

<b>Scrutiny Committee</b>	<b>Agenda Item No. 6</b>
<b>10 November 2008</b>	<b>Public Report</b>

## **Report of the Executive Director - Resources**

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### **REPORT TITLE: THE REDEVELOPMENT OF THE CORN EXCHANGE**

#### **1.0 PURPOSE**

- 1.1 This report is being submitted at the request of the Chairman of Scrutiny Committee setting out the timeline to the planning committee on the 21<sup>st</sup> October 2008 where the planning application for the demolition of the Corn Exchange and the provision of public realm was determined.

#### **2.0 LINKS TO CORPORATE PLAN, SUSTAINABLE COMMUNITY STRATEGY AND LOCAL AREA AGREEMENT**

This project directly supports the Growth Agenda of the Council. It should be considered as the first phase of the redevelopment of the City Centre and aligns with current planning policy.

#### **3.0 BACKGROUND**

- 3.1 The Corn Exchange came onto the market in spring 2006 and realising the strategic importance of this building Opportunity Peterborough (OP) approached the owner to see if they were willing to dispose of the asset. The owner (Zurich) confirmed that it would be interested in disposing of the asset subject to certain conditions including completion by the 1<sup>st</sup> July 2007.
- 3.2 To support the acquisition, English Partnerships (EP) indicated that it was able to provide the Council with funding up to the sum of £3m to pay the cost of purchasing the property and other costs directly associated with the purchase. An application was made to EP on behalf of the Council and approval was granted on the 22<sup>nd</sup> June 2007.
- 3.3 Approving the Council's application was conditional upon the Council entering into a Deed of Grant with EP which will include requirements that: -
- within 3 years the Council obtains vacant possession demolishes the property and provide public realm
  - if demolition has not taken place by 1<sup>st</sup> July 2010, the Council will either (a) need to dispose of the property on the open market and pay the sale proceeds to EP (less selling costs); or (b) pay EP the open market price of the property.
- 3.4 However there are tenants within the asset who enjoy security of tenure. A full tenant list is provided at Appendix A to this report. It was recognised early in the process that whilst it was hoped that negotiations would allow the asset to be vacated there was a possibility that the Council may seek to obtain a Compulsory Purchase Order (CPO).
- 3.5 One of the key requirements in securing a CPO is the ability to demonstrate intent. This includes having the necessary consents, including planning, the necessary funding and to be able to demonstrate that we have been proactive in working with clients to secure Vacant Possession (VP). To secure VP it will be necessary to pay for the relocation of businesses to new premises and buy them out of their existing leases with compensation for loss of trade.

- 3.6 It should be noted that the Post Office is protected by the Crown and therefore compulsory purchase is not available to the Council. The Post Office's lease comes to an end in December 2008 however in law, the terms and conditions of that lease are "held over" under the provisions of the relevant legislation. To obtain possession, the Council has to serve notice and if an agreement cannot be reached for the tenancy to terminate at the end of the notice period, then the matter has to be resolved by possession proceedings through the courts.

#### **4 KEY ISSUES**

- 4.1 As briefly outlined above in seeking VP, we need to be able to demonstrate that we have been proactive in working with the tenants. In addition consultation is required as part of the planning process. These are distinctly different issues and will be considered separately in this report.

#### **4.2 Planning Consultation**

- 4.2.1 The planning application for this development was submitted in May 2008. The request to demolish and redevelop the Corn Exchange was actually considered under two applications as the existing building is within a Conservation Area. Both applications were considered at Planning Committee on the 21<sup>st</sup> October 2008.

- 4.2.2 There is a statutory requirement that all applications are open for consultation. Any comments received are included within the planning officer's report and are considered by the Planning Committee. In addition, time is allowed for those who are in favour of or against the development to speak and put across their arguments at the Committee meeting.

- 4.2.3 Since this application was determined on current policy grounds the recommendation to committee was that both applications should be approved. Any emerging policy would have little weight, one of the reasons being that it has not as yet gone through the full consultation process and been informed by public debate. Advice to Strategic Property was that had this application been considered under emerging policy then the officer recommendation would have been to refuse the application.

#### **4.3 Tenant Consultation**

- 4.3.1 On the 14<sup>th</sup> November 2007 every tenant (with the expectation of Peterborough Regional College who were contacted directly by the Council) was contacted in writing to advise them of the Councils intention to demolish the Corn Exchange. This letter is explicit and a copy of the text is attached at Appendix B of this report. It clearly states that 'The Council has intentions to redevelop the Corn Exchange' and points out that this will require VP in advance of this date.

- 4.3.2 All of the tenants apart from the Post Office responded to this letter, either directly or through their agents. The Post Office advised verbally that they would contest any notice requiring them to vacate the premises at the end of the lease. At this point the Post Office were reluctant to engage any further with the Council and only sought to start meaningful discussions in May 2008.

- 4.3.3 Since the letters were sent in November 2007 there have been various negotiations with the tenants. This has included, where possible, agreeing compensation payments and a timetable for VP. The overall position is summarised at Appendix A.

- 4.3.4 There are now only two tenants with whom we are yet to come to full agreement. These are Wine Bin Ends and the Post Office. Details of consultations and contact with Wine Bin Ends and the Post Office together with timelines are attached at Appendix C and D of this report.

- 4.3.5 With regards to the Post Office, the Council is still hopeful that it will come to an agreement with them by way of a settlement deal. If there is agreement, this will allow the Council to grant a new lease or licence to the Post Office (rather than holding over the expired lease under the provisions of the Landlord and Tenant Act) and that further lease or licence will be granted until the 31<sup>st</sup> April 2009 to allow the Post Office further time to relocate and the Council will approve in that period a

sum of money to cover relocation costs and a compensation payment. In the event however that the Council is unable to come to an agreement with the Post Office, then the Council will have no alternative but to terminate their current lease, through the possession proceedings in the courts. Timetable for such a case to be heard would be by December 2008.

- 4.3.6 Wine Bin Ends, who are represented by Blackwell Consulting, have the benefit of a lease secured under the Landlord & Tenant Act which runs for another four years. The Council is still negotiating with Blackwell Consulting, with the hope that the relocation costs and compensation payments can be agreed. In the event that the Council is unable to resolve the issues then the Council will have no alternative but to seek to obtain vacant possession through a compulsory purchase order.

## **5 IMPLICATIONS**

- 5.1 The demolition of the Corn Exchange and its replacement with public realm is critical to the Growth Agenda of the Council. This will improve the viability of the City Centre by improving the quality of life and experience of those who visit the City Centre. In particular it will open up an area and improve the visual aspect of both the Cathedral and surrounding properties.

## **6. CONSULTATION**

- 6.1 Consultation has taken place internally with Planning, Legal Services and Strategic Finance over the contents of this report.

## **7. EXPECTED OUTCOMES**

- 7.1 Members note the contents of this report.

## **8. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

CMDN dated 27<sup>th</sup> June 2007 – The Acquisition of the Corn Exchange  
CMDN dated 4<sup>th</sup> January 2008 – The Future use of the Corn Exchange  
Planning and Environmental Committee Agenda dated 21<sup>st</sup> October 2008

## **9. APPENDICES**

Appendix A: Full Tenant List and current position in Corn Exchange  
Appendix B: Text included within the notification letter dated the 14<sup>th</sup> November 2007  
Appendix C: Details of consultation with the Post Office  
Appendix D: Details of Consultation with Wine Bin Ends

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