

Runnymede Borough CouncilECONOMIC DEVELOPMENT COMMITTEE15 January 2004 at 7.30 p.m.

Members of the Committee present: Councillors J.R. Furey (Chairman), J.E. Haas (Vice-Chairman), A. Alderson, M.J. Brown, A.J. Davis, D.P. Easton, Mrs E.E Price, R.J. Ray, Ms. C.M. Simmons and K.J.T. Walmsley

Members of the Committee absent: None

County Councillor Mrs E.S. Whiteley and Mr D Mitchell of the County Council local area office also attended, by invitation, for the item relating to Decriminalised Parking Enforcement.

637. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

The Runnymede Independent Group had notified the Chief Executive Officer of its wish that Councillor B.J. Relph be removed from membership of the Committee and that Councillor Mrs E.E. Price be appointed in his place for a fixed period ending on the day after the meeting. Thereafter Councillor Relph would be re-appointed.

The Chief Executive Officer had given effect to this request in accordance with Section 16(2) of the Local Government and Housing Act 1989.

638. MINUTES

The Minutes of the meeting of the Committee held on 13 November 2003 were confirmed and signed as a correct record.

639. DECLARATIONS OF INTEREST

Councillor J.R. Furey declared a personal and prejudicial interest under the Runnymede Code of Conduct for Members in respect of the item concerning the commercial property portfolio insofar as it related to 48 Station Road, Addlestone as he was a business associate of the lessees. Councillor Furey therefore withdrew from the room during the discussion of the relevant part of the report, Councillor J.E. Haas taking the Chair in his absence.

Councillor A.J. Davis declared a personal and prejudicial interest under the Runnymede Code of Conduct for Members in respect of the item concerning the non-operational property review insofar as it related to land at Ledger Drive, Addlestone owing to the proximity of his home to the site. Councillor Davis therefore withdrew from the room during the discussion of the relevant part of the report.

Councillor Ms C.M. Simmons declared a personal and prejudicial interest under the Runnymede Code of Conduct for Members in respect of the item concerning 135/137 Station Road, Addlestone as she was a partner of the company seeking to lease the premises. Councillor Ms. Simmons therefore withdrew from the room during the discussion of the matter.

640. REVENUE ESTIMATES 2004/05

Members received and considered the draft estimates for the Committee's services in 2004/05.

RESOLVED that -

- i) the proposed fees and charges for 2004/05 be approved to be effective from 1 April 2004 or as appropriate; and**
- ii) the draft Revenue Estimates for 2004/05 be approved as submitted and the Corporate Management Committee be requested to make provision accordingly.**

641. DECriminalISED PARKING ENFORCEMENT - AGENCY AGREEMENT
(Ref: Minutes of Economic Development Committee, November 2003, page 999, para 470).

The Committee gave consideration to the establishment of an agency agreement with Surrey County Council in respect of Decriminalised Parking Enforcement (DPE). The new DPE regime, in which Runnymede would undertake the enforcement of on street parking controls on behalf of the County Council, was due to be implemented in October/November 2004.

Members noted that an initial draft of the proposed agreement had now been received from the County Council and was currently being examined by Officers. The document sought to establish procedures in respect of a variety of issues including the collection of charges, the issue of Penalty Charge Notices and the handling of subsequent representations, correspondence and appeals, the steps to recover overdue payments, the immobilisation and removal, recovery, storage and disposal of vehicles and the registration of debts at the Traffic Enforcement Centre. A five year agreement was proposed, with a 12 month notice period (six months if the agreement was breached by either party). The draft contained provisions for a review of the costs, income and effectiveness of the arrangements at the end of the second full financial year, with the intention of agreeing an extension at that time.

There were, however, a number of matters in the draft agreement which required careful consideration. For example, the document required Runnymede to notify the County Council in advance of any proposed changes in the management of, and parking charges for, off street car parks and to consider any response. There was also an expectation, albeit not part of the formal agreement itself, that the off street parking enforcement regime would be unified with the on street equivalent. Careful consideration would need to be given to any limitation on the Council's ability to determine policy in relation to off street parking, as well as those provisions which had potentially significant financial implications. Members therefore agreed that the Director of Administration and Leisure should be authorised to negotiate and conclude an appropriate agreement in consultation with the Chairman.

The Committee also took the opportunity presented by the discussion to emphasise once more that the principal objective of implementing DPE in Runnymede was to improve the environment and enhance road safety by discouraging parked cars from the streets, not to penalise motorists or raise additional revenue. It was noted that the regime would initially concentrate its efforts solely on the enforcement of the existing parking restrictions. There might, however, be an opportunity to consider extending the arrangements to include other parking related problems, such as obstruction of the footway, once a settled and stable enforcement regime had been established.

RESOLVED that -

the principle of entering into an Agency Agreement with Surrey County Council in respect of the implementation of DPE be approved and the Director of Administration and Leisure be authorised to negotiate and conclude an appropriate agreement in consultation with the Chairman or, in his absence, the Vice-Chairman.

642. GUILDFORD STREET (NORTH) CHERTSEY IMPROVEMENTS - PROJECT OUTTURN REPORT
(Ref: Minutes of Economic Development Committee, March 2003, page 1144, para 710)

The Committee received details of the final outturn of the Guildford Street (North), Chertsey improvements scheme and gave consideration to the lessons that could be derived from the project.

Members noted that total expenditure on the scheme, including design and consultancy fees and construction costs, amounted to £666,456, which was within the approved budgetary provision of £669,100. The retained consultant had failed to identify the need for carriageway reconstruction works and various items of additional equipment at a sufficiently early stage to be included within the contract specification. This had increased the agreed tender price by approximately £110,000, although the overall expenditure was no greater than would have been the case if the costs had been identified in good time. The consultancy had agreed to

reduce its fees by £21,000 in view of its omissions. Members recognised the need to engage consultancy support for projects of this nature because of the lack of availability of in-house staff with the necessary expertise. Concern was, however, expressed at the requirement for significant Officer time to be devoted to supervision even when, as in this instance, the consultancy was well regarded.

The project had highlighted a number of other issues which would be relevant to similar schemes in the future, notably the importance of public consultation. Extensive efforts had been made to consult residents and retailers throughout the project, from conception to detailed design and construction. Plans needed to be established at an early stage to define the level of consultation required and the individuals and organisations to be specifically approached. It was important that responses were carefully and accurately recorded. As public consultation was expensive and labour intensive, specific budgets needed to be provided and staff resources made available to undertake the exercise adequately. On a different theme, it was noted that some key materials had a long delivery time and it had proved to be necessary to check the availability of specific materials and equipment at an early stage.

The Committee also noted the results of a satisfaction survey conducted to gather feedback on various aspects of the project. 250 questionnaires had been issued to residents and businesses in the immediate vicinity of Guildford Street, with 47 responses having been received. These indicated a reasonable degree of support for, and satisfaction with, the scheme, particularly the standard of workmanship and use of good quality materials. However, the replies also illustrated the difficulty in achieving a level of consultation deemed acceptable by all, despite the strenuous efforts to do so. The arrangements for sectionalised working had attracted a mixed response, which was probably due to complaints from a small number of shopkeepers about loss of trade. Site Engineers had, in fact, liaised with retailers throughout the construction period and works had been suspended during the approach to Christmas in an effort to minimise disruption.

The survey response had also reflected concern at the number of vehicles driving over, and parking on, the footways. Street furniture had originally been kept to a minimum to avoid clutter and obstructions but it had eventually proved to be necessary to install additional bollards to protect both pedestrians and the paving from inconsiderate drivers. Footway parking was a problem at various locations across the borough and presented particular difficulties for the disabled, especially people with visual impairments. The Police had agreed to give the matter some attention but it was hoped that the introduction of Decriminalised Parking Enforcement (DPE) later in the year would lead to more vigorous enforcement of the waiting restrictions. The DPE Member Working Group was to give consideration to the problem of footway parking at its next meeting. In the meantime, Officers were monitoring the situation in Guildford Street, including by way of Safer Runnymede CCTV cameras, and it was likely that more bollards would be required in strategic positions.

643. AVIATOR PARK RECREATIONAL FACILITIES - PARKING RESTRICTIONS

The Committee considered introducing restrictions on the usage of the car park which was to serve the new recreational facilities adjacent to Aviator Park, Addlestone. Given the proximity of the car park to Station Road and the railway station, Members felt that controls were required to ensure that commuters, residents and employees did not park there at the expense of legitimate users of the leisure facilities. It was therefore agreed that the car park should be incorporated within the Council's Off Street Parking Places Order so that it would be subject to the normal range of restrictions and penalty charges. Subject to the consideration of representations, parking would be limited at all times to a maximum period of three hours, with no return being permitted within two hours. The regime could be enforced by the existing car parking officers.

RESOLVED that -

the introduction of parking restrictions in the car park associated with the new recreational facilities on land adjacent to Aviator Park, Addlestone be approved in the form outlined above and such restrictions advertised, with any responses being reported to a future meeting of the Committee.

644. ACTION ADDLESTONE INITIATIVE MEMBER STEERING GROUP - MINUTES

The Minutes of the meeting of the Action Addlestone Initiative Member Steering Group held on 16 October 2003, attached at Appendix 'A', were received and noted.

645. ADDLESTONE COMMUNITY CENTRE REPROVISION

(Ref. Minutes of Economic Development Committee, November 2003, page 1011, para 492)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 7, 8 and 9 of Schedule 12A to Part 1 of the Act.

The Committee received details of potential tax liabilities which had delayed the letting of the contract for the construction of the Addlestone Community Centre, and noted the steps being taken to minimise the financial implications.

The construction of a new Community Centre on part of the Garfield Road car park represented the first phase in the redevelopment of the Civic Offices site as a whole. Members recalled that the Council had intended that work should commence on site in the early part of January following the approval of revised costings and amendments to the design, specification and contract documentation. Two key taxation issues with potentially significant financial implications had, however, now emerged which required clarification before the Council could commit itself to the project.

The first concerned the potential VAT treatment of the building costs. The relevant rules were complex but it was thought likely that VAT would not be incurred on the scheme. The use of the premises by the Addlestone Community Association (ACA) would have to meet strict criteria, enabling the supply of the lease to the Association to be treated as zero-rated, and this would need to be agreed in advance by Customs and Excise. There was, however, a risk that Customs and Excise would consider the transaction to be an exempt supply to the Council. If this was the case, it would bring the total exemptions on supplies to the Council to more than 5% of the total VAT incurred during the year, "the exemption limit". The Council would then be unable to recover not only the VAT paid on building the Community Centre, but also that on all other exempt supplies during the year (or years) in which the project was undertaken. The potential additional cost through the loss of exemption could be as high as £600,000. Confirmation of the position was being sought from Customs and Excise. It was expected to be several weeks before a formal response was received.

The second issue related to the recent introduction of Stamp Duty Land Tax. Under the rules which had existed when terms were agreed in principle between the Council and ACA, no stamp duty would have been payable on the surrender of the lease of the ACA's existing premises in Station Road. The introduction of Stamp Duty Land Tax had not originally been a cause for concern since it had been expected that contracts would be exchanged before the operative date of 1 December 2003. However, the new tax had been applied to all transactions which were not subject to a binding contract before the legislation received Royal Assent, in July 2003. The Council would therefore be liable for any Stamp Duty Land Tax on the transaction. There was concern that this could be based on the cost of the building of the new centre. This would render the Council liable to Stamp Duty Land Tax of approximately £80,000. Counsel's opinion had therefore been sought on the basis of any liability and the amount. As with the VAT position, it was considered that there was a need for caution until a definitive view emerged.

Members recognised that the potential financial implications of the VAT and Stamp Duty Land Tax issues were such that there might be a need to reconsider the viability of the scheme in its present form if the guidance sought proved to be unfavourable. It was, however, noted that Stamp Duty Land Tax would also have major cost implications if the Council attempted to lease or purchase premises as an alternative to building new Civic Offices. It was uncertain at this stage whether additional costs might also be incurred due to the delay in issuing a letter of intent to the lowest tenderer and completing the building contract since the Council was now out of time under the terms of the standard conditions of the tender submissions. A special meeting of the Committee would be arranged to consider the options available as soon as clarification of the Council's position had been obtained.

646. COMMERCIAL PROPERTY PORTFOLIO

(Ref: Minutes of Economic Development Committee, January 2003, page 945, para 560 and June 2003, page 125, para. 102).

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 7 and 9 of Schedule 12A to Part 1 of the Act.

The Committee received details of the results of the annual revaluation of the commercial property portfolio, the rents, values and internal rate of return for each property and comparative performance data as required by the Asset Management Plan. It was noted that the portfolio was currently valued at £14.672m compared with £14.943m in 2002 and produced a total rent roll of £1,097,410. Property totalling £3.72m had been sold over the previous 12 months. Officers were congratulated on the receipts which had been obtained for the Crabtree Industrial Estate and 49 Guildford Street, Chertsey.

Members noted that the portfolio was generally performing to an acceptable level, showing returns considerably better than could be achieved in the money markets. It was, however, necessary to consider whether to continue to pursue proposals for the development of 131 - 137, 153/155 Station Road and 1 - 5 Manton Terrace, Addlestone. It was recalled that these were generally poor quality but high yielding properties which had been acquired with a view to long term redevelopment of a run down part of the town centre. As had been previously reported, however, efforts to acquire 147/149 Station Road had not been successful and, as a consequence, the purchase of 151 Station Road had not been completed. It was now noted that discussions with the Wilky Group regarding the potential redevelopment of the properties, together with the adjoining block in which the Wilky Group had a significant ownership, had yet to make substantial progress.

The premises were not considered to be suitable as long term investments, being high risk and management intensive. Redevelopment of the site was, however, more financially advantageous than a straightforward sale since the loss of rental income would exceed interest earnings on the capital receipt. Members therefore agreed that negotiations with the Wilky Group should continue but in the event that no significant progress was made within six months, expressions of interest should be sought from other potential developer partners. A more detailed report on the potential for redevelopment would be presented to the Committee in due course. A report was also to be prepared, for the next meeting, in respect of the future of 48 Station Road, Addlestone, the tenant having withdrawn a request to sub-let the premises.

RESOLVED that -

- i) the Director of Administration and Leisure be authorised to continue negotiations with the Wilky Group concerning the development of 131 - 137, 153/155 Station Road and 1 - 5 Manton Terrace, Addlestone and, in the event that no significant progress is made within six months, to seek expressions of interest from other potential developer partners; and**
- ii) a detailed report be presented to the Committee concerning the potential for redevelopment of the properties referred to in i) above.**

647. NON-OPERATIONAL PROPERTY REVIEW

(Ref: Minutes of Economic Development Committee, January 2003, page 939, para 549)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 7 and 9 of Schedule 12A to Part 1 of the Act.

The Committee received details of the position regarding a number of non-operational property transactions.

Members noted that it had not been possible to undertake a detailed review of the non-operational property portfolio or to make significant progress with the marketing of the Fernlands Open Space, Chertsey, the disposal of the Englefield Green Social Hall or the rationalisation of the electricity sub station leases. Officers were, however, continuing to negotiate for the removal of restrictive covenants which had delayed the disposal of open space land at Blays Lane, Englefield Green. If no agreement or progress proved to be possible the matter would be referred to the Lands Tribunal for a ruling.

It was noted that proposals to develop open space land at Ledger Drive, Addlestone had been shelved for the time being since there were numerous impediments that would render any such scheme unviable. The Samaritans, who occupied premises on the site, were, however, keen to replace their existing accommodation. The Committee therefore agreed that Officers should open negotiations with a view to the relocation of the organisation, either within the Ledger Drive site or elsewhere, subject to cost.

The Committee was also informed that the Scout Association had expressed a desire to purchase the freehold of the 1st Egham Hythe Scout Group premises in Pond Road rather than the leasehold it had been offered previously. Members felt that sufficient controls could be put in place to meet earlier concerns regarding the long-term usage of the site. The disposal of the freehold on the terms reported was thus approved, subject to a covenant enabling the Council to claw back an agreed proportion of the proceeds of a subsequent onward sale.

RESOLVED that -

the Director of Administration and Leisure be authorised to:

- i) pursue negotiations for the removal of restrictive covenants in respect of open space land at Blays Lane, Englefield Green and, in the absence of any agreement or progress, refer the matter to the Lands Tribunal;**
- ii) open negotiations with the Samaritans with a view to their relocation either within the Ledger Drive open space site or elsewhere, subject to cost; and**
- iii) dispose of the 1st Egham Hythe Scouts premises in Pond Road, Egham to the Scout Association on the terms reported and subject to a covenant enabling the Council to claw back an agreed proportion of the proceeds of a subsequent sale, together with such other terms and conditions as he sees fit.**

648. EGHAM PRECINCT - LEASE RESTRUCTURING

(Ref: Minutes of Economic Development Committee, November 2003, page 1008, para 485)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 7 of Schedule 12A to Part 1 of the Act.

Members received details of the outcome of negotiations in respect of the restructuring of the Egham Precinct lease and associated redevelopment proposals.

At its previous meeting, in November 2003, the Committee had authorised Officers to enter into discussions with the head lessees with a view to restructuring the Precinct lease and securing the redevelopment of part of the site together with adjoining lands which were in the ownership of the head lessee. Provisional agreement had now been reached on the grant of a new 150 year lease at a reduced gearing of ground rent to rack rent. The Council would receive a substantial one off capital receipt and benefit from more frequent rent reviews in return. It was noted that the head lessee had undertaken to redevelop both 157 and 158 High Street, with the freehold of the latter property being transferred to the Council. The new lease was to incorporate a number of car parking spaces adjacent to 158 High Street. Subject to planning

consent, the head lessee was to have the right to relocate the public conveniences and transformer station within the car park in order to create an additional retail unit.

Members welcomed the revised terms which were considered to be an improvement on the original proposals and significantly more favourable than the existing lease. The redevelopment scheme also had the advantage of enhancing the town centre shopping facilities. The Committee, having noted details of the head lessee's group structure, expressed the hope that the company would continue to work in partnership with the Council to secure the improvement of the entire Precinct site.

RESOLVED that -

subject to the granting of an appropriate planning consent, the Director of Administration and Leisure be authorised to complete the restructuring of the lease of the Egham Precinct on the terms outlined in the agenda report.

649. STONEYLANDS CLUB, EGHAM

(Ref: Minutes of Economic Development Committee, November 2003, page 1007, para 484).

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 7 of Schedule 12A to Part 1 of the Act.

At its previous meeting, in November 2003, the Committee had approved, in principle, the disposal of the under utilised Stoneylands Club site in Egham. Members now gave consideration to the offers received for the site and the terms of the sale.

The Committee noted that two offers had been received, both of which would generate a very significant capital receipt substantially in excess of the sum contained in the capital programme. The first, from the Egham and District Working Mens Club, was consistent with the proposals reported to the previous meeting. It provided for a merger of the two Social Clubs and the replacement of the existing single storey Stoneylands premises with a new two-storey clubhouse. The Egham and District Club's existing High Street premises would then be redeveloped for residential purposes. The second offer, submitted only on the day prior to the meeting by the Stoneylands Club itself, envisaged a subsequent onward sale for a residential development and was therefore subject to a grant of planning consent for a change of use of the site.

The Committee was advised of the terms of the General Disposal Consent (England) 2003. Members were of the opinion that the proposal from the Egham and District Club was the more attractive of the two, as it would maximise the community benefit to be derived from the transaction. Although it offered a marginally smaller capital receipt this was offset by the provision not only of much needed residential accommodation but also a viable, modern, purpose built social club in a town centre location. The alternative option would lead to the probable loss of both the Stoneylands Club and, if it was unable to secure an appropriate site elsewhere, the Egham and District Club. Some doubt was also expressed as to whether the Stoneylands site would be able to accommodate the number of residential units proposed by the club. The Committee considered that the favoured option was likely to contribute to the achievement of the social and environmental "well-being" objectives set out in the Disposal Consent. It was therefore agreed that notice to quit should be served on the Stoneylands Club and the site be sold on the terms reported.

Members noted that the new clubhouse would be designed so as to preserve access to the former tennis courts adjacent to the site, currently utilised as an extension to the Waspe Farm Car Park, in order to safeguard the development potential of the land. There had been a recent expression of interest in the tennis court site and a detailed report on the matter would be presented to Committee after evaluation by the Corporate Property Group.

RESOLVED that -

i) Notice to Quit be served on the Stoneylands Club; and

- ii) subject to contract and the granting of appropriate planning consent, the Director of Administration and Leisure be authorised to dispose of the Stoneylands Club site on the terms reported.**

650. 135/137 STATION ROAD, ADDLESTONE - LEASE ARRANGEMENTS

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 3 and 7 of Schedule 12A to Part 1 of the Act.

The Committee approved the grant of a three-year lease of a first floor suite of offices at 135/137 Station Road, Addlestone pending the long-term proposals for the redevelopment of the premises considered earlier in the meeting. The letting, at a full commercial rent, would generate a small annual income and avoid the revenue charges that would otherwise apply if the building was unoccupied in the interim.

RESOLVED that -

subject to contract and all necessary consents, the Director of Administration and Leisure be authorised to grant a three year lease to Cherith Simmons Management on the terms reported and such other terms as he sees fit.

Chairman

(The meeting ended at 10.17 pm)