

UPDATE ON REDEVELOPMENT OF CHURCHGATE AND ITS SURROUNDING AREA: INFORMATION NOTE

THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE

1. PURPOSE OF REPORT

- 1.1 To inform Members of Full Council Resolution of 31st January 2013.

2. OVERVIEW

- 2.1 Members will be aware of the Churchgate Project Executive's report to Cabinet on 1 November 2012 which referred to the request by Simons asking for a six month extension to the Development Agreement (DA). The purpose of the report to Cabinet was to provide time for all potential options on the way forward to be investigated and considered in full.
- 2.2 At the meeting of Cabinet, Members expressed concerns that they did not consider all the necessary facts were available to them in the report, and that there appeared to be no compelling reason for extending the DA for six months. Officers were asked to undertake more work and report directly to a special meeting of Full Council in January on all potential options to allow Members to consider the future of the Churchgate area.
- 2.3 The Churchgate Project Executive presented a report to Full Council on 31st January 2013 which -
- (i) Considered the request by Simons Developments Ltd ("Simons") for variations to the Development agreement, namely
- an extension of the first cut off date by 18 months to September 2014
 - the addition of a further break clause in December 2013, should they have failed to either exchange Heads of Terms with an anchor tenant or submit a planning application by the end of 2013
 - reduction of their priority return from 17.5% to 15 %
 - reduction of the length of the proposed lease from 250 to 150 years
- The full details of the request were set out in their letter attached at Appendix A to the said report.
- (ii) Provided information on the history of the Council's long-held aspirations to protect the future vitality and viability of the town centre through redevelopment of the Churchgate centre and surrounding area.

- (iii) Provided Members with an overview of the context and rationale behind the request for Simons extension, including an officer analysis of their request.
- (iv) Provided Members with an analysis of alternative options on the way forward to allow Members to consider the wider impact of their decision. In order for Members to consider all aspects, the options section of the officer report clearly set out the pros and cons, financial and legal implications as well as potential timescales for each option.

2.4 Following a lengthy and detailed debate the Members were of the opinion that the information presented did not give Council the confidence that a viable scheme could be delivered, and the following resolution was passed:

*“ **RESOLVED:** That, having considered all the alternative options and risks to deliver the Council’s aspirations for the Churchgate area, the Council resolves to:*

- (a) Reject Simons request for an extension to the first cut off date in the Development Agreement;*
- (b) Note that under the terms of the development agreement Simons still have until the first cut off date to submit a valid planning application or request the development agreement be cancelled;*
- (c) Instruct the relevant officer to implement the break clause in the development agreement should Simons fail to meet the first cut off date, subject to there being no material changes in circumstances;*
- (d) Note the suggested options put forward in the report if the development agreement is cancelled, and that they be brought back to Council for further discussion should this occur; and*
- (e) Agree that if there is a material change in circumstances, a report is brought back to Council prior to the first cut off date.*

***REASON FOR DECISION:** To allow the Council to consider its aspirations for the Churchgate area of Hitchin to protect the medium to longer term vitality and viability of the town.”*

2.5 In terms of the requirements of the Development Agreement, and in light of the Full Council resolution, assuming there are no material changes in circumstances on 20th March 2013 the Council will write to Simons terminating the DA. After formal termination of the DA, Officers will then complete a project closure report for the Churchgate Project Board before reporting back to a future Full Council meeting anticipated in late June/July 2013 (date yet to be confirmed) on the suggested alternative options put forward in the officer report of 31st January 2013.

3. CONCLUSION

3.1 That the Hitchin Committee note the content of this Information Note

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