

Record of Executive Decisions published 09/Feb/2011

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Civic Centre
Sunderland

9 February 2011

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Decision Taker: Cabinet

Appropriate Review Committee:
Management Scrutiny
Committee/Prosperity and Economic
Development Scrutiny Committee

Date decision in force: 09/Feb/2011

Date of decision: 09/Feb/2011

Full description of decision:

To:

1. Agree to accept the proposed assignment from ONE North East ("ONE") of the Purchase Contract with Tesco Stores Ltd for the acquisition of the Vaux site subject to the approval of the Department for Business, Innovation and Skills.
2. Authorise the Deputy Chief Executive, in consultation with the Executive Director of Commercial and Corporate Services, to agree to appropriate amendments to the existing joint venture and funding agreements with the Homes and Communities Agency and ONE to reflect the fact that the Council will become the buyer under the Purchase Contract and to enable it to use the existing acquisition funding to purchase the site.
3. Authorise the execution of all necessary legal documents in order to implement the decisions in (1) and (2) by any of the following officers:- the Chief Executive, the Executive Director of Commercial and Corporate Services or the Head of Law and Governance.
4. Note the financial implications set out in section 5 of the report.
5. Agree that this decision is urgent for the purpose of Paragraph 17(j) of the Overview and Scrutiny Procedure Rules as any delay likely to be caused by the call-in process would seriously prejudice the interests of the Council in securing an assignment of the Purchase Contract from ONE and being in a position to complete the acquisition of the Vaux site by the potential completion date as set out in the report.
6. Endorse the decision of the Chief Executive, in consultation with the Leader, to restrict circulation of this report in view of the commercially sensitive information contained therein and the confidentiality obligations under the Purchase Contract.

Reasons for decision:

The former Vaux Brewery site is a key strategic site within the City which has been identified by the Council and its public sector partners for an employment led regeneration scheme. In March 2010, the Council entered into joint venture and funding agreements with the HCA and ONE for the acquisition and comprehensive redevelopment of this strategic site. Subsequently, ONE as the Regional Development Agency entered into a conditional Purchase Contract with the owner of the site, Tesco Stores Ltd for the transfer of the Vaux site to the public sector at a future date. However, the Coalition Government has recently announced that all Regional Development Agencies are to be abolished by no later than March 2012 and at this stage there is substantial uncertainty regarding the future ownership of all of ONE's assets. As a consequence, the public sector partners have agreed that it is appropriate for the Vaux Purchase Contract to be assigned from ONE to the Council so that the public sector is in a position to complete the acquisition of the Vaux site quickly if necessary. In addition, the future ownership of the Vaux site by the Council on behalf of the public sector partners would provide the certainty needed to progress with both short term site improvements and the medium to long term strategy of procuring a developer to deliver the Council's aspirations for the site.

Alternative options considered and rejected:

The alternative option would be not to agree to the assignment of the Purchase Contract from ONE. However, this option is not recommended given the impending abolition of ONE and the currently uncertainty regarding the future ownership of its assets.

Title and author(s) of written report:

Proposed Assignment of Purchase Contract for the former Vaux Brewery Site from ONE North East to the Council - Report of the Deputy Chief Executive and Executive Director of Commercial and Corporate Services

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Is this a key decision: Yes

Does the Decision contain Confidential/Exempt Information: Yes

Declarations of Interest and Dispensations:

None