

## CITY OF PLYMOUTH

<b>Subject:</b>	Transfer of SWRDA Property Assets
<b>Committee:</b>	Cabinet
<b>Date:</b>	7 June 2011
<b>Cabinet Member:</b>	Councillor Fry
<b>CMT Member:</b>	Director for Development & Regeneration
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<b>Ref:</b>	Plymouth Asset Transfer
<b>Key Decision:</b>	Yes
<b>Part:</b>	Part I

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### **Executive Summary:**

This paper deals with the transfer of certain RDA owned Plymouth assets to the City Council, in line with national government advice. This transfer can be partly seen as re-stocking the City Council's property portfolio after a number of recent sales. It is however the important regeneration role that Derriford and Royal William Yard will play as a strategic sites (as defined in the Local Economic Strategy and Local Development Framework) in enabling the City Council to deliver against its objectives of creating up to 6000 new jobs in the North of the City and 7000 new jobs in the Tourism sector; along with major infrastructure improvements that this transfer decision needs to be considered

The closure of the South West Regional Development Agency by 31<sup>st</sup> March 2012 has led to a number of its property assets now being offered for sale or transfer to Local Authorities. Those assets that still require new investment are being included in "asset packages" with properties that have a current positive value that balances-out the potential liabilities of the assets that still require work and investment.

The proposed Plymouth Asset Package covers SWRDA-owned properties in Plymouth that still require new investment but that, when completed and fully developed, will make a positive contribution to the creation of new jobs and improvements to the local economy. In that sense this proposal is a major investment in the strategic development framework for the City and its Local Economic Strategy. The SWRDA properties are:

- Royal William Yard and Western King (RWY/WK) Stonehouse
- Vacant land at Plymouth International Medical & Technology Park (PIMTP)
- Derriford
- Land at Stonehouse Creek

The Council will also be given full control of the following let properties that are already owned by the Council but whose acquisition was funded by SWRDA:

16/22 George Place & 10/18 East Street, Stonehouse  
1- 4 Bounds Place, Millbay Road, Stonehouse  
Tamar House, 2 Thornbury Road, Estover Industrial Estate

Certain accrued rents retained by the Council from these properties are also to be paid into a proposed ring-fenced account that will contain the rental payments from the Asset Package.

The repayment of SWRDA's previous loan to fund the development of the Link Building at Plymouth Business Park, Stoke, will also be terminated, providing that the Council makes an equivalent annual payment into the proposed ring-fenced account.

The Asset Package will be transferred to the Council for the nominal sum of £1.00 with each side to bear their own fees and costs.

If the Council does not accept the proposed asset transfer, it is likely that a government agency or department will become the owner of SWRDA's assets as its statutory successor.

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## **Corporate Plan 2011-2014**

### **Delivering Growth:**

The Local Economic Strategy and Local Development framework identify Derriford and the Waterfront as priority areas for regeneration and economic growth. Tourism and Marine are also specifically identified as a priority sectors.

This proposal is a pro-active investment in new jobs and directly supports those objectives set out above. It is estimated that in the Derriford area up to 6,000 new jobs could be created and major new infrastructure improvements could be enabled. These assets will play a major part in that growth. At Royal William Yard a further 700 jobs could be created from the repair and conversion of buildings into business space.

Surplus rental from the let properties at Stonehouse and Estover, that is not required to cover property liabilities, could be invested in wider initiatives such as City marketing, or support for small businesses that create new jobs in Plymouth's priority sectors.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

Property acquisition costs for freehold interest £1.00 plus VAT  
Estimated legal and surveyors fees £30,000 plus VAT  
Total cost of acquisition £30,001 plus VAT

The risks in particular associated with the buildings and structures at RWY/WK have been considered and the Council is satisfied that the arrangements put in place for their management and future regeneration are practical and deliverable.

Property management of all Asset Package properties, liabilities, maintenance, repairs and marketing will be funded from property rentals. Additional economic development initiatives could be funded from surplus property rental.

Further payments may be due to SWRDA or its statutory successor in future, if there are changes of use of the Package properties that would generate a higher land values within 5 years of the date of the transfer.

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**Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.**

If the Council acquires the Asset Package it will need to manage the let properties and the future development of PIMTP , RWY/WK, and Stonehouse Creek. This will require risk assessments for maintenance contracts and will also require public liability insurance on certain sites.

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**Recommendations & Reasons for recommended action:**

It is recommended that:

1. Cabinet agree the acquisition of the proposed Plymouth Asset Package from the South West RDA on the terms outlined in this report and subject to:

- (a) Proper and effective due diligence on the existing and proposed legal agreements, and
- (b) Conditions that protect the Council's interests and
- (c) Appropriate amendment to the Capital Programme

2. That Cabinet recommend that Council amend the Capital Programme as required.

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**Alternative options considered and reasons for recommended action:**

If the Council does not acquire the Asset Package, the constituent assets are likely to be transferred by SWRDA to another government agency or department as its statutory successor.

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**Background papers:**

File in Economic Development Service (access is not available to exempt information)

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**Sign off:**

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Originating SMT Member											