered and recommended proposal

- 4.1 Option 1 - That the Council agree to the transfer of the building back into Council ownership at a £1 consideration in order to support the Council's regeneration aims, as set out in the emerging masterplan and to control the development of sites surrounding Forge Island. That the option to demolish the building is delegated to the Strategic Director of Regeneration and Environment.
- 4.2 Option 2 - That the Council agree to the transfer of the building back into Council ownership at a £1 consideration. Further investigations into the potential alternative uses for the building could be examined, though early indications from the masterplan consultants are that conversion of the existing building is not likely to be viable or desirable. This option would also mean holding costs would be incurred.
- 4.3 Option 3 - That the Council does not agree to the transfer of the building back into Council ownership, leaving the market to decide the future of the building and the site. This option would provide uncertainty and could see the building left derelict for a considerable period of time, which could have a detrimental effect on the ongoing development of the Forge Island site.
- 4.4 The recommended proposal is Option 1, to accept the transfer of the building back into Council ownership, in order to support the emerging masterplan.

5. Consultation

- 5.1 Consultation has been carried out with the Town Centre masterplan consultants and in addition the masterplan exercise itself is carrying out consultation.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The HCA have imposed a deadline to complete the transfer of the building by the 31st March 2017. If the recommended option to transfer ownership is agreed, this will be actioned prior to this date.
- 6.2 If a decision is taken to demolish the building it is estimated that the timescale for demolition following acquisition would be approximately 8 weeks.

7. Financial and Procurement Implications

- 7.1 The following holding costs have been identified/estimated assuming the building is demolished which has been estimated to take 8 weeks;

Empty Business Rates Liability (£270,865 per annum based on 2016/17 liability)	£41,557.37
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Security Costs (£25,000 per annum)	£3,846
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Utility Costs (Gas/Electricity/Water) (£20,000 per annum)	£3,076
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- 7.2 Demolition costs will be subject to competitive quotation and are not expected to be significant.
- 7.3 On acquisition the land will have a cleared site value in the region of £500,000 following demolition of the building. This could be realised as a potential capital receipt or be used to enable future regeneration.
- 7.4 It is proposed that funding for the costs associated with the acquisition of the building and the potential subsequent demolition be taken from the approved £17m town centre allocation in the Capital Strategy 2016-2021.
- 7.5 As part of the financial due diligence process, officers will ensure that any tax implications arising from the acquisition and the subsequent redevelopment of the site be minimised.

8. Legal Implications

- 8.1 At the time this report was written the vendor has not provided the title deeds for the Property, however a short form report on title has been provided. This information was prepared by solicitors acting for the MOJ in November 2015. It would not be possible to rely upon this report but it does provide some information regarding the serious title issues affecting the Property.

8.2 The extensive issues associated with title to the Property include Restrictions on Title, restrictive covenants, rights of access and drainage in favour of third parties and the possibility that the Council (as buyer) would not be able to access the Property without third party consent. The Restriction on Title needs to be resolved prior to purchase or it will not be possible to register the transfer of the Property at the Land Registry.

8.3 It will not be possible to resolve the title and associated issues noted above prior to the proposed transfer deadline of 31 March 2017. It should therefore be noted that these issues exist and the transfer of the Property should be taken in that knowledge. In order to deal with these issues further work (and associated costs) may be required to resolve them.

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 If transferred to the Council, the management of the building will sit with the Corporate Property Unit until the site is developed.

13. Risks and Mitigation

13.1 Transfer process risks – there is the risk that if an agreement to transfer is not reached and that the formal transfer is not carried out by the 31st March 2017 then the building will not be transferred to the Council. This can be mitigated by ensuring that sufficient resources are allocated to this project.

13.2 Acquisition Risk – due to the short timeframe in transferring this building back into the ownership of the Council, there is the risk that the usual due diligence is not completed which would identify potential site, construction and legal issues. This can be mitigated by the fact that the Council would seek to demolish the building as soon as possible following transfer.

13.3 Ownership Risk – there is the risk that the opportunities for development under the masterplan may not be realised in the short to medium term. This can be mitigated by potentially utilising the cleared site for short term alternative uses such as additional car parking whilst the Forge Island site is being developed subject to resolving access restrictions.

14. Accountable Officer(s)

Paul Woodcock – Assistant Director Planning, Regeneration & Transport
Paul Smith – Corporate Property Manager, Corporate Property Unit

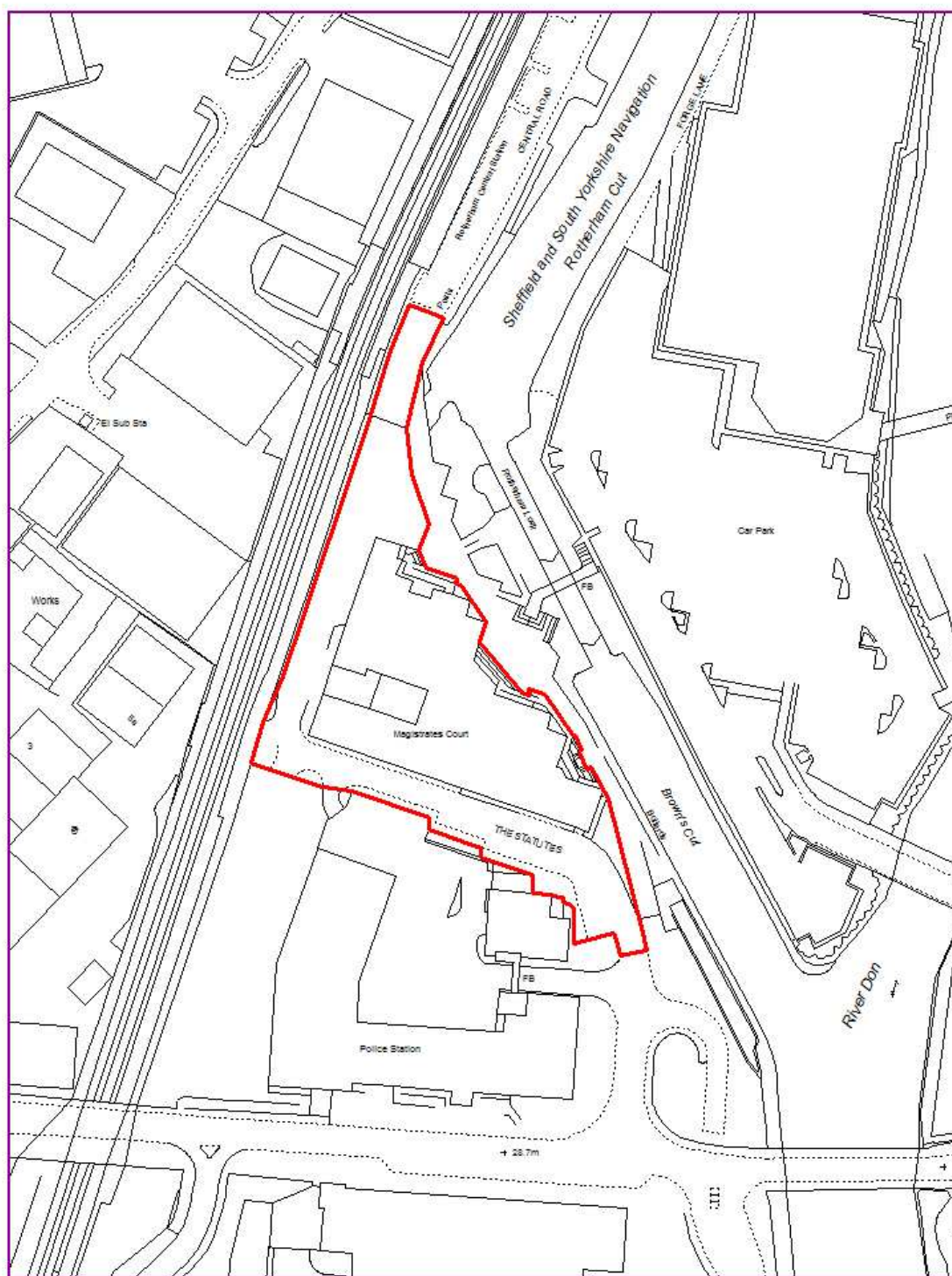
Approvals Obtained from:-

Strategic Director of Finance and Customer Services:-
Jon Baggaley Finance Manager, Finance and Customer Services

Assistant Director of Legal Services:-
Lesley Doyle Solicitor, Legal Services

This report is published on the Council's website or can be found at:-
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Appendix 1



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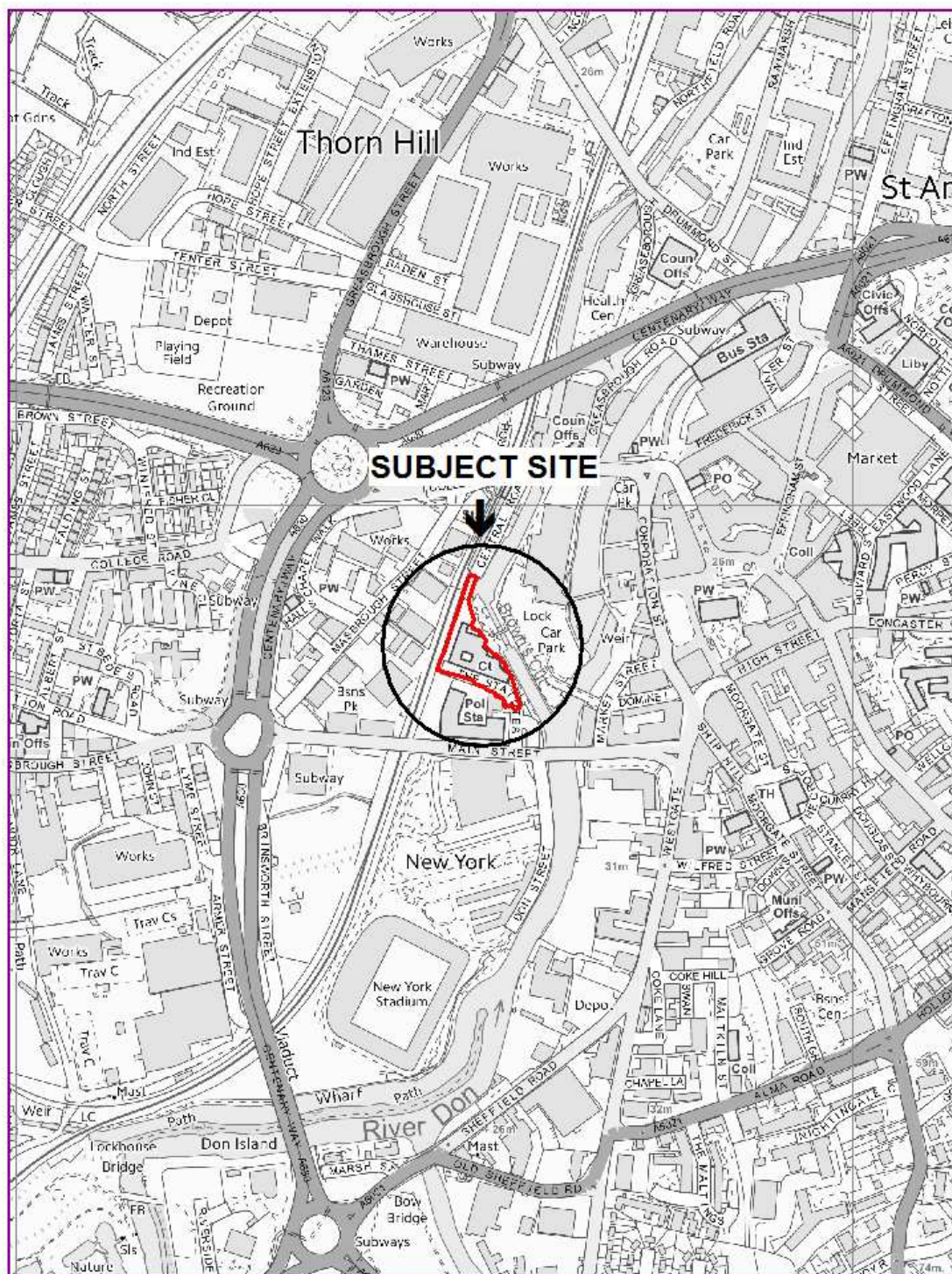
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MAGISTRATES COURT
 THE STATUTES
 ROTHERHAM

Rotherham
 Metropolitan
 Borough Council

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