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| Key Decision Required: | No | In the Forward Plan: | Yes |
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CABINET

25 SEPTEMBER 2015

REPORT OF ASSET MANAGEMENT AND CORPORATE SERVICES PORTFOLIO HOLDER

A.3 GRANT OF LEASE OF THE ATLANTA BUILDING, LOWER PROMENADE, CLACTON-ON-SEA

(Report prepared by Aileen Middleton)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek Cabinet's approval for the principle of a new lease of the Atlanta building. The site is shown edged red on the plan attached at Appendix A.

EXECUTIVE SUMMARY

The premises are currently let on two licences. The first of the ground floor only to a café operator and the second, the first floor, to a pirate radio museum and retail offer.

The site has been fully marketed, including on site and press publicity as well as by contacting all parties that had expressed previous interest. The details of the property were published on the TDC website and the Council had over 150 hits to the link.

A formal tender process, taking account of the proposed uses of the site, the visual impact of any changes to the site and the regeneration of the area, as well as the proposed rental has been carried out.

A full tender evaluation process has been conducted by a panel, which included officers from both Corporate Services and Public Experience Departments. This process resulted in one tenderer being identified as the strongest in terms of use of the site, jobs creation, regeneration and financial gain. It is proposed to grant a lease of the site to this party, further details of the tenders and process are set out in the report in Part B of this agenda.

RECOMMENDATION(S)

That Cabinet approves the principle of the granting of a new lease of the site to the successful tenderer.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

This regeneration of the building will contribute to the following priorities:

- Promoting sustainable economic growth.
- Ensuring people have the knowledge and skills to secure good employment.
- Regenerating the District and improving deprived areas.
- Protecting and enhancing our environment, countryside and coast

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

Granting of the lease will provide a continued rental income stream to the Council. Details of the terms of the proposed lease are set out in the report in Part B of this agenda.

Risk

| Risk | Control |
|---|--|
| Unless significant investment in the building is made deterioration will continue to the point that it will become unusable or even unsafe. | It is proposed that a lease is granted including requirements for the building to be repaired and refurbished in line with tenderer's proposal. |
| Non-performance of obligations by the tenant. | Assessment of tenders has sought to take account of the deliverability of the various proposals. Performance will be managed through the terms of the lease |
| Financial failure of the tenant | Assessment of tenders has sought to take account of whether potential costs have been fully considered by the tenderers. Lease terms will provide for the reversion of the building top the Council in the event of bankruptcy. |

LEGAL

Section 123(1) Local Government Act 1972 indicates that, a local authority may dispose of land held by it in any way it wishes so long as (section 123 (2)) the land is disposed for a consideration not less than the best that can reasonably be obtained.

The General Disposal Consent Order (England) 2003 gives consent for disposal at below best consideration reasonably obtainable provided that the undervalue is less than £2m and the proposal enhances the environmental economic and social wellbeing of the area.

Section 123(2A) Local Government Act 1972 indicates that, a local authority may not dispose of land held by it without advertising its intention to do so in the local press.

In coming to decisions in relation to management of assets, the Council must act in accordance with its statutory duties and responsibilities. Under case law following Section 120 of Local Government Act 1972, the Council is obliged to ensure that the management of its assets are for the benefit of the District.

In this case the land offered by tender is not considered to be public open space.

If the tender preferred by members is not the highest received and the General Disposal Consent Order will need to be applied.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder/Equality and Diversity/Health Inequalities/Consultation/Public Engagement

Crime and Disorder

Consideration has been given to the Crime and Disorder Act 1998. There are no direct implications.

Ward

Pier Ward

PART 3 – SUPPORTING INFORMATION**BACKGROUND**

The Atlanta building was constructed in the 1950s and has been let for many years. The last full lease of the building was ended in 2012 with a view to the redevelopment or remodelling of the site. Since then, it has been used on a licence to a café operator and a further licence to a museum operator.

The building has suffered normal deterioration since construction and suffers from defects that are common to structures of this age. It is not viable for the current licensees to invest to the degree necessary without security of tenure.

The future of the site is formed around commercial uses and development. There needs to be significant investment in the site to provide a future-proof building with a sustainable use. The Council does not have the funds to invest in this project and has sought tenders that meet the structural demands of the building, the regeneration needs of the seafront and the financial requirements of the District.

The Council has marketed the site and conducted a formal tender process to find a tenant who will redevelop this high-profile site into a flagship building with a sustainable use for the future.

The site was marketed by way of site and press publicity, direct contact with those parties who had expressed previous interest and website marketing. The tenders were then evaluated by a panel of TDC officers from both Corporate Services and Public Experience Departments.

CURRENT POSITION

A full formal tender process was carried out, including inviting all tenderers to submit their plans for the use of the site as well as financial proposals. The tenders were invited and have been assessed on the basis of financial considerations (rent) and non-financial considerations (proposals for increased services, building improvements and job creation) in the proportions 60% and 40% respectively.

Details of the tenders and terms are set out in the report in part B of this agenda.

It is proposed that Cabinet agrees the principle of the granting of a new lease.

FURTHER HEADINGS RELEVANT TO THE REPORT

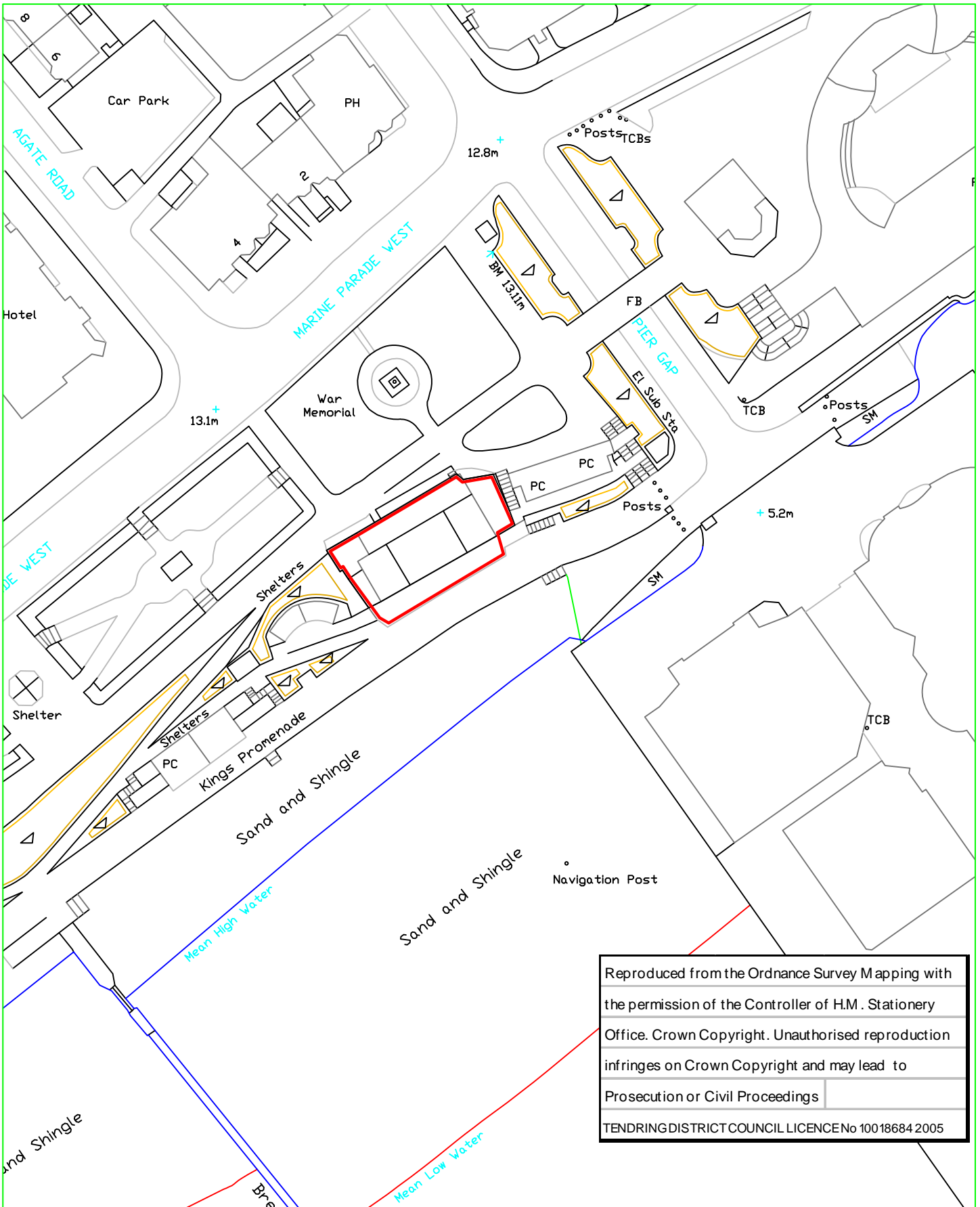
None

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A – Location plan.



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TENDRINGDISTRICTCOUNCIL LICENCE No 10018684 2005

TENDRING DISTRICT COUNCIL

M. KNAPPETT
BA(hons). DMS.
CORPORATE DIRECTOR: CORPORATE SERVICES

title: ATLANTA BUILDING

drawing: LOCATION PLAN FOR LEASE

scale: 1:1000

drawn by: AR WHITE

date: 01 June 2015

drwg.No. revision

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