

Committee Name and Date of Committee Meeting

Cabinet – 19 December 2022

Report Title

Disposal of property at 32-34 Corporation Street (former Lloyds Bank Building)

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

No, but it has been included on the Forward Plan

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

This report seeks to dispose of property at 32-34 Corporation Street, as shown edged in red on the plan at Appendix 1 at a nominal value in line with an independent valuation by private treaty sale. This disposal will facilitate the redevelopment of vacant properties at Corporation Street and the provision of new commercial and residential properties.

Recommendations

1. That Cabinet approve the disposal of the property at 32-34 Corporation Street at a less than best consideration Under Section 123 of the Local Government Act 1972 to the adjoining landowning Developer to enable continued regeneration of the Town Centre.
2. That approval be given to the Assistant Director for Planning, Regeneration and Transport to negotiate and finalise the disposal of the asset in line with the parameters established by this report.
3. That the Assistant Director of Legal Services be instructed to complete the necessary legal documentation once terms for the disposal have been agreed.

List of Appendices Included

Appendix 1 Red Line Boundary Plan

- Appendix 2 Property Valuation (exempt)
- Appendix 3 Equality Impact Assessment Part A Screening
- Appendix 4 Equality Impact Assessment Part B Analysis
- Appendix 5 Carbon Impact Assessment

Background Papers

[Town Deal October 2021](#)

[Town Deal & Levelling Up Funding Update May 2022](#)

[Town Investment Plan](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

An exemption is sought for Appendix 2 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 with regards to commercial agreements which could disadvantage the Council in any negotiations if the information were to be made public.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information, as the parties' commercial interests could be prejudiced by disclosure of commercial information

Disposal of property at 32/34 Corporation Street

1. Background

- 1.1 Further to the May 2022 update to Cabinet, at which it was resolved to implement all projects within the Town Deal programme, permission is now sought to dispose of the Council owned property at 32/34 Corporation Street. This comes as part of a wider development to facilitate new commercial and residential space within the town's Leisure and Culture Quarter.
- 1.2 The Council has secured £31.6m through the Town Deal towards the regeneration of the Town Centre, Eastwood and Templeborough. Part of this programme will contribute towards a public/private sector partnership redevelopment of properties at 30-38 Corporation Street.
- 1.3 The property will be disposed of to a private sector individual who owns the neighbouring properties (the "Developer") who will lead in the delivery of the development scheme. Town Deal monies will provide the identified funding gap.
- 1.4 The development appraisal has demonstrated that the property must be included at a reduced value and therefore this report seeks permission to dispose of the property at less than best consideration to facilitate the ongoing regeneration of Rotherham's Town Centre.

2. Key Issues

2.1. Disposal at Reduced Value

- 2.1.1 The property was purchased in 2006 using Yorkshire Forward grant funding. Since the initial purchase of the property, the values in the town centre have generally changed to the negative with a limited market for these types of property. A valuation was commissioned in October 2022 and a summary is provided at Appendix 2.
- 2.1.2 The site has always been recognised for its strategic importance to the regeneration of the town centre in particular its proximity to Forge Island. An opportunity now exists to redevelop the site alongside neighbouring properties several of which are vacant. The proposed scheme will deliver 16 new residential properties and 1,147sqm of commercial space at the gateway to the emerging Leisure & Cultural Quarter on Corporation Street.
- 2.1.3 Development appraisals for this scheme demonstrate the need for public sector investment to enable this particular development to come forward.
- 2.1.4 Under Section 123 of the Local Government Act 1972, it states that a Local Authority can dispose of land or property for less than best consideration if it considers that the disposal will contribute to the promotion or improvement of the economic, social or environmental well-being of its area and the extent of the undervalue is no more than £2m. To facilitate the continued

redevelopment of the Town Centre it is proposed that the Council forgoes a capital receipt, and the property is disposed of at a reduced value.

2.2 Sale by Private Treaty

- 2.2.1 The property hasn't been occupied or marketed since its acquisition and there has been no interest from the private sector. The property was vacant at the date of acquisition in 2006 and has remained unoccupied since.
- 2.2.2 Neighbouring properties are owned by the Developer who will contribute the majority financial contribution to the redevelopment project. A sale by Private Treaty is therefore the recommended option to enable the project to be delivered.
- 2.2.3 The agreement for sale in respect of the property to the Developer will include obligations on the part of the Developer to bring forward development on the property within a specified period and, should this development not occur, the obligations will be protected by appropriate contractual clauses to retain or bring back the property into Council ownership at the same value as the transfer.

2.3 Funding

- 2.3.1 The property was purchased using Yorkshire Forward monies. Responsibility for this grant has since passed to Homes England (HE). The funding agreement provides that the Council must obtain HE approval to any disposal and this is being sought.
- 2.3.2 There has been no Council expenditure on the property since purchase.
- 2.3.3 Funding for the redevelopment project is provided through Town Deal and private sector investment. There is no cost to the Council.

3. Options considered and recommended proposal

- 3.1 Disposal at market value on the open market: To date there has been no interest in the property since its acquisition in 2006. On its own the property is not considered to be a viable development opportunity for an investor and therefore sale by private treaty to the neighbouring property owner is recommended.
- 3.2 Disposal at market value by private treaty sale: A development appraisal of the proposed scheme has identified a funding gap to be filled by the Town Deal grant. Inclusion of the property at market value will place additional strain on the project and the requirement for additional grant funding.
- 3.3 Disposal on the open market at reduced value: this option would likely achieve a sale but would not necessarily produce the necessary scale of redevelopment required to regenerate this area.

3.4 Disposal at a reduced value as detailed within Appendix 2 by private treaty to the adjoining landowner. This option creates no additional burden on the project finances and enables the redevelopment of both this site and the adjoining site owned by the neighbouring landowner. This is the recommended option.

4. Consultation on proposal

4.1 The Town Deal Board retains oversight of the delivery of all Town Deal projects. The Board is supportive of the proposal to dispose of this property as part of the Corporation Street development.

5. Timetable and Accountability for Implementing this Decision

5.1 A grant agreement between the Council and the private sector owner is presently in negotiation and will include development obligations to ensure the redevelopment of the property is completed in a timely manner and to a good standard. Sale of the site is contingent on this agreement.

5.2 The proposed scheme is scheduled for completion by late 2024.

6. Financial and Procurement Advice and Implications

6.1 There are no direct procurement implications arising from the recommendations detailed in this report.

6.2 The decision to dispose of the property helps to unlock further development funding. The transaction levers in external funding as part of the Council's Town Deal. Grant funding and matched private funding are included in the Deal, the benefits of which supports wider Council priorities. It appears unrealistic to realise any gain from the residual value of the property as there has been no market interest in the property. Although no holding costs have been incurred the disposal removes any potential direct financial commitment to the upkeep of the asset.

7. Legal Advice and Implications

7.1 The main legal implications arising from the contents of this report, namely the proposed disposal for less than best consideration and the implications of the original Yorkshire Forward funding agreement, have already been detailed in the body of this report.

8. Human Resources Advice and Implications

8.1 There are no human resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are not considered to be any relevant implications

10. Equalities and Human Rights Advice and Implications

10.1 There are no implications arising from this disposal.

11. Implications for CO2 Emissions and Climate Change

11.1 There are no implications arising from this disposal.

12. Implications for Partners

12.1 There are no identified implications for partners.

13. Risks and Mitigation

13.1 The Council will ensure that there are development clauses in the grant agreement to protect council should the private sector investor fail to deliver the project

14. Accountable Officers

Tim O'Connell, Head of RIDO
Jonathan Marriott, Head of Assets

Approvals obtained on behalf of Statutory Officers: -

| | Named Officer | Date |
|--|----------------------|-------------|
| Chief Executive | Sharon Kemp | 02/12/22 |
| Strategic Director of Finance & Customer Services (S.151 Officer) | Judith Badger | 01/12/22 |
| Assistant Director, Legal Services (Monitoring Officer) | Phil Horsfield | 29/11/22 |

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