

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Housing, Environmental and Economic Development

Special Housing, Environment and Economic Development Committee:
29 June 2010

Subject: Sale of Play Drome Site and New Leisure Centre at Queens Quay, Clydebank

1. Purpose

- 1.1** The purpose of this report is to advise Members the progress made in progressing negotiations for the sale of the current Play Drome site in Clydebank and the acquisition of the site for the new leisure development at Queens Quay Clydebank and to seek authority to proceed with the proposals to include conclusion of missives and the letting of necessary design and construction contracts.

2. Background

- 2.1** On 2 September 2009, the Housing, Environment and Economic Development Committee agreed that relevant officers be authorised to negotiate with Tesco (then referred to as Company A) on terms for the disposal of the current Play Drome site. In addition it was agreed that officers should progress the acquisition of an alternative site at Queens Quay, Clydebank owned by Clydebank Property Company Limited, a subsidiary of Clydebank Rebuilt. A report was to be brought back to Committee seeking authorisation to conclude missives once an acceptable deal appeared achievable.
- 2.2** A briefing on progress to which all Elected Members were invited was made on the 19 April 2010.

3. Main Issues

- 3.1** This report incorporates two schedules (Schedule 1 relating to the disposal of the current Play Drome site, Schedule 2 to the land swap and construction of the new facility at Queens Quay), each in report format. These provide detail on the two principal elements of the proposal, narrate the financial, risk etc. positions associated with each project and make recommendations on how to proceed.
- 3.2** Whilst for the purposes of the transactions it has been necessary to separate the disposal of the Play Drome site and the construction of the new facility, the two are inherently related and there has inevitably been a requirement to take this into account at various points in both sets of missives.

3.3 Notwithstanding the Committee agreeing the Tesco bid as the preferred bidder following a full, public and open competitive process, an approach has subsequently been made by PCP on behalf of HP Properties Limited, the joint venture company which recently acquired the leasehold interest in the Clyde Shopping Centre.

3.4 The advice from Legal Services is that, whilst the approach should be brought to Members' attention, Members should also be made aware that the approach is informal (i.e. not a legal offer), is for considerably less than the bid on the table, is considerably less advanced in terms of development and is at least as conditional as the formal offer submitted by Tesco. Furthermore, the Council had committed itself to a formal and public competitive process. To depart from that process, where it appears to be producing an acceptable solution, would be damaging to the Council's reputation and would leave the Council open to the prospect of challenge through Judicial Review, leading to protracted and costly delays.

4. People Implications

4.1 These are individually addressed in each Schedule to this report.

5. Financial Implications

5.1 These are individually addressed in each Schedule to this report.

6. Risk Analysis

6.1 In addition to the risks identified elsewhere in the body of this report, risk is individually addressed in each Schedule to this report.

7. Equalities Impact

7.1 This is individually addressed in each Schedule to this report.

8. Conclusions and Recommendations

8.1 The aim of disposal of the current Play Drome site to a supermarket operator combined with the creation of a new leisure facility on Queens Quay is designed to support wider regeneration plans for Clydebank and is consistent with the strategy developed for the area. Realisation of these 2 key projects will represent a significant contribution to the Corporate Plan objectives.

8.2 It is believed that the proposed land swap and redevelopment of part of the Queens Quay site for a new leisure centre represents the best opportunity for the future provision of high quality leisure facilities in the Clydebank area, as well as complimenting the redevelopment of the Queens Quay area. It is also believed that the proposed use of the John Knox Street site represents an opportunity to stimulate opportunities for employment and economic development.

- 8.3** Whilst the cumulative longstop dates for the disposal of the Play Drome present a challenge in respect of taking advantage of current favourable market conditions, they are not considered to be unreasonable for a development of the nature proposed and it is anticipated that the real-time programme will be far better than the most pessimistic longstop.
- 8.4** The informal proposal submitted on behalf of the current Clyde Shopping Centre operator is considered less advantageous to the Council in capital terms, and has not demonstrated any clear advantage in terms of rental. To consider it would certainly result in delay and progressing matters, and would open up a very real possibility of legal challenge to the Council's decision making.
- 8.5** The recommendations listed in Schedule 1 and 2 to this report are interdependent insofar as they envisage that the disposal of the Play Drome site is dependent on arrangements being in place for an alternative leisure centre and the leisure development is entirely dependent on the funds being available from the sale.
- 8.6** It is therefore recommended that the Committee agree the individual recommendations found in Schedules 1 and 2 to this report as follows:

Schedule 1

- (i) Delegate authority to the Head of Legal, Administrative and Regulatory Services, in consultation with the Executive Director of Housing, Environmental and Economic Development to conclude missives with Tesco Stores Limited on terms acceptable to them for the disposal of the current Play Drome site; and
- (ii) agree that the Executive Director of Housing, Environmental and Economic Development writes to HP Properties Limited and to PCP Limited advising of the Committee's decision but reinforcing the Council's commitment to ensuring the Clyde Shopping Centre's future as a vibrant retail hub and to offer to meet in early course to discuss how best to take that forward along with the proposed store development.

Schedule 2

- (i) Delegate authority to the Head of Legal, Administrative and Regulatory Services, in consultation with the Executive Director of Housing, Environmental and Economic Development to conclude missives on terms acceptable to them for the Acquisition of the Queens Quay subjects and the Disposal of the John Knox Street Subjects;
- (ii) agree to expend the appropriate sums, always subject to budget availability and procurement requirements, on necessary design development and thereafter submission of planning applications;

- (iii) agree the relocation of the environmental monitoring station at John Knox Street with costs being met in a manner acceptable to the Head of Finance and ICT;
- (iv) note that the consultation process will inform the final design and if necessary a report will be brought to a future HEED committee, should there be any material changes that may affect the affordability and deliverability of the new leisure centre;
- (v) delegate authority to officers to proceed to tender for the works contract to build the new leisure facility; and
- (vi) revert to the Tendering Committee any decision on contract award.

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Date: 15 June 2010

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Appendices: Schedules 1 and 2

Background Papers: Report to 2 September 2009: Housing, Environment and Economic Development Committee

Wards Affected: Ward 6