

Public Report with Exempt Appendices
Cabinet

Committee Name and Date of Committee Meeting

Cabinet – 23 March 2020

Report Title

Rotherham Town Centre Masterplan Implementation - Acquisition of The Former Higher Education Hub (Charter Arms), Eastwood Lane

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

Yes

Strategic Director Approving Submission of the Report

Paul Woodcock, Strategic Director of Regeneration and Environment

Report Author(s)

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Ward(s) Affected

Boston Castle

Report Summary

The purpose of this report is to seek approval to acquire the leasehold interest of the former Higher Education Hub, Eastwood Lane

Recommendations

1. That approval be given to acquire the leasehold interest of the former Higher Education Hub, Eastwood Lane up to the value of the worst case scenario in appendix 3.
2. That the Assistant Director (Planning, Regeneration and Transport), in consultation with the Strategic Director of Finance and Customer Services, negotiate the acquisition of the leasehold interest.
3. That the Assistant Director of Legal Services be instructed to complete the necessary legal documentation once terms for the acquisition have been agreed.
4. That the cost of the acquisition and demolition of the asset be funded from the approved Town Centre Capital Investment Fund.

List of Appendices Included

Appendix 1 & 2 Property locations plans
Appendix 3 Exempt financial addendum
Appendix 4 Initial Equalities Screening form

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

Yes

An exemption is sought for Appendix 3 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 is requested, as this report contains sensitive commercial information that could impact on the negotiation strategy and disposal values.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because the Council's commercial interest could be prejudice by the disclosure of this commercial information.

Rotherham Town Centre Masterplan Implementation - Acquisition of The Former Higher Education Hub (Charter Arms), Eastwood Lane

1. Background

- 1.1 The Council owns the Freehold interest in the Higher Education Hub (formally known as the Charter Arms Public House) located on Eastwood Lane, overlooking the Markets Complex.
- 1.2 The Council granted a long lease (99 years) in 1976 to the Mansfield Brewery Company, which was assigned by the Brewery to Rotherham North Notts Group Further Education College (RNN) in 2014. The lease has been varied from its initial use as a Public House to its current use as the Higher Education Hub. RNN have carried out substantial improvements to the property.
- 1.3 RNN holds the remaining 55 years of the lease paying an annual rent to the Council, detailed in the exempt Appendix 3. The rent has recently been reviewed as at 31st January 2020 which is received by Asset Management.
- 1.4 RNN no longer have a use for the building having completed the University Centre Rotherham (UCR) Campus, and the Higher Education Hub is now surplus to requirements. RNN, through agents, are now actively marketing the property for disposal on the open market. Details of the consideration that RNN are seeking for the Council to acquire the long leasehold interest are considered in the exempt Appendix 3.
- 1.5 Completing this acquisition is viewed as an important step in progressing with the delivery of the Markets redevelopment as part of the implementation of the Town Centre Masterplan, building on the significant progress over recent years on a range of projects. These projects include:-

2. Key Issues

- 2.1 This building dominates the North East corner of the Markets complex as identified within Appendices 1 and 2. The building has no architectural merit and acts as a barrier to Eastwood Lane.
- 2.2 The building is identified for demolition in the Town Centre Masterplan which was adopted in 2017. The location has further been identified for high-quality public realm introduced as a place for users of the redeveloped markets. This also includes RNN's students and the public to use as a social space to meet, eat and relax. Therefore, the proposal would be to acquire and immediately demolish as part of the proposed Markets redevelopment. Details of the revenue running costs are identified within the exempt Appendix 3.

- 2.3 This will also introduce an element of greenery including trees and planting, dramatically improving what is currently a bleak and uninspiring vista. This is intended to open up that elevation, in particular to RNN College and Clifton Park visitors. In addition, a higher-quality elevation would act as a further gateway into the Town Centre.
- 2.4 Once demolished the site will be enveloped with hoardings promoting the site as part of an early delivery phase of the Markets redevelopment and as part of the wider Town Centre Masterplan.
- 2.5 As part of the lease assignment between Mansfield Brewery Company to RNN conducted in 2014, the Council restricted the use of the building to training and educational purposes only. This is a complete restriction on any other uses and therefore if an alternative use were required in order for RNN to dispose or sublet its interest, consent from the Council would be required which it does not have to give. This therefore has an effect upon the ability for RNN to assign or sublet its interest.

3. **Options considered and recommended proposal**

- 3.1 Option 1 – Negotiate the acquisition of the long leasehold interest from RNN at Market Value, considering the restriction on use imposed by the Council following the assignment of the lease which has an effect upon value.
- 3.3 Option 2 – Do not acquire the long leasehold interest. RNN will subsequently seek to dispose of its interest, by way of either assigning its interest or subletting the premises, though noting that the restriction on use which may limit the potential interest.
- 3.4 The recommended proposal is Option 1

4. **Consultation on proposal**

- 4.1 No consultations on the specific proposals have been conducted, however the development of the Town Centre Masterplan did include wide consultation.

5. **Timetable and Accountability for Implementing this Decision**

- 5.1 Should the acquisition of the Higher Education Hub be approved, then the Assistant Director (Planning, Regeneration and Transport), in consultation with Asset Management and Rotherham Investment & Development Office will negotiate the acquisition of the leasehold interest.
- 5.2 Should the acquisition of the Higher Education Hub be approved then the Assistant Director (Planning, Regeneration and Transport), as advised by Asset Management, will instruct the Assistant Director (Legal Services) to prepare all the necessary transfer documentation once terms for the acquisition have been agreed.

6. Financial and Procurement Advice and Implications

- 6.1 The estimated acquisition and demolition costs of Higher Education Hub are identified in the exempt Appendix 3.
- 6.2 The estimated ongoing revenue costs for running and maintaining the building are identified in the exempt Appendix 3. It is proposed that the building is demolished when acquired.
- 6.3 As the acquisition and demolition would form part of the proposed markets redevelopment, funding can be found from the Town Centre Investment Fund balance in the Council's Capital Programme. Subject to final acquisition and demolition costs the sum utilised will not have a material impact on future plans for other investments within the Fund.

7. Legal Advice and Implications

- 7.1 The acquisition would be at market value and as referred to above, Legal Services would prepare the appropriate purchase documentation.
- 7.2 There are no other direct legal implications arising from the recommendations within this report.

8. Human Resources Advice and Implications

- 8.1 There are no direct HR implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no direct CYPS implications arising from this report.

10. Equalities and Human Rights Advice and Implications

- 10.1 There are no direct implications for equalities or human rights arising from this report.
- 10.2 An Initial Equalities Screening Assessment is attached at Appendix 4.

11. Implications for Ward Priorities

- 11.1 The proposal provides an enhanced public realm in addition a higher-quality elevation would act as a further gateway into the Town Centre.

12. Implications for Partners

- 12.1 As RNN no longer have a use for the building having completed the UCR Campus, there are no direct implications for Partners arising from this report.

13. Risks and Mitigation

- 13.1. If the acquisition of the leasehold interest is not approved and the interest is not acquired, then the site would remain out of the Council's control. This would have a significant impact on the deliverability of the proposed redevelopment in line with the plans developed and agreed to date.
- 13.2 If the Council wishes to keep the building operational until the commencement of the Markets redevelopment, scheduled for Summer 2021, then it must be able to identify a use for the building that can cover its operational costs. If no short-term use can be identified then the ongoing revenue costs can be mitigated by demolishing the property once the leasehold interest has been acquired.

14. Accountable Officers

Jonathan Marriott (Estates Manager)

Daniel Watson (Investment & Economic Initiatives Manager)

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	09/03/20
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	06/03/20
Head of Legal Services (Monitoring Officer)	Bal Nahal	06/03/20

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