

**MAIDSTONE BOROUGH COUNCIL**

**CABINET MEMBER FOR CORPORATE SERVICES**

**REPORT OF THE DIRECTOR OF PROSPERITY AND  
REGENERATION**

**Report prepared by David Tibbit**

**Date Issued: 27 August 2009**

**1. DISPOSAL OF 13 & 26 TONBRIDGE ROAD SITES**

1.1 Issue for Decision

- 1.1.1 To consider the options for the disposal of the former council offices at 13 and 26 Tonbridge Road.

1.2 Recommendation of the Director of Prosperity and Regeneration

- 1.2.1 That the Cabinet Member agrees to the demolition of the buildings on the sites at 13 and 26 Tonbridge Road; and
- 1.2.2 That an archaeological survey is carried out on 13 Tonbridge Road; and
- 1.2.3 That planning approval for residential development be sought for the sites at 13 and 26 Tonbridge Road; and
- 1.2.4 That an options appraisal is undertaken to determine the future short and long term arrangements for the site.

1.3 Reasons for Recommendation

Background

- 1.3.1 The sites at 13 and 26 Tonbridge Road were first marketed along with council land adjacent to London House in the summer of 2007 as part of the project to move the council's offices to Maidstone House.
- 1.3.2 Following a successful marketing exercise, which offered the sites in isolation or in any combination, the council was advised that the best offers received were for the sites as individual lots. The London House site was successfully disposed to Croudace in the summer of 2008. Details of the other offers are set out in

the attached exempt appendix. Both offers were conditional on receiving planning consent.

- 1.3.3 Following the exchange of conditional contracts, the twin effect of the downturn in the property market, leading to reduced land values, and changes to the schemes to ensure acceptability in planning terms, which in turn added to construction costs, have resulted in a number of increasingly reduced offers being put forward. Recently a change in purchaser for the 26 Tonbridge Road site has been proposed, who would adopt the terms of the deal as per the previous (now expired) contract.
- 1.3.4 The offers are set out in the attached exempt appendix.
- 1.3.5 In the meantime, a number of actions have been progressed in attempts to secure a sale and follow up on potential interests. All such attempts have proved unsuccessful. In addition a challenge has been made with regard to the rates payments and appeals have been submitted which seek nil payments from the point of vandalism in August 2008.
- 1.3.6 It is now likely that no sale will be achieved within 12-24 months. However, leaving the sites for an improvement in the market would expose the council to considerable holding costs and leaves unattractive sites in a highly prominent position as well as increasing risks of vandalism and safety.
- 1.3.7 Any agreement to sell the sites must represent "best consideration". Advice has been received that the current offers represent such a substantial departure from the original offers that this can no longer be assured.

#### Proposed Actions

- 1.4.1 The proposed courses of action are to:
- Halt efforts to develop the current offers as no assurance can be given that they deliver best consideration.
  - Clear the sites of the existing buildings in order to reduce holding costs and development risk.
  - Carry out an archaeological investigation of the site to reduce development risk.
  - Change the existing planning designation of the sites to improve their attractiveness for development.

- Carry out an options appraisal to determine the future short and long term arrangements for the sites.

- 1.4.2 Now that the prospects of a sale are minimal in the short term it is more advantageous to demolish the sites. There is every likelihood that a purchaser would demolish the sites but would view demolition costs as a risk which may be factored into their bid. Demolition of the buildings by the council would cost approximately £220,000. However, this would be likely to be recovered through the purchase price and eliminate empty rates liability and other holding costs. The cleared sites could also have the potential for a short term let with appropriate planning consent. The demolition costs could be capitalized pending the sale using the funding available from the opportunity purchase fund.
- 1.4.3 Since the original marketing exercise, it has emerged that there is a possibility of 13 Tonbridge Road being the site of a roman burial ground. This would be viewed as a risk by a developer, with the cost of the investigation, the delays to the development and the possible effect on the eventual development all being factored into the purchase price. Funding of the archaeological investigation by the council, at a cost of approximately £20,000 prior to marketing of the site, would clarify the situation. These costs could also be capitalized and the reduced risk and the avoided cost of the investigation would be reflected in the purchase price.
- 1.4.4 The current planning designation of the sites is employment use, and only those offers that encompassed that use were considered in the original marketing exercise. It is considered that a wider use for the sites encompassing residential development and a wider range of commercial activities would be beneficial to their value. Advice from the planning department suggests that an application for residential development would now be more likely to succeed than was the case at the time of the original marketing exercise.
- 1.4.5 There are a number of options available to dispose of the sites. These include disposal as individual or combined lots and by freehold or leasehold or as a joint venture with a developer, possibly involving other council owned plots of land, with the council providing the land and the developer funding the construction with both parties taking a share of the profits in the development. The council could also provide the land and fund the construction in return for a commercial rent from the developer.

1.4.6 It is proposed that these options are considered in more detail to ensure that wider regeneration objectives are achieved in the context of the council's regeneration statement and are brought to the Cabinet Member within three months.

1.5 Alternative Action and why not Recommended

1.5.1 The alternatives are discussed in the body of the report.

1.6 Impact on Corporate Objectives

1.6.1 The proposal supports the council's core values of value for money and efficiency.

1.7 Risk Management

1.7.1 The main risk associated with the proposal is:

- that planning approval including residential development may not be granted. The time taken to progress the application could lead to the current prospective sales falling away. The planners advise that a resolution to grant planning permission should take between 3 and 6 months.

1.8 Other Implications

1.8.1

1.	Financial	X
2.	Staffing	
3.	Equality Impact Needs Assessment	
4.	Legal	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	X
9.	Asset Management	

1.8.2 Although demolition of the buildings will eliminate a rates liability and other holding costs totaling approximately £12,000 per month, an appeal is being made to the Valuation Office to backdate this concession as the buildings are no longer considered to be capable of beneficial occupation. The overspend on the budgets for 13 and 26 Tonbridge Road for rates and other holding costs will be dealt with in a further report to Members.

1.8.3 Tenders for the archaeological survey and demolition of the buildings will comply with the Council's Constitution and European Procurement Directives.

1.9 Background Documents

1.9.1 There are none.

**NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED**

Is this a Key Decision?

Yes

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No

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Is this an Urgent Key Decision?

Yes

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No

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**How to Comment**

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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