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| Subject: | Development of the Former Valley Centre, Old Town Hall and former One Stop Shop Sites | Status: | For Publication |
| Report to: | Council | Date: | 25 th February 2015 |
| Report of: | Health, Housing and Regeneration Manager | Portfolio Holder: | Regeneration, Tourism and Leisure |
| Key Decision: | <input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/> | General Exception | <input type="checkbox"/> Special Urgency <input type="checkbox"/> |
| Equality Impact Assessment: | Required: | No | Attached: No |
| Biodiversity Impact Assessment | Required: | No | Attached: No |
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| 1. | RECOMMENDATION(S) |
| 1.1 | Members approve the process for disposal of the Council's land and assets described in this report to the RTB Partnership to further the re-development of the site(s) on the basis of a long lease as detailed in s5.16 of the report. |
| 1.2 | Members approve funding of £151,500 for the acquisition of the former Police Station, Rawtenstall and to then include this in the redevelopment phase. |
| 1.3 | To agree to provide up to £350,000 to support the elements of the Phase 1 development which are outside the scope of the funding provided by Lancashire County Council. |
| 1.4 | All future negotiations and minor amendments to strategy and programme be delegated to the Director of Business in consultation with the Portfolio Holder. |

2. PURPOSE OF REPORT

2.1 To recommend to Members a process for disposal of Council owned land and assets into the RTB Partnership (Joint Venture) to further the regeneration of sites within the borough.

3. CORPORATE PRIORITIES

3.1 The matters discussed in this report impact directly on the following corporate priorities:

Priority 1: Regenerating Rossendale: This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.

Priority 2: Responsive Value for Money Services: This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.

Priority 3: Clean Green Rossendale: This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

4. RISK ASSESSMENT IMPLICATIONS

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- There is some risk on the long term recovery of the Council's investment in the valley centre. Revised valuations following a change of use may see negative book valuations in the short term.
- The Phase 1 scheme has not yet received planning consent and there is therefore a risk that the scheme may not proceed should consent be refused.
- Phases 2 and 3 will be subject to further design and consultation during 2015/2016 and whilst there is growing interest in the development the precise timing of these phases is unknown.

5. BACKGROUND AND OPTIONS

- 5.1 The RTB Partnership, the Council's Joint Venture, was established in September 2012 following an extensive procurement process.
- 5.2 The role of the partnership is to provide the necessary expertise, funding and capacity to deliver the Council's regeneration ambitions across the borough.
- 5.3 Whilst the partnership is in the process of delivering a number of schemes in the borough, the main priority has been the development of a scheme to re-generate the site of the former valley centre in Rawtenstall.
- 5.4 This has also been a key Corporate Strategic Priority of the Council and actions to acquire and demolish the former valley centre have all underpinned this approach to achieve the long term ambitions of the Council.
- 5.5 Day Architectural have been appointed as architects for the site and consultation has been undertaken in March and October 2014 in relation to both the overall masterplan for the site and the designs for the new bus station.
- 5.6 In order to ensure that the redevelopment process maintains momentum it is felt appropriate to ask Members to approve a process for the disposal of sites into the RTB Partnership at this stage so that the necessary legal processes can be completed in a timely fashion.
- 5.7 Whilst this report focusses upon the sites of the former old Town Hall, one stop shop and Police Station, It is proposed that the principles herein should be applied to future disposals to the RTB Partnership.
- 5.8 Before disposing of any interest in land for a price which may be less than the best consideration reasonably obtainable the Council should ensure that it obtains a realistic valuation of that interest.
- 5.9 In this case Lambert Smith Hampton were commissioned to undertake a valuation of the sites reflecting the differing elements of the proposed re-development.
- 5.10 The re-development of the whole site will be delivered across three phases. Phase one includes the redevelopment of the sites currently occupied by the Old Town Hall, One Stop Shop and Police Station. A site plan of Phase 1 is attached as Appendix 1.
- 5.11 Lambert Smith Hampton have valued the sites required to deliver phase one of the redevelopment as follows:

- Old Town Hall: £80,000
- One Stop Shop: £120,000
- Rawtenstall Police Station: £150,000
- Car Park areas: £45,000

- 5.12 The Police Authority have agreed to dispose of the former police station to the Council at a price of £150,000 and this report seeks approval to pursue this acquisition at this cost. Stamp Duty of £1,500 will also be payable as part of this acquisition.
- 5.13 In addition, the development of the new bus station will result in the Council losing its current income it derives from the current bus station which is estimated to be c £20,300 for 2014/15. However, this should be offset against the current estimated costs incurred by the: current bus station, public conveniences, Old Town Hall and One Stop Shop which are currently forecast to cost the Council £80,700 per annum. This would represent an estimated saving of £60,400 per annum.
- 5.14 In addition, there may be an indirect impact on the Council's funding support for Rossendale Transport because of increased charges for use of the new station. The current charges for use of the existing bus station are £23,600 whereas the anticipated charges for the new bus station are £51,900.
- 5.15 This could result in an annual cost of £28,300 assuming bus passenger numbers remain the same as the current level.
- 5.16 The funding for the redevelopment of the bus station provided by Lancashire County Council of £3.5m does not include for any land acquisition costs as these are regarded as Rossendale Borough Council's contribution towards the scheme. Disposal of the council owned sites to enable the bus station development will be by the means of a long lease to Lancashire County Council at a peppercorn rent.
- 5.17 Additionally, there are elements of the phase 1 scheme which lie outside the scope of the funding provided by Lancashire County Council and will need to be funded via the RTB joint venture partnership.
- 5.18 In the main this is likely to consist of the proposed retail and office space, some open space and some of the car parking area adjacent to Kay Street and Lord Street, the site currently occupied by the police station.
- 5.19 The current estimated cost for these elements is £1.25m and the mechanism for how these costs will be met are currently subject to negotiation with the joint venture partners. The office and retail units will of course bring in an income of c £70,000 per annum. However, whilst the provision of car parking adds value to the development it will not generate any income. Instead, the costs associated with the development of the car park area will be reflected within the profit share agreement negotiated with the joint venture partners as part of the whole development package.
- 5.20 It is anticipated that the financial contribution from the Council to the RTB joint venture partnership to cover the costs of open space and car parking, not funded by Lancashire County Council, will be no more than £350,000 and it is a recommendation of this report that the Council commits to provide this contribution from its own resources. However, if it appears that this figure is likely to be exceeded a further report will be presented to members for decision.

- 5.21 Recently the joint venture team have been successful in being awarded £1.85million of Growth Deal 2 funding via the Lancashire Enterprise Partnership towards the whole development scheme. This funding will be allocated in tranches from 2016 as phases 1, 2 and 3 of the project are developed.
- 5.22 The development of a new bus station must be seen in the context of a first phase of a wider regeneration scheme which will bring much needed jobs, opportunities and investment into Rossendale.
- 5.23 There is every reason to believe that the actions taken to deal with the issue of the former valley centre have acted as a catalyst to unlock further investment in Rossendale. A new occupier for the New Hall Hey site has been announced and there is a growing confidence that Rossendale is an area which can support new business.
- 5.24 In respect of the future phases (2 and 3) it is not the intention for the new development to be flooded with retail. In fact, the number of retail units has reduced following the initial consultation stages in March 2014. The scheme seeks to retain a high level of public open space within the development to support events, markets or performances. However, this does mean that the total income from the completed development would be less than could be expected if the area was fully used for retailers.
- 5.25 The new scheme will provide in total 69,000sqft of retail space alongside 6,000sqft of office space, a new bus station and 22 housing units providing the opportunity to bring new business into the area and the right environment for local businesses to grow. It is estimated that around 225 new jobs will be directly created by the development.
- 5.26 In addition, a range of apprenticeships and training opportunities will be provided throughout the construction phases.
- 5.27 In the longer term the expectation is that the new development will generate additional income to the Council both in terms of new business rates and lease income and have the effect of drawing in and retaining new successful businesses to Rossendale.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

- 6.1 The report states that Council will be acquiring the former police station at a cost of £150,000 which accords with the Lambert Smith Hampton valuation. The Council must identify its funding method for this acquisition, the options being:
- Internal borrowing to be repaid via revenue budgets over a period to be determined
 - Council Reserves

Officers would not recommend using external borrowing due to the cost of financing. At the time of writing the Council does not have surplus capital receipts available for this project. This acquisition is not eligible for Lancashire County Council funding.

- 6.2 Council should ensure that the land valuations influence and form the basis of its equity investment in RTB and the wider RTB partnership development of the former Valley Centre. These values will offset the Council's further investment contributions, as an RTB partner, noted in paragraph 5.19.

6.3 The change of use in relation to the Councils newly acquired land holding, land leased to Lancashire County Council and land transferred to the RTB partnership will result in land revaluations.

7. MONITORING OFFICER

7.1 With respect to the police station acquisition the council has a variety of legal powers to purchase land by agreement. Under the Local Government Act 1972 the council can acquire the police station land where it is for the benefit, improvement or development of the area. A valuation has been obtained by Lambert Smith Hampton immediately prior to the purchase which confirms the site is being acquired at the open market value.

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

8.1 The proposed actions set out in this report contribute directly to the Council's 'Regenerating Rossendale' priority, enabling the physical regeneration/re-development of these sites to be realised.

8.2 Consultation has been carried out the relevant Portfolio Holder, Director of Business, Head of Finance & Property and Chief Executive.

8.3 This report is not proposing new service, policies, strategies or plans (or significant changes to, or reviews, of them). It does not propose decisions about budget cuts or service changes/reductions that will affect specific protected equality groups. It is determined therefore, that this report is unlikely to have any adverse impacts under the Council's Equality Policy or associated equality duties, and has not been assessed for equalities impacts.

10. CONCLUSION

10.1 Redevelopment of the site of the former valley centre is a key priority of the Council and has taken many years to reach to current stage with realistic development proposals being put forward. The transfer of the Council's land into the development 'pot' is key to achieving the Council's regeneration ambitions but at the same time the value of the land needs to be properly reflected in the redevelopment deal and recouped in later years.

Background Papers

| Document | Place of Inspection |
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| Site Plan for Phase 1 of the development | Appendix 1 |
| Lambert Smith Hampton Valuations of the One Stop Shop, Old Town Hall, Car Park and Police Station | Committee and Member Services, Room 213, The Business Centre, Futures Park, Bacup OL13 0BB |

