

Agenda Item

Executive Board

14 July 2010

10/1009



Exempt Information

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

Hind Street Car Park, Ottery St Mary

Summary

At its meeting of 15 April 2010, the Council's Development Management Committee made a resolution to grant permission to Sainsbury's PLC for the development of a supermarket scheme. The scheme includes the use of the Council's car park at Hind Street. Sainsbury's would like to acquire either a freehold or leasehold interest in the Council's car park to facilitate the development.

Recommendation

1) That Members adopt a policy to support, in principle, the development of a supermarket on land adjacent to and including Council owned land at Hind Street Car Park, Ottery St Mary

2) That Members authorise the Council's Principal Estates Surveyor to enter into negotiations with Sainsbury's Supermarkets Limited to dispose of a land interest in Hind Street Car Park to facilitate the development as detailed in this report

a) Reasons for Recommendation

Please see main body of report

b) Alternative Options

N/A

c) Risk Considerations

The outright freehold sale of the car park would result in a loss of gross revenue in the region of £60,000 per annum. Therefore should Members wish to dispose of the Council's land interest to facilitate the development of a supermarket, they will at a later stage be given the opportunity to consider both the possibility of a capital receipt or a rental value to provide income revenue over a lease term.

d) Policy and Budgetary Considerations

Positive Impact Overall

Thriving Economy.

Green Environment.

Meeting our Diversity and Equality duties.

Create Cashable Savings

Not applicable

Main Body of the Report

1.0 Background

- 1.1 At its meeting on 14 January 2009, Members considered the proposal from Sainsbury's to acquire a freehold interest in Hind Street Car Park, Ottery St Mary and the following resolution was made:-

"Members considered the report of the Principal Estates Surveyor setting out an offer for the freehold interest in Council-owned Hind Street Car Park, Ottery St Mary. Members noted the current annual revenue generated by the car park and considered the various options outlined in the report.

RESOLVED that determination of the request detailed in the report to purchase the freehold interest in the Council-owned Hind Street Car Park, Ottery St Mary be deferred for 6 months.

- 1.2 At a Special Meeting of the Development Management Committee held at the Institute, Ottery St Mary on Thursday 15 April 2010 the following resolution was made regarding SSL's application to develop a Class A1 food store, customer car parking, service access and associated development:-

RESOLVED: that delegated authority be given to **APPROVE** the application as submitted for a 20,000 sq ft store, the applicant entering into a Section 106 Agreement subject to the following: Head of Planning & Countryside was given delegated powers to add or amend clauses in the S106 agreement as set out below and planning conditions as maybe necessary in consultation with Chairman and Ward Members.

1. A £200,000 contribution towards the funding shortfall for the foot/cycle bridge over the River Otter;
2. A £45,000 contribution per annum for 2 years towards improvement to the bus services in the town;
3. A £10,000 contribution towards town centre seating and flower boxes;
4. A £5,000 contribution towards public art provision on the site;
5. A £10,000 contribution towards the provision of a tourist information sign, make a location available for installation and give permission/access as necessary for installation/maintenance;
6. Provision of zebra crossing on Hind Street;
7. A comprehensive staff travel plan;
8. A contribution to 'Orchard' planting elsewhere in Ottery St Mary;
9. That the development be constructed to a BREEAM 'very good' rating.

- 1.3 The scheme includes the use of the Council's land at Hind Street Car Park as illustrated at Appendix 1. The Council's car park would form part of a much enlarged car park to remain as a shopper's car park and also facilitate customer car parking for a Sainsbury's store. The car park currently provides the Council with a gross income in the region of around £60,000 a year and provides a significant contribution to the Council's revenue budget.
- 1.4 Land owned by the Council must be disposed of pursuant to the Council's obligations under Section 123 of the Local Government Act 1972, including a requirement to secure the best consideration reasonably obtainable on the open market. Best consideration is usually measured by advertising the land for sale by an open market tender process and assessing the bids received. However, should the Council wish to recommend support of the development in principal through the disposal of a land interest in its car park, SSL will be considered to have special purchaser status as they hold an interest in other piece of land required to facilitate the development. This will negate the need to dispose of the site by way of an open market tender process and negotiations can commence with SSL with the aim to achieve best consideration possible.
- 1.5 Should members wish negotiations to commence, it is recommended that, subject to SSL undertaking to pay the Council's professional fees, an open market assessment of both a capital and rental value of the land interest is undertaken by the District Valuer who will provide independent expert advice. The advice will support subsequent negotiations between the Principal Estates Surveyor and SSL.

Appendix 1: Site Plan of proposed supermarket development

Legal Implications

There are no legal implications requiring comment at this stage

Financial Implications

There are both revenue and capital implications within this proposal.

The potential loss of the £60,000 per annum rental income will be particularly difficult when trying to balance the annual budget in the coming year.

Set against this is the need for capital receipts to fund the capital programme. If however members wish to dispose of the car park land, consideration should be given to whether supporting the SSL proposal warrants a possible reduction in the sale price compared to the open market.

Consultation on Reports to the Executive

N/A

Background Papers

- Executive Board 14 January 2009

Donna Best
Principal Estates Surveyor
14 July 2010