

A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of financial information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity, financial and business affairs of organisations and the amount of expenditure proposed to be paid for the Council's interest in land and property.

Cabinet Member (City Development)

05 January 2012

Name of Cabinet Member:

Cabinet Member (City Development) - Councillor Bigham

Director Approving Submission of the report:

Director of City Services and Development

Ward(s) affected:

Woodlands

Title:

Disposal of Councils interest in Tile Hill Social Club, Jardine Crescent.

Is this a key decision?

No

Executive Summary:

This report seeks approval to the sale of the Council's freehold interest in Tile Hill Social Club.

The property has been the source of recent problems, including vandalism and trespass by vagrants. Sale of the freehold interest will facilitate redevelopment for primarily residential purposes with some ancillary retail, subject to the grant of planning permission. The proposed use has been subject to local consultation through the ward forum and has generated two petitions objecting to any retail use on the site.

The Council's capital resources for its capital programme are dependent on the generation of capital receipts to support that programme. The generation of a receipt from this disposal will help support the Council's capital resource position.

Recommendations:

The Cabinet Member is asked to consider the content of this report when considering the recommendation in the report in the private part of this agenda.

List of Appendices included:

Appendix A. Site plan.

Other useful background papers:

None.

Has it been or will it be considered by Scrutiny?

No.

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Disposal of the Councils interest in Tile Hill Social Club, Jardine Crescent.

1. Context (or background)

- 1.1 The site is currently leased by the Council on a long term ground lease with 50 years remaining at a low rent and consists of approximately 1.48 acres (0.6 ha.) fronting Jardine Crescent, occupied by a purpose-built social club, approximately 50 years old, with accommodation on 2 floors.
- 1.2 The building has been under-utilised for several years, and is now closed and in poor condition. The demand for this type of building and use has diminished. The lease granted by the Council restricts the use of the site to a "members' social club". The lessee has therefore requested a change of user in order that the proposed development of the site may take place. Additionally, the unexpired term of the lease is insufficient to secure funding for the development.
- 1.3 The lessee has indicated that he intends to seek planning permission for demolition of the building and redevelopment for a mixed retail and residential scheme. Planning policy allocates the site as part of the Jardine Crescent District Centre and promotes such sites for retail development and a range of other social, community and leisure services. However, a public consultation exercise carried out by the lessee has indicated that more retail development is of concern due to the impact and proximity to the Council's Jardine Crescent Shopping Centre. The lessee has therefore proposed a scheme with a variety of residential properties and a small retail content, comprising 3 standard retail units, 18 houses, and 12 flats, subject to the grant of planning permission. In addition, following local consultation two identical petitions have been submitted by Councillors Johnson and Hetherington earlier this year, objecting to retail use on the club site. These petitions are being held for consideration pending a planning application for the proposed use of the site.
- 1.4 The change of use of the site is properly a planning consideration and one that needs to be considered by the Planning Committee. Should planning permission be forthcoming for the owners proposed scheme, the application of restrictive covenants to the land would prevent further retail development on the site beyond that now proposed if planning permission is granted.
- 1.5 Subject to Cabinet Member approval, terms have been provisionally agreed for the sale of the Council's freehold interest at the price shown in a report in the private part of your agenda. The sale to be conditional upon planning permission being obtained for the redevelopment of the site based on the scheme currently proposed. Each party will bear its own costs associated with the sale.

2. Options considered and recommended proposal

- 2.1 Continued use of the site as a social club appears to be unviable, and the buildings on the site are already outdated and, in view of this and the vandalism and other anti-social behaviour focussing on the building, permission by the Council (acting as the freehold owner) has been given in principle for the demolition of the building and clearance of the site. Whilst the Council might grant a new long lease at a modern ground rent, and with covenants to prevent additional development, the market regards a freehold title as a pre-requisite for a predominantly residential development such as that proposed. This also enables the optimum financial consideration to be secured.
- 2.2 The terms provisionally agreed for this disposal have been negotiated by the Council's Valuation Surveyors and represent the best that can be reasonably obtained in the current

market thus satisfying the Council's obligation under section 123 of the Local Government Act 1972 to obtain the best price reasonably obtainable.

- 2.3 The terms of disposal have been negotiated with the existing tenant of the Council and there will therefore be no discontinuity of occupation or interest as a result of this disposal.

3. Results of consultation undertaken

- 3.1 There was public consultation on the redevelopment by way of a Ward Forum in February 2011, as a result of which the retail content of the scheme was reduced by approximately half. This has generated two identical petitions (see paras 1.3 and 1.4 above) objecting to retail use on the site.

4. Timetable for implementing this decision

- 4.1 Subject to cabinet member approval, the freehold disposal will be completed and the capital receipt received as soon as possible.

5. Comments from Director of Finance and Legal Services

5.1 Financial implications

The capital receipt will contribute towards the corporate capital receipt target for 2011/2012. The revenue stream from the lease will be foregone as a result of the disposal, however this can be contained within the revenue provision set aside for such disposals.

5.2 Legal implications

- 5.2.1 The Director of Finance and Legal Services will prepare and complete legal documentation associated with the disposal of the freehold interest in the site and will collect the agreed consideration.

- 5.2.2 The freehold disposal price will satisfy the Council's obligation to obtain best consideration reasonably obtainable under section 123 of the Local Government Act 1972 as confirmed by the Council's appointed external valuation surveyors.

6. Other implications

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?

The capital receipt will contribute towards corporate resources.

6.2 How is risk being managed?

Your officers will ensure that all documentation required for the transaction will be in place to enable exchange of contract and completion of the disposal at the earliest opportunity.

6.3 What is the impact on the organisation?

The impact on the organisation will be minimal. However it will generate additional work for City Services & Development (Commercial property Management) and Finance & Legal Services in processing the provisionally agreed terms for sale to completion.

6.4 Equalities / EIA

As the proposal concerns the disposal of the Council's freehold interest in land already subject to leases there is no requirement for an Equality Impact Assessment.

6.5 Implications for (or impact on) the environment

Any effect on the environment will be incorporated in the planning process.

6.6 Implications for partner organisations?

There are no implications for partner organisations.

Report author(s):

Roger Canavan

Name and job title:

Senior Valuation Surveyor, Commercial Property Management

Directorate:

City Services & Development

Tel and email contact:

024 7683 2850

roger.canavan@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
None				
Other members				
Names of approvers for submission: (officers and members)				
Finance: Phil Helm	Finance Manager	Finance & legal	16/11/11	25/11/11
Legal: Julie Sprayson	Commercial Team	Finance & legal	16/11/11	16/11/11
Planning: Tracy Darke	Group Manager Planning and Building Control	City Services and Development	16/11/11	25/11/11
Property: Nigel Clews	Assistant Director	City Services and Development	<u>22/11/11</u>	
Director: Martin Yardley	Director	City Services and Development		

Members: Cllr Linda Bigham			22/11/11	

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Appendix A Site plan



CITY SERVICES AND DEVELOPMENT DIRECTORATE
 STRATEGIC PROPERTY ASSET MANAGEMENT
 PROPERTY MANAGEMENT DIVISION
 FLOOR 9, CIVIC CENTRE 4
 MUCH PARK STREET
 COVENTRY CV1 2PY
 024 7683 3054



Martin Yardley - Director of City Services and Development
 Nigel Clews - Assistant Director Property Asset Management Division

Tile Hill Social Club, Jardine Crescent		
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