

Cabinet – 10 September 2014

St Matthew's Quarter – Disposal of Land in High Street

Portfolio: Councillor M Nazir, Deputy Leader and Regeneration

Related portfolios: Councillor S Coughlan, Leader

Service: Regeneration: Development and Delivery

Wards: St Matthew's

Key decision: Yes

Forward plan: Yes

NB: This public session report should be read in conjunction with the private session report (agenda item number 24) that proposes the disposal of Council-owned land to Norton & Proffitt to help deliver this retail redevelopment project. The paragraphs below have been copied from the private session report, and amended to exclude commercially sensitive information included in the private report.

1. Summary

- 1.1 On 18 April 2012, Cabinet resolved to dispose of the Council's freehold interest in 28 Digbeth (the Cool Trader unit) and surrender its leasehold interest in the Lower Hall Lane car park to developer Norton & Proffitt, subject to a number of conditions.
- 1.2 At its meeting on the 11 September 2013, Cabinet reconfirmed its willingness to dispose of the Council's freehold interest in 28 Digbeth, and to surrender its leasehold interest in the former car park in Lower Hall Lane, following the receipt of the VOAs (District Valuer) financial appraisal of the scheme, and subject to planning permission.
- 1.3 The purpose of this report is to seek approval for the disposal of the Council's freehold interest in the alley-way between 28 Digbeth and 43-44 High Street, and the freehold reversions in leasehold registered titles WM229002 and WM717486, known as 42-44 High Street, both to Norton & Proffitt.
- 1.4 Due to Norton & Proffitt's ownership of most surrounding land and the existing long leasehold interest in 42-44 High Street, the Council is able to deal directly with the developer in these circumstances. To complement the ongoing redevelopment of the Old Square shopping centre, Norton & Proffitt is keen to proceed with its own scheme and requires completion of the transfer of these two land interests to provide certainty to potential occupiers. Norton & Proffitt's request to acquire these two interests has only materialised as the scheme has evolved and planning permission has been secured.

2 Recommendations

Cabinet is recommended:

- 2.1 To agree to dispose of the Council's freehold interest in the alley-way between 28 Digbeth and 43-44 High Street and its freehold reversions in leasehold registered titles WM229002 and WM717486, known as 42-44 High Street, (as shown edged bold on Appendix A EPMS number 4071/1).
- 2.2 To delegate authority to the Executive Director Regeneration in consultation with the Portfolio Holder Regeneration and Transportation to review the VOA report and approve the terms of disposal.

3 Report detail

- 3.1 The main purpose of this report is to seek Cabinet approval for the disposal of the Council's freehold interests in the alley-way between 28 Digbeth and 43-44 High Street, and the freehold reversions in leasehold registered titles WM229002 and WM717486, known as 42-44 High Street, to Norton & Proffitt. Norton & Proffitt's request to acquire the alley-way and 42-44 High Street, which is in addition to that confirmed at the Cabinet meeting in September 2013, has only materialised as the detail of the scheme has evolved and planning permission has been secured.
- 3.2 The Council has recently valued these two interests. This includes any marriage value associated with the redevelopment in order to deliver the planning consent noted elsewhere in this report. Therefore, this report is requesting that the Council agrees to the disposal of these interests, subject to confirmation from the VOA that the development appraisal submitted by Norton & Proffitt provides sufficient evidence to support the developer's view that meeting the valuation would make the scheme unviable.
- 3.3 Members will recall that a report was presented to Cabinet in April 2012 on this project, and it was resolved that the Council would dispose of its interests in the Cool Trader unit at 28 Digbeth and Lower Hall Lane. This disposal was subject to the endorsement of the development appraisal by the VOA, and a further report to Cabinet in September 2013 reconfirmed this willingness to dispose of the interests. It is therefore considered appropriate that the VOA should also be asked to assess the developer's financial appraisal now that a request for additional land has been made of the Council.
- 3.4 Confirming the disposal of the Council's interests will greatly assist Norton & Proffitt in its attempt to secure further binding agreements with potential tenants; being able to demonstrate confidence in and control of all of the land within the project area. This development is consistent with existing planning policy and the emerging Walsall Town Centre Area Action Plan, will complement proposals for the redevelopment of the Old Square shopping centre, and is consistent with planning consent under reference 13/1421/FL received by Norton & Proffitt in January 2014 for over 8,000 sq metres of retail space in 11 retail units. The delivery of the project will also lead to an additional 50 jobs in the retail sector, as estimated in the planning application, numerous construction jobs and a

considerable increase in business rate income for the Council would be achieved through a net gain in floor space of 3,600 sq metres.

- 3.5 As a part of the negotiations with the developer, it has been revealed that Norton & Proffitt will serve 6 months notice on all tenants. The Council is one of these tenants, holding a lease of the area currently accommodating the market storage containers, and this timetable gives the Council more comfort that its current programme for securing the relocation of the storage containers by January 2015 can be delivered. Members may be aware that a planning application under reference 14/0926/FL has been submitted to demolish existing Council-owned property at 57-58 Lower Hall Lane, and to change the use of the site to the new location for the market storage containers. It should be noted that the alleyway between Cool Trader and 43-44 High Street is currently used to store bins used by the market traders, and that they too will be relocated to the new market storage area at 57-58 Lower Hall Lane.

4. Council priorities

- 4.1 As expressed in the Corporate Plan 2011/12 – 2014/15, part of the Council's shared vision for the Borough is that Walsall will be a great place to live, work and invest, where "there are more and better jobs for local people" and where "there are a wide range of facilities for people to use and enjoy". Furthermore, one of the three priorities for the Council is the economy, and if Cabinet approves this step towards the delivery of this project, it will help to deliver the shared vision for the Borough and underpin the Council's economic priority.
- 4.2 Furthermore, the development of the project would be in line with some of the objectives as set out in the Marmot Review. In creating job opportunities and further investment in the town centre, the development will help to "create fair employment and good work for all" and "ensure a healthy standard of living for all".

5. Risk management

- 5.1 It is acknowledged that the project contains considerable elements of risk, not least that the delivery of the overall project is dependent upon the commitment of private sector partners in a time of continued economic uncertainty. It is intended that delivery will be made much more likely by the Council disposing of these additional land interests. However, should the project not commence within 5 years, the Council has the opportunity to take back its interests.
- 5.2 This position does not of course guarantee delivery of the scheme, but there is a condition under the planning consent reference 13/1421/FL that the developer must provide the local planning authority with a signed copy of the building contract before commencing on site, which helps to manage the risk. This should remove the likelihood of any partial redevelopment of the site, for example the proposals ceasing after demolition, and will apply to all Council interests in the site (including those referred to in previous reports).
- 5.3 Progress with the scheme is dependent upon the developer securing binding agreements to lease. The principle of retail use in this location is consistent with planning policy and consent, and the Black Country Core Strategy aspiration for

delivering 85,000 sq metres of additional comparison retail floor space in Walsall town centre by 2026. The developer has continued to market the scheme and will enter into a build contract when a satisfactory level of binding agreements to lease have been secured with occupiers.

6. Financial implications

- 6.1 There will be financial implications for the Council in disposing of its land interests to the developer. This will be in addition to the terms agreed for the disposal of 28 Digbeth and the former car park in Lower Hall Lane, and previously reported to Cabinet in September 2013.
- 6.2 The potential tenants for the scheme will be required to pay business rates, and since there will be a net increase of 3,600 sq metres in floor space provided, it is anticipated that there will be a substantial increase in overall business rates received.

7. Legal implications

- 7.1 The Council is under a legal obligation (s123 Local Government Act 1972) to obtain the Best Consideration reasonably obtainable for the disposal of land. This can normally be demonstrated by having the land valued by a professionally qualified surveyor or running an open bidding process for the land.
- 7.2 The Council will enter into a legal agreement to ensure that the draft terms discussed above are delivered in exchange for the disposal of the Council's interests. As such, there will be an ongoing requirement for Legal Services to be included in various elements of this project.

8. Property implications

If this report is approved, the Council would dispose of the land to the developer. There will be ongoing property considerations which will require the input of Property Services and Legal Services for the drafting of the documentation for the disposal of the site.

9. Health and Wellbeing implications

The Council and its partners want to improve the health and well-being of Walsall citizens. To contribute towards the health and well-being of residents (both physical and mental), it is important that there is a good range of facilities in the town centre which provide a range of job opportunities for local residents. The delivery of this project should help to address that aspiration.

10. Staffing implications

Staff in Development and Delivery, Property Services, Legal Services and Financial Services have been involved in this project thus far, and further input will be required from these Council service areas to ensure delivery.

11. Equality implications

- 11.1 It is considered that the citizens of the Borough will welcome and benefit from the delivery of the project. The project will improve the environment of the town centre, bringing into use what is currently an under-utilised site and delivering another development in the core of the town centre.
- 11.2 The delivery of the project, particularly in the construction and retail sectors, could provide employment and business opportunities for Walsall's citizens. Where possible, the aspirations of the Think Walsall initiative will be pursued to ensure this happens. The development will evolve to ensure accessibility for all.
- 11.3 An Equality Impact Assessment has been previously carried out on the implications of this project to accompany the April 2012 Cabinet report. This assessment concluded that there will not be any negative implications for the characteristics protected by the Equality Act 2010. It is not anticipated that this report will affect that position.

12. Consultation

Neighbours and the wider community have been, and will continue to be, involved through the statutory planning process and other aspects of this project.

Background papers

Reports to Cabinet, 18 April 2012 and 11 September 2013.

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10 September 2014

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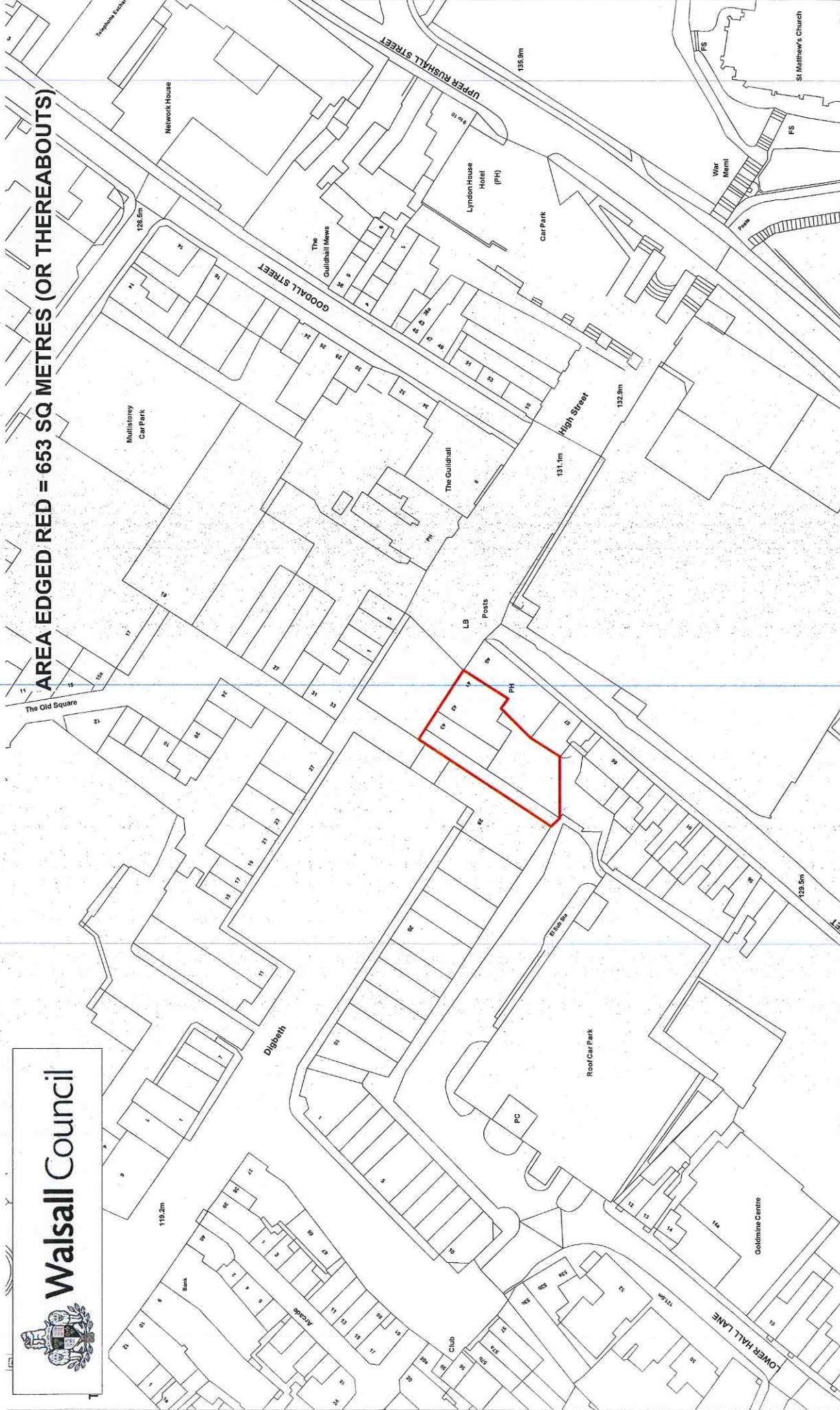
Councillor M Nazir
Deputy Leader
Portfolio Holder - Regeneration

10 September 2014



Walsall Council

AREA EDGED RED = 653 SQ METRES (OR THEREABOUTS)



<p>ASSET MANAGEMENT Zone 2A Civic Centre Walsall WS1 1TP Tele: 01922 658338</p>	<p>SITE ADDRESS: 41-43 HIGH STREET WALSALL</p>	<p>DRAWING NO : EPMS 4071/1 DATE : 28/07/2014 DRAWN BY : SSP</p>
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