

	REPORT TO CABINET TO BE HELD ON 13 DECEMBER 2016
	Key Decision Forward Plan Ref No 34
Corporate Priority Place: 'high quality planning and development'. Council: 'ensure our service provide value for money and secure best use of our assets'.	Cabinet Portfolio Holder Cllr. Helen Mallory

REPORT OF THE DIRECTOR (NE) – 16/269

WARDS AFFECTED: NORTH BAY

SUBJECT: DISPOSAL OF PREMISES AT ROYAL ALBERT DRIVE, SCARBOROUGH

RECOMMENDATION (S):

Cabinet is recommended to approve in principle:

- (i) the disposal of the long leasehold interest for a term of up to 99 years of premises that form the existing Café, retail units, public conveniences and adjacent public open space at Royal Albert Drive, Scarborough, as edged red in Appendix 1;
- (ii) a tender evaluation criteria based on:
 - a) Pass/Fail criteria;
 - b) Price (60%);
 - c) Quality (40%).
- (iii) a marketing budget of £5,000 to be funded from the Capital Development Reserve;

REASON FOR RECOMMENDATION (S):

- To achieve a capital receipt from the disposal and reduce the Council's maintenance liability.
- To provide a regeneration opportunity for this prime sea view site and enhance the economic wellbeing of the Borough.
- To widely and effectively market this exciting opportunity.

HIGHLIGHTED RISKS:

- (i) If no offers, or no acceptable offers, are received or accepted a capital receipt will not be achieved.
- (ii) If the premises continue to remain vacant, it could lead to further deterioration of the property.

1. INTRODUCTION

- 1.1 The Council is the freehold owner of the subject site at Royal Albert Drive, Scarborough which measures approximately 2,000 square metres, as identified edged red in Appendix 1.
- 1.2 The premise comprises of a vacant café and shop along with male and female public conveniences and adjacent lands. The toilet facility is operated by the Council and is unmanned during the day and locked overnight. The additional lands are currently used as open space and include public footpaths that will need re-routing by way of diversion orders.
- 1.3 The disposal of the long leasehold interest provides an exciting opportunity to regenerate this site with an innovative, quality development as well as achieve a capital receipt.

2. CORPORATE OBJECTIVES AND THE COMMUNITY PLAN

- 2.1 A disposal of the premises will meet:

Place: 'high quality planning and development'.

Council: 'ensure our service provide value for money and secure best use of our assets'.

3. BACKGROUND AND ISSUES

- 3.1 The café premises were most recently let at an annual rental of £8,700 per annum and the shop historically at £1,200 per annum.
- 3.2 The Council is currently responsible for both the internal and external maintenance and upkeep of the premise. When the café and retail unit were previously occupied the lessee(s) were responsible for maintaining and

keeping in good repair the internal parts of the premises. By disposing of the site all repairing liability will transfer to the new tenant/owner.

- 3.3 The premises were first marketed on the 7th March 2016 with a closing date of the 6th June. Two tenders were received however neither of them put forward any financial offering.

The premises were remarketed on the 29th June with a closing date of the 15th August and one tender was received. However this offer was rejected as the financial offering was below the Council's expectation and the design element was not considered favourable by the Council.

- 3.4 In order to understand why the significant levels of interest did not materialise into submitted tenders, feedback was obtained from interested parties/developers which suggested that the demised area was too small to facilitate a viable development. It is now proposed to market a larger site which may include commercial, residential, outdoor seating and car parking elements, subject to consent from the Planning Authority.

- 3.5 The marketing campaign will be conducted in-house and will consist of:

- adverts in the Estates Gazette and the Scarborough Evening News;
- online adverts on both the Council's and the Estates Gazette websites;
- marketing boards placed on-site;
- marketing particulars sent to all previous interested parties.

- 3.6 Tender submissions will be evaluated initially against Pass/Fail criteria, and then on a Price (60%)/Quality (40%) criteria. The highest price or any tender will not necessarily be accepted. Cabinet are asked to note that the prime location of this site on the seafront offers an opportunity to enhance the economic wellbeing of the Borough and so the tender award will not be made on the basis of price alone.

- 3.7 The land surrounding the premises is classed as public open space. In order to dispose of public open space, notices will need to be displayed on site and in the local paper for two consecutive weeks in accordance with Section 123 (2A) of the Local Government Act 1972 inviting members of the public to raise any objections they may have. Any objections received will be presented to Cabinet for consideration as part of a future report, probably in April 2017.

4. CONSULTATION

- 4.1 Portfolio Holders Councillor Mike Cockerill and Councillor Helen Mallory have been consulted and are supportive of the proposed disposal for this wider site area.

- 4.2 An informal discussion has taken place with planning officers who have confirmed they would be comfortable with a development which included restaurant/café/retail premises along with holiday accommodation/flats over two or three floors which could be terraced at the rear. A provision for a seating area for tables and chairs, and car parking for the residential premises would also be acceptable.
- 4.3 Historic England will also need to be consulted due to the location.
- 4.4 Yorkshire Water currently have infrastructure at the rear of the premises and within the adjacent land. Consultation will be undertaken prior to any proposed new development.
- 4.5 Northern Power Grid has a substation adjacent to the existing Cafe, which appears to serve the Café/units premises, street lighting and parking meters along Royal Albert Drive. There is potential to incorporate the substation into any new development subject to the relevant consents from the Planning Authority and Northern Power Grid.

5. ASSESSMENT

- 5.1 The two previous marketing campaigns based on the footprint of the existing building structure have not generated the tender submissions to meet the Council's aspirations for this prime sea-view location.
- 5.2 The viability of the site is dependent on the footprint that is available for development. This proposal is therefore based on extending the site footprint to include areas of land surrounding the existing building, as detailed on Appendix 1.
- 5.3 There is scope to design a development that is terraced onto the banking behind the building, which subject to the actual developments that come forward, is considered acceptable to the Council's Engineer.
- 5.4 As detailed in paragraph 4.4 above there is Yorkshire Water apparatus within the proposed development area. The principal area is hatched blue on Appendix 1. Whilst actual development could not take place on this area it would be suitable for siting tables and chairs.
- 5.5 The area 'marked yellow' on Appendix 1 is considered a suitable location for parking for the residential elements of a development.
- 5.6 There are several footways within the development area which could, if required, be re-routed subject to the necessary permissions being obtained.
- 5.7 At present the Council is liable to pay Business Rates on the premises, which totals £8,715 for the vacant shop and café, and £1,672 for the toilet facility. Therefore by disposing of the site the Council would mitigate these annual costs.

6. IMPLICATIONS

6.1 Policy

6.1.1 The proposal is in accordance with the Council's policy framework.

6.2 Financial Implications

6.2.1 Outlined in the body of the report.

6.3 Legal

6.3.1 The Council will prepare all the relevant Legal documentation pertaining to the long lease.

6.3.2 The Council will, at the appropriate time, advertise all relevant Legal notices in relation to the loss of Public Open Space in accordance with Section 123 of the Local Government Act 1972.

6.4 Risk

6.4.1 Detailed in the attached Risk Matrix.

6.5 Planning Implications

6.5.1 As part of the marketing particulars the Planning Authority will provide planning guidance on the types of proposal that would be considered suitable for this location.

6.5.2 The successful bidder will require planning permission to redevelop the site, to include footpath diversion orders where applicable, and they will be encouraged to engage in pre-planning discussions with the Planning Authority at the earliest opportunity.

6.6 Crime and Disorder Implications

6.6.1 There is evidence of small scale anti-social behaviour taking place as roof tiles have been smashed and vandalism to the front of the building. The longer the premise remains vacant and deteriorates the more likely anti-social behaviour will arise and potentially escalate.

6.7 Environmental Implications

6.7.1 This is a prime seaview location and it is imperative that the successful development is constructed to a high, quality design.

7. ACTION PLAN

7.1 The anticipated actions and timeline to deliver this project are detailed beneath:

- Report to Cabinet 13 December 2016
- Property marketed for long lease 3 January 2017
- Tender closing date 28 February 2017
- Interviews/presentation of preferred tenders 13 March 2017
- Selection of preferred developer 28 March 2017
- Cabinet seeking final approval 11 April 2017
- Developer to obtain planning consents October 2017
- Hand over site to developer 1 November 2017

Nicholas Edwards

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Risk Matrix

Risk Ref.	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	December 2016	Cabinet does not agree to the long leasehold disposal.	A capital receipt will not be generated The Council will have on-going maintenance expenses.		A4	A4	Estates	This report to Cabinet.
2	December 2016	A suitable developer is not secured for the site.	The property will remain vacant and the Council will remain liable for all operating and running costs.		B4	B4	Estates	Market the site
3	December 2016	Objections are received to the disposal of Public Open Space	Adverse publicity		C3	B2	Estates	Notices will be placed on site at the appropriate time. Any objections received will be presented to Cabinet at a future date.
4	December 2016	Planning permission is not obtained for a development.	A viable development is not delivered for the site The Council will have on-going revenue costs.	Planners to provide guidance for inclusion into the marketing particulars for the development site.	B4	B4	Planners	