



Revolving Investment Fund Committee

Item
5

10 August 2016

Report of	Head of Commercial Services	Author	Fiona Duhamel
Title	Purchase of properties at Osborne Street, Vineyard Street and Arthur Street, Colchester		
Wards affected	Castle		

This report concerns a strategic land purchase of properties at Osborne Street, Vineyard Street and Arthur Street in Colchester

1. Decision(s) Required

- 1.1 To note the confidential report on Part B of this agenda for the purchase of land and buildings at 8-13 Osborne Street, car park at Vineyard Street and 4 Arthur Street.
- 1.2 To note the request in Part B of this Agenda for delegated authority to the Strategic Director for Commercial and Place in consultation with the Portfolio Holder for Regeneration to conclude the purchase within a set time period as required by the vendor.

2. Reasons for Decision(s)

- 2.1 In a report to Cabinet on 17 March 2014 Cabinet agreed to set aside funds in the RIF to acquire land required for the development of the Vineyard Gate scheme.
- 2.2 Whilst negotiations are still ongoing to bring forward a scheme on the land, an opportunity has arisen to purchase land belonging to Caddick Developments as they now wish to dispose of their ownerships in Colchester. The ability to secure a greater land holding in this area provides the Council with a stronger negotiating position in any future discussions but also gives it the ability to accelerate the process of delivery.
- 2.3 The vendor has indicated that they wish to complete any sale within 4 weeks of issue of legal documents.

3. Alternative Options

- 3.1 The Council could have decided not to purchase these sites, however, if they were purchased by a third party, who improved them, then this could result in a higher compulsory purchase price for the Council when redevelopment and full site assembly is required.

4. Supporting Information

- 4.1 Redevelopment in this part of the town centre has been a Council priority and together with sites on Queen Street formed part of the St. Botolph's Quarter masterplan of 2005.

- 4.2 Confidential and commercially sensitive discussions are ongoing to bring forward a development in this part of the town centre.
- 4.3 Development of a comprehensive scheme in this area requires a number of strategic land acquisitions. The opportunity has arisen recently to buy a number of properties which have been placed on the market including the successful purchase of two properties by the Council at auction in July this year.
- 4.4 Due to the vendor's requirement to complete the sale within 4 weeks, the Leader of the Council as Chair of Cabinet has agreed that this item may be placed onto the RIF agenda under special urgency measures.

5. Proposals

- 5.1 The Revolving Investment Fund Committee is requested to approve the Heads of Terms within the confidential part of this agenda for the acquisition of 3 properties at Osborne Street, Vineyard Street and Arthur Street. The properties comprise:
- 5.2 Property 1 – 8-13 Osborne Street – Commercial warehouse/workshop premises
Property 2 – 4 Arthur Street – Office and warehouse premises
Property 3 – Car Park – Vineyard Street
- 5.3 The purchase will be on a freehold basis, subject to a number of temporary leases with a proposed completion within 4 weeks of issue of legal papers.

6. Strategic Plan References

- 6.1 The purchase of these properties meets with the Council's Strategic aspiration to enhance the diverse retail and leisure mix and create the right environment for people to develop and flourish.
- 6.2 It also promotes Colchester to attract further inward investment and additional business.

7. Consultation

- 7.1 There will be opportunities for consultation on the next stages in the delivery process.

8. Publicity Considerations

- 8.1 There has been a significant amount of interest in the development proposals in this area. Further plans for the area will be subject to a communications plan to ensure sufficient information is disseminated to members of the public and key stakeholders.

9. Financial implications

- 9.1 Heads of Terms for the freehold purchase of the properties have been agreed and are outlined in the confidential part of this agenda.
- 9.2 The RIF Committee of 11 November 2015 allocated £6.1m of projected capital receipts for land acquisition in the Vineyard Gate scheme area. However, as the identified capital receipts are currently profiled for 2017/18 and 18/19, the purchase of the properties detailed in this report will create a short-term funding shortfall within the RIF medium-term forecast. This can be met by 'internally borrowing' funds from the Council's Capital

Expenditure Reserve that have been committed to other Capital Schemes, but are unlikely to be utilised this financial year. The Council's five year capital receipts forecast is still shown to be in surplus, and will be kept under review to ensure the level and timing of projected receipts remains up to date.

10. Equality, Diversity and Human Rights implications

- 10.1 The Equality Impact Assessment is published on the website [here](#) and can also be found by following the pathway:-

Colchester Borough Council/Your Council/How the Council Works/Equality Impact Assessments/Commercial Services/Property Purchase Osborne Street

11. Community Safety Implications

- 11.1 N/A

12. Health and Safety Implications

- 12.1 N/A

13. Risk Management Implications

- 13.1 The current tenants could end their lease and leave the Council with empty buildings. Given the age and condition of the properties they could prove difficult to re let. However given the low levels of rent currently achieved and redevelopment ultimately being the reason for purchase, the impact of this risk materialising is low.