

Decision No: CAB – 73

KEY

Forward Plan No: CAB 7173

This record relates to Agenda Item 172 on the agenda for the Decision-Making

RECORD OF CABINET DECISION

DECISION-MAKER: CABINET

PORTFOLIO AREA: FINANCE & RESOURCES

SUBJECT: ICE RINK, QUEEN SQUARE,
UPDATE ON DISPOSAL

AUTHOR: ANGELA DYMOTT

THE DECISION

- (1) That Cabinet approve and authorise
 - (a) the disposal of the Ice Rink site and 11 Queen Square on a 150 year lease to the successful bidder for a premium and a peppercorn rent, following the full evaluation of informal bids and recommendations by the council's appointed agents, Oakelys, as outlined in item 3.9 of this Agenda and detailed in the part two report.
 - (b) the detailed terms to be settled by the Director of Finance & Resources, Assistant Director Property & Design and the Solicitor to the Council provided the terms are certified by the valuer to be the best consideration reasonably obtainable.
- (2) Should the disposal to the preferred party not be completed, to approve and authorise the disposal to either of the short listed parties, or other bidders on similar terms with an agreed target premium.

REASON FOR THE DECISION

- (1) To regenerate this area of the City, opening up the site to the north allowing more permeability to the site and enabling environmental improvements to create a lively south facing square.
- (2) To make best use of an existing asset and provide employment opportunities for the City encouraging local small businesses and apprenticeship training opportunities in construction.
- (3) The level of interest in the site has been good and the offers encouraging in the present economic climate. By initiating the development process now there is potential for the scheme to take advantage of an improving market when it comes. There is unlikely to be any higher price to be achieved in the near future from residential or office developers as these markets have some way to go before recovering.
- (4) Delay in disposing of the site will leave the Council with on going security and safety problems with the buildings and postpone the opportunity to improve safety and the general environment of the Square and Church yard.

DETAILS OF ANY ALTERNATIVE OPTIONS

- (1) The bids that have been submitted have been encouraging despite the impact of the credit crunch and the poor economic background. Due to the uncertain current property market the council asked its agents to carry out thorough due diligence before making their recommendations.
- (2) With the backdrop of the 'credit crunch' market conditions have been extremely difficult during 2008 and have resulted in a whole sale withdrawal from the development market in most property sectors, perhaps with exception in the hotel, restaurant and entertainment sectors. This is a reflection of the fall in the demand for both residential property and the lack of confidence in the business sector, whether this be commerce or retail, resulting in significant falls in value through 2008.
- (3) If the disposal falls through the alternative options available to the Council are :-
 - (a) Negotiate with short listed parties: Re-visit the other short listed parties bids and explore the possibilities of negotiating acceptable terms with other bidders with a target premium over a similar range.
 - (b) Submit a Planning Application for the site: this would remove some uncertainty for the successful developer but would not be appropriate for every party. There is the likelihood that a further planning application would be made varying the planning permission negating the time saved. The estimated cost for a full planning application with an Environmental Assessment is £100,000 which may not be fully recovered by any increase in the price.
 - (c) Set up Joint Venture to deliver planning permission and potentially develop: this would be undertaken by approaching selected parties of sufficient standing. It would involve a more complicated legal structure and documentation. There would be a share in the potential upside to compensate for a lower current price but the Council would not receive 100% of the uplift in land values if market conditions improve.
 - (d) Wait until the economy improves before going back to the market: This may not be until late 2009 /2010 and this option remains open if the current disposal does not proceed. There is no guarantee that a higher price would be achieved nor that market conditions will improve in the near future. In the meantime the property would remain vacant and vulnerable to vandalism and security problems.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None

CONFLICTS OF INTEREST

None

CONFIRMED AS A TRUE RECORD:

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision

Date:

12 February 2009

Decision Maker:

Councillor Mary Mears
Leader of the Council

Signed:



Proper Officer:

12 February 2009

Mark Wall, Head of Democratic
Services

Signed:



SCRUTINY

Note: This decision will come into force at the expiry of 5 working days from the date of the meeting at which the decision was taken subject to any requirement for earlier implementation of the decision.

Or: This decision is urgent and not subject to call-in (date of CE's agreement to urgency of decision).

Call-In Period

12-19 February 2009

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*