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2 October 2015

To: All Councillors

As a Member of the **Council**, please treat this as your summons to attend a **SPECIAL MEETING** to discuss the **possible disposal of property** on **Monday 12 October 2015 to immediately follow the Special Meeting that begins at 6.00pm in the Council Chamber, Town Hall, Matlock.**

Yours sincerely

A handwritten signature in black ink, appearing to be "Sandra Lamb".

Sandra Lamb
Head of Corporate Services

AGENDA

1. APOLOGIES

Please advise Democratic Services on 01629 761133 or e-mail committee@derbyshiredales.gov.uk of any apologies for absence.

2. PUBLIC PARTICIPATION

To give members of the public who have given notice an opportunity to ask questions, present petitions or air their views on Item 4 of the Agenda only. Those wishing to participate should contact the Committee Section on 01629 761133 committee@derbyshiredales.gov.uk by 12 noon on the working day prior to the meeting.

3. INTERESTS

Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council's Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close

friends. Interests that become apparent at a later stage in the proceedings may be declared at that time.

		Page Nos
4.	<p>DISPOSAL OF FORMER CO-OPERATIVE SUPERMARKET SITE, BAKEWELL ROAD MATLOCK</p> <p>To consider the receipt of an offer to purchase the District Council's freehold interest in land at Bakewell Road, Matlock comprising the former Co-Operative supermarket, existing roof top car park, former bus station and market hall accommodation. The report will also consider potential revisions to the Council's Capital Programme arising from this decision.</p>	3 - 11
5.	<p>EXCLUSION OF PUBLIC AND PRESS</p> <p>At this point the Committee will consider excluding the public and press from the meeting for the remaining items of business for the reasons shown in italics. The Chairman will adjourn the meeting briefly to enable members of the public to speak to Councillors.</p>	
6.	<p>DISPOSAL OF FORMER CO-OPERATIVE SUPERMARKET SITE, BAKEWELL ROAD MATLOCK</p> <p>To consider the financial implications for the District Council of the various options outlined in the report at item 4 above.</p> <p><i>(The report contains information which the owner has classified as commercially sensitive as it relates to the financial affairs of a particular person. To reveal the information may prejudice the Council in its dealings that that person and therefore is not considered to be in the public interest to reveal it at this stage.)</i></p>	12

NOTE

For further information about this Agenda or on "Public Participation" call 01629 761133 or e-mail committee@derbyshiredales.gov.uk

SPECIAL COUNCIL
12TH October 2015

Joint Report of the Estates and Facilities Manager and the Head of Resources

CONSIDERATION OF OFFER FOR PROPERTY DISPOSAL – BAKEWELL ROAD SUPERMARKET SITE, MATLOCK.

SUMMARY

This report considers the options open to the District Council following the receipt of offers to purchase the freehold interest in the former Co Op premises at Bakewell Road, Matlock.

RECOMMENDATION

1. That the offers received are noted.
2. That, although both offers are considered to be reasonable in valuation terms, they are politely declined at the current time given the financial risk to the Council of exchanging a major income stream for a single capital receipt.
3. That an allowance of £270,000 is made in Capital Programme to fund the car park repair works.

WARDS AFFECTED

Matlock All Saints and Matlock St. Giles

STRATEGIC LINK

The detailed consideration of the offers received for the site accords with the core value of achieving 'Value for Money' as expressed in the Corporate Plan 2015/16.

1.0 BACKGROUND

- 1.1 At the time of the development of the Bakewell Road Supermarket, Market Hall and Bus Station in 1983 on the District Council's freehold land, a head lease was granted from the Council to the store operator (then Fine Fare) for a 99 year term which expires in 67 years. The areas subject to the head lease are outlined in blue on the plan at Appendix.1.
- 1.2 The terms agreed at the time of the development of the store were that a rent equivalent to 30% of the rental value of the new store would be payable to the Council under the head lease. It was also agreed that the Council would lease back the covered part of the bus station, market hall, market hall toilets and loading area

and the roof top car park by way of an under lease for 99yrs less 7 days at a peppercorn rent. The areas subject to the under lease are hatched in pink on the plan at Appendix.1.

- 1.3 The Council has occupied the site on the basis of these 2 agreements from 1983 to the current time and currently receives an annual rent of £79,800 for the store although this figure is currently subject to an upward only rent review.

2.0 CURRENT SITUATION

- 2.1 The Co Op closed the store in August of this year as part of a national rationalisation of Co Op supermarket sites. As part of this process the head lease was assigned to Marks & Spencer Plc (M&S) on 26 August 2015.

- 2.2 M&S intend to occupy the store following a comprehensive refit and will be taking a lease back from a Real Estate Investment Trust (REIT) who will be taking a further assignment of the Head Lease from M&S within the next few days.

- 2.3 Under the terms of the Council's current under lease, whilst the store operator is responsible for keeping the car park surface in repair, the Council as under lessee is responsible for a proportion of the costs arising from the repairs. This contribution is considered to be 60% of the total costs.

- 2.4 As part of the planned comprehensive refit of the store prior to occupation by M&S, a survey of the car park has been undertaken and required works have been identified and costed which will result in a cost to the Council of £270K. The works as proposed would have a 20 year design life.

- 2.5 The REIT have contacted the Council expressing an interest to purchase the Council's freehold interest in this site. Offers have been received from the REIT for 2 scenarios linked to the acquisition of the Council's freehold interest with or without the under lease of the Market Hall, Bus Station and Car Park being in place. This gives rise to a number of options which are further considered below.

3.0 OPTIONS FOR CONSIDERATION

3.1 Option1. DDDC to retain freehold

Under this option, no further action is necessary since the head lease will transfer from M&S to the REIT and the Council's involvement in the operation of the market hall, bus station and car park will remain as existing. However, the expected cost of the Council's contribution to the car park works will need to be included in the current Capital Programme. In terms of income, there will be no capital receipt, some capital cost and the income received by the Council from the store and the car park would remain

3.2 Option 2.REIT to acquire freehold subject to existing under lease to DDDC

This option comprises the first offer from the REIT for the freehold of the store. This would result in the REIT becoming the freehold owner subject to the existing under lease on the existing terms to the Council. Under this option, the Council's obligations to the car park under the under lease will remain so the expected cost of the Council's contribution to the car park works will need to be included in the current

Capital Programme. In terms of income, there will be a substantial capital receipt, some capital cost and the income received by the Council from the store will be lost but that from the car park would remain.

3.3 Option 3.REIT to acquire freehold and DDDC to surrender under lease

This option comprises the second offer from the REIT for the freehold of the store. This would result in the REIT becoming the freehold owner of the whole site including the bus station, market hall and car park and the Council's under lease will be extinguished.

Under this option, other than a 3 year time limited Overage payment to claw back a percentage of any residual profits incurred by the REIT in any redevelopment of the non- retail areas ,the Council will have no future involvement or control of any aspect of the site including the car park (other than as Local Planning Authority). The financial implications of this will be that there will be an increased capital receipt (compared to Option 2), no capital cost and no future income from the store or the car park

4.0 **FACTORS TO CONSIDER**

4.1 Matlock Community Vision

Following consideration of progress of the redevelopment of the Bakewell Road Matlock site (of which this site forms part) in June last year and in response to public consultation, the Council's Corporate Committee agreed that a partnership approach was required, with the Council providing technical support to enable the community, through its representative group to develop a sustainable solution which most closely fits the principles of the Matlock Town Centre SPD (Supplementary Planning Document).

Matlock Community Vision (MCV) was set up to progress this matter and they have been consulted on the principles of this report (but not the details of the offers). They have responded to this consultation by pointing out that MCV was set up on the basis that the Council is a committed partner in this community led process. They consider that the old bus station and market hall provide a unique opportunity on land which is publicly owned and their purpose throughout has been to work with the Council to learn how Matlock can bring private and public assets together in a synergy which benefits the community and brings life to the heart of the town. MCV does not want to see this opportunity lost. The full statement from MCV is included at Appendix 2.

Whilst the bus station and market hall would remain under the Councils control (subject to the terms of the under lease) in Options 1 and 2, the Council will have no future involvement or control of any aspect of the site under Option 3 although the REIT has indicated that they would be happy to continue dialogue with MCV should they acquire the freehold.

4.2 Matlock Market Hall

There are currently 2 tenants remaining in Matlock Market Hall comprising a butchers inside the Market Hall and a Fruit and Vegetable stall in the entrance to the

Bus Station Area. Both these tenancies run until 31/03/16 but could be terminated at short notice should the Council ever wish to do so.

Under Options 1 and 2, these areas would remain under the Council's control as now. However, under Option 3, this control would pass to the new owner who would be free to terminate these tenancies subject to the appropriate legal notice periods without further recourse to the Council.

4.3 Matlock Bus Station and Taxi Rank

Although there are no formal agreements in place for the continued use of the bus station at Bakewell Road, following the opening of the new bus station in 2007, a number of key bus services continued to use the area (and still do) as a 'lay over' stop. The bus operators have always claimed that if this 'lay-over' facility was not available, this would impact upon the bus services to and from Matlock, the consequence being that some services would be removed.

The establishment of the taxi rank in its current location (within the bus station) was approved by the Council in August 2001 to ease the issue of taxis waiting in the bus stop outside the supermarket. At the time, consultation took place with the taxi firms and the Passenger Transport Unit at Derbyshire County Council – all of whom were in favour. At the time, the PTU consulted with bus companies who had no objection but suggested that some waiting space might be required for any buses displaced from the bay used for the taxi rank. There is a specified process for decommissioning a taxi rank and for creating a new one which would involve consulting with stake holders and agreeing where a new stand could be provided.

Under Options 1 and 2, these areas would remain under the Council's control as now. However, under Option 3, this control would pass to the new owner who would be free to make such arrangements concerning the bus station and taxi rank as are legally possible without any further recourse to the Council.

4.4 Financial Considerations

The financial implications of each of the 3 options are outlined in the confidential Appendix. This shows the cumulative effect of the income and capital received and capital costs to be incurred over a 20 year period. The further financial implications and risks of the 3 options are stated in the Finance Risk Assessment at paragraph 7.2 of this report.

5.0 Valuation

5.1 The 2 offers received have been reviewed by the Council's Valuer following the provision of an independent valuation. The Council's Valuer considers that both offers received by the REIT represent the Market Value of the Council's interest on the terms proposed.

6.0 Consultation

6.1 Matlock Community Vision have been consulted on the offers received and their comments are incorporated in this report.

7.0 Other expressions of interest

7.1 In addition to various general expressions of interest in development sites/opportunities across the District, no specific expression of interest has been received in relation to this site other than that forming the subject of this report..

8.0 RISK ASSESSMENT

8.1 Legal

The Council has a duty under S123 of the Local Government Act 1972 to dispose of assets for the best price reasonably obtainable.

The purchasers would be responsible for the District Council's reasonable legal costs.

The duty to consult on the disposals accords with the Council's policy on the disposal of land and property. The legal risk in that respect is low.

8.2 Financial

All options have a high financial risk as they involve either significant capital expenditure of £270,000 or the loss of revenue income, or both.

In making this decision the Council must balance the need for an annual income stream that will flow to the revenue account against a one-off capital receipt. In doing so, the Council must also balance the short-term gain of a capital receipt over the long-term annual income.

A capital receipt can only be spent to finance capital expenditure. The current capital programme is fully financed. It is recognised that the Council has other capital projects that will require funding but it would be up to Members as to whether these projects went ahead anyway.

On the other hand, the Council's medium term financial plan shows that the Council must make savings of £1.2m in the next 5 years, in order to balance the budget for 2020/21. There is significant financial pressure on the revenue account.

Though a capital receipt could be invested to generate revenue income, interest rates are low at present and would not generate a rate of return similar to the current income received.

Given the pressure on the revenue account, Option 1 (do not dispose of the freehold) carries the least financial risk as it protects revenue income. Taking all income and expenditure (both capital and revenue) together over a 20 year period, Option 1 provides the best return for the council.

9.0 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors is also been considered: prevention of crime and disorder, equality of opportunity, environmental health, legal and human rights, financial personal and property considerations.

10.0 CONTACT INFORMATION

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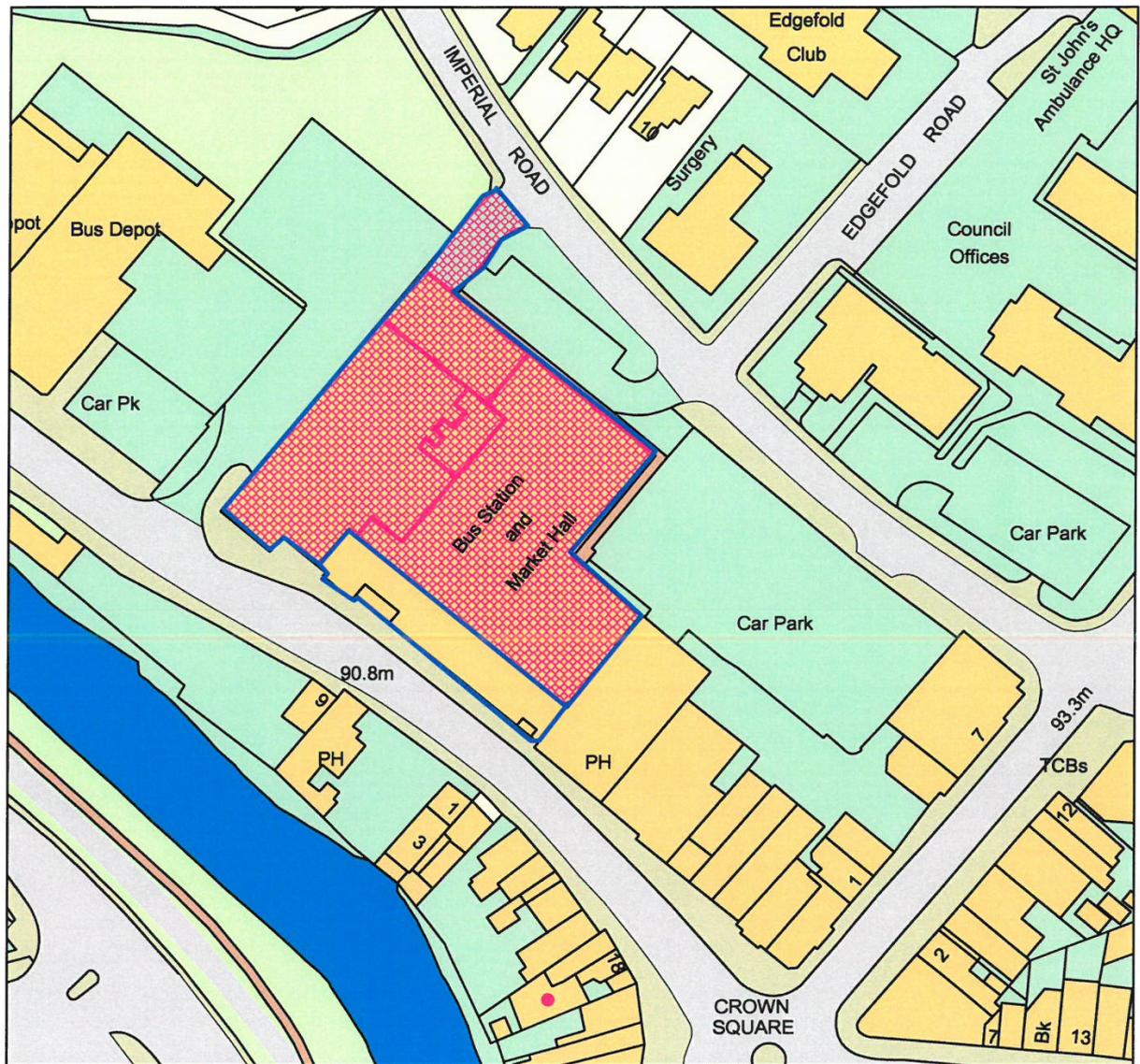
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11.0 BACKGROUND PAPERS

None

First Floor Car Park

Imperial Road, Matlock



Derbyshire Dales DC

1:1,250

Date: 08/10/2015

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BAKEWELL ROAD REDEVELOPMENT - MATLOCK COMMUNITY VISION

1 Background to partnership

The Corporate Committee of Derbyshire Dales District Council considered progress of the redevelopment of the Bakewell Road Matlock on June 26th 2014. In response to public consultation, support was withdrawn from a development proposal based on the anchor of a very large supermarket. The minutes state:

“It was acknowledged that a partnership approach was required and it was suggested that the District Council should work with the community, including Councillors, Officers and the Town Council.

It was agreed that the District Council provides technical support, including Officer time and meeting facilities, to enable the community, through its representative group to develop a sustainable solution which most closely fits the principles of the Matlock Town Centre SPD.”

2 Matlock Community Vision established

Matlock Community Vision is a Community Interest Company limited by guarantee. It was incorporated on 12 September 2014, “to carry on activities which benefit the community and in particular to lead and facilitate community-led land and building development in Matlock Town Centre.”

Its voluntary membership has:

- Worked through bi-monthly meetings of a representative committee drawn from Matlock Civic Association, Derbyshire Dales District Council, Matlock Town Council, Transition Matlock, Town Traders, Over 50's Forum, Matlock in Bloom, Highfields School 6th Form.
- Applied for funding for community-led development from the Homes and Communities Agency in 2014, to fund a competition for architect / developer teams. This was not successful as the Bakewell Road site includes both public and private land.
- Benefitted from extensive pro bono advice from two local architects, Blueprint developers, an economic development adviser, and a regional specialist commercial estate agent.
- Completed a study of options for re-routing buses following potential closure of the old bus station.

3 Development brief for Bakewell Road site

MCV believes that a coherent plan for the whole Bakewell Road site is essential in order to provide a high quality resolution of the numerous inter-related planning issues. With pro bono advice, MCV has drawn up a brief for potential developers, based on the land uses set out in the Town Centre SPD and those which subsequently received public support in consultation exercises. A digital presentation communicates MCV's vision for the whole site. This can be seen on <http://www.aquamandesign.co.uk/Matlock-Community-Vision.html>.

Discussion with experts in the development field has indicated that the wider elements of the brief (housing, a medical centre and retail) are viable and would secure finance. MCV is committed to the need to develop the whole site to create the improvement which Matlock needs. MCV also proposes a central feature, a modern version of a winter garden / arcade, which would form a new covered pedestrian route from Bakewell Road to Imperial Road, on the

site of the old bus station and the old market hall. This would reinforce Matlock's unique character, and enhance the attraction of the town for residents and visitors alike.

In the brief (June 2015) it was described as follows:

“A new heart for Matlock. This should take the form of a new winter garden / glazed shopping arcade / public space. MCV seeks a well-designed, airy, glazed space, running between shops of different sizes, with ample circulation space for pedestrians, plus sitting areas and cafes. From these, customers can view activities such as a climbing wall (which can be a self-financing element for both exercise and entertainment) and several flexible spaces which can be used by a variety of other uses eg buskers, street theatre, fetes, exhibitions, antiques fairs, tea dances, music, fashion shows. Storage space will be required to store equipment relating to these uses.”

In response to the brief and digital presentation, DDDC's officers asked MCV to further investigate the financial viability of this arcade element. Advisors with experience of commercial development and letting have responded that this core element provides a valuable opportunity to combine the commercial benefit of increased footfall, with the community benefit of a well-designed and managed public space. It could potentially draw in both public and private financial support.

Specifically, it was recommended that MCV approach M&S who are known to have a strong sustainability and community policy; the company providing finance to M&S (The REIT) and D2N2 the regional economic partnership, who are interested in job creation and economic regeneration.

On this basis MCV has asked for a meeting with the REIT and M&S.

4 Matlock's retail offer and community benefit

The overwhelming public response against the proposal for another large supermarket on the Bakewell Road site, indicated a public desire for something quite different in the centre of Matlock. With the pro bono assistance of a commercial estate agent, MCV has been investigating the range of sizes of retail shops which could be 'fed' off the arcade.

On one side of the arcade M&S Simply Food will be replacing the Co-op. On the other side, MCV has been investigating the feasibility of including 'micro' food retail outlets in the mix. There are thriving examples of market regeneration in Italy and the US where a number of very small (micro) outlets (approx. 10sq m each) can 'share' tables and chairs in a central space. This effectively spreads (and significantly reduces) the overhead of food retail. It would enable small local businesses to be involved, and increases consumer choice (as in the 'Food Hall' concept).

MCV is seeking out other examples where small retail has contributed to high street regeneration by involving a Retail Skills Academy and apprenticeships.

5 Development through collaboration

MCV was set up on the basis that DDDC is a committed partner in this community led process. The old bus station and market Hall provide a unique opportunity on land which is publicly owned. MCV's purpose throughout has been to work with the Council to learn how Matlock can bring private and public assets together in a synergy which benefits the community and brings life to the heart of the town. MCV does not want to see this opportunity lost.