

**HITCHIN COMMITTEE
8 SEPTEMBER 2015**

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

11

INFORMATION NOTE: CHURCHGATE AREA

INFORMATION NOTE OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE

1. SUMMARY

1.1 To inform Members on latest position regarding the Churchgate area.

2. STEPS TO DATE

2.1 This Information note is at the request of the Chair of Hitchin Committee.

2.2 Full Council on 16 July considered a report on the Churchgate area in respect of an interim option proposal for the Churchgate Area. This proposal included granting Hammersmatch exclusivity for a limited period, until 31 December 2015, as a means of seeking to move the project forward and to find a viable option that met the Council's resolution of 12 February 2015 'to investigate the Council's preferred approach for a smaller scheme in the short term.'

2.3 This offer is subject to a number of requirements and conditions as set out in the agreed resolution below (16 July 2015 meeting):

RESOLVED:

(1) *That in seeking to satisfy the Council resolution of 12 February 2015 'to investigate the Council's preferred approach for a smaller scheme in the short term', the Council grants Hammersmatch exclusivity until the end of the year (i.e. 31 December 2015), and during that period Hammersmatch will:*

- (i) Seek a solution for the market based on the outcome of their consultant's feasibility study;*
- (ii) Provide an updated design that is acceptable to the Council as landowner based on the market solution;*
- (iii) Provide an updated financial appraisal to reflect the updated design, including a review of all elements of the appraisal to take account of current market conditions;*
- (iv) Provide evidence of discussions regarding potential pre-lets with a cinema operator and retailers; and;*
- (v) Undertake this work wholly at their own risk and cost;*

- (2) *That the exclusivity offer is on the basis that no Heads of Terms could be agreed without a further report to Full Council, and is subject to being able to satisfy procurement and best consideration requirements;*
- (3) *That the Project Executive be instructed to write to Hammersmatch setting out the terms of the exclusivity period;*
- (4) *That officers continue further discussions on the Draft Heads of Terms with Hammersmatch during that period; and*
- (5) *That an additional budget of £30,000 be committed to undertake any commercial and legal advice as may be required with regard to the draft Heads of Terms and in giving further consideration of the potential ways forward in respect of procurement requirements.*

REASON FOR DECISION: *To allow the Council to continue with its investigations for a smaller scheme in the short term, whilst allowing Hammersmatch a limited period in which to meet the requirements set out in resolution (1) and for officers to be able to fully inform Council on the next steps in the project post-December 2015.*

3. INFORMATION TO NOTE

- 3.1 Further to item (3) above, Hammersmatch have acknowledged receipt of the letter from the Project Executive and have agreed to the requirements and conditions of the exclusivity offer as set out under items (1) and (2) of the Full Council resolution.
- 3.2 Hammersmatch has appointed market consultants, Michael Felton Associates, to undertake the initial feasibility study in seeking to find a solution for the Market. The Churchgate Project Board on behalf of the Council as landowner, have made it very clear that an acceptable solution has to be found to preserve a market in Hitchin before they will agree to recommend any development proposal on the current site.
- 3.3 Hammersmatch will continue to progress their scheme and discussions with relevant cinema and retail operators over the coming months. This will form part of the clarification being sought by the Council as landowner on various matters including their financial proposal for the site, seeking a solution for the market and their anticipated timescales and any phasing for delivery of their scheme.
- 3.4 Officers of the Churchgate Project Team are progressing discussions with Hammersmatch regarding their draft Heads of Terms. These discussions are on a confidential basis and will be the subject of a report to Full Council post December 2015.
- 3.5 As previously reported, the Council's independent valuation of the Churchgate site is near completion. Once received, this confidential report will assist the Council in its considerations on how it may wish to proceed with any land transaction in the future.

4. NEXT STEPS

- 4.1 As these initial requirements are progressed over the next few months reports will be presented for discussion at the Churchgate Project Board. Such

reports and meetings are confidential and where possible regular updates will be reported to Hitchin Committee and also made available on the Council's website.

- 4.2 External commercial and legal advisors, for which funding has been approved, will be formally instructed once Hammersmatch have provided the updated information as noted in paragraph 3.4 above. Steps are being taken to ensure that the advisors are identified and in place ahead of needing to seek the advice. This advice once received will enable officers to inform Members, post December 2015 on whether or not it would be in the Council's interest to continue to work with Hammersmatch in progressing towards delivering a scheme that would provide best value and best consideration for the Council.

5. APPENDICES

- 5.1 None

6. CONTACT OFFICERS

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7. BACKGROUND PAPERS

- 7.1 Full Council Report 12 February 2015 – Churchgate Area, Hitchin – Next Steps
- 7.2 Full Council Report 16 July 2015 – Churchgate Area, Hitchin – Interim Option Proposal