

CABINET MEETING – 29 April 2009 EXECUTIVE SUMMARY SHEET	
Title of Report: Proposed Joint Venture Agreement, Site of the Former Vaux Brewery, Sunderland	
Author(s): Director of Development and Regeneration	
Purpose of Report: To seek agreement to the Council entering into a Joint Venture Agreement (JVA) with ONE North East, the Homes and Communities Agency, and Sunderland arc, in respect of the development of the site of the former Vaux Brewery.	
Description of Decision: It is recommended that; <ul style="list-style-type: none"> (i) The Council enters into a Joint Venture Agreement (JVA) with ONE North East, the Homes and Communities Agency (HCA), and Sunderland arc in respect of the development of site of the former Vaux Brewery. (ii) The appropriate officers be authorised to agree the terms of the Joint Venture Agreement in consultation with relevant Portfolio Holders in accordance with the principles set out in this report. 	
Is the decision consistent with the Budget/Policy Framework? *Yes/No	
If not, Council approval is required to change the Budget/Policy Framework	
Suggested reason(s) for Decision: To enable Council to formally engage with the public sector partners in progressing the development of the Vaux site.	
Alternative options to be considered and recommended to be rejected: The alternative option is to not enter into the proposed JVA. This would require the Council outside the terms of a JVA to consider how best to transfer its land holdings if it was so minded, into the project area. More significantly it would signal that the Council was not able to commit to a formal partnership with its public sector partners with the common aim of bringing forward the development of the site. This option has been considered and is not recommended.	
Is this a “Key Decision” as defined in the Constitution? Yes Is it included in the Forward Plan? Yes	Relevant Review Committee: Policy and Coordination Regeneration and Community

Proposed Joint Venture Agreement, Site of the Former Vaux Brewery, Sunderland

Report of Director of Development and Regeneration

1.0 Purpose of Report

- 1.1 To seek agreement to the Council entering into a Joint Venture Agreement (JVA) with ONE North East, the Homes and Communities Agency, and Sunderland arc, in respect of the development of the site of the former Vaux Brewery.

2.0 Description of Decision

- 2.1 It is recommended that;
- (i) The Council enters into a Joint Venture Agreement (JVA) with ONE North East, the Homes and Communities Agency (HCA), and Sunderland arc in respect of the development of site of the former Vaux Brewery.
 - (ii) The appropriate officers be authorised to agree the terms of the Joint Venture Agreement in consultation with relevant Portfolio Holders in accordance with the principles set out in this report.

3.0 Background

- 3.1 Cabinet will be aware that the Vaux site remains in the ownership of Tesco. Negotiations, led by ONE, are continuing with Tesco, with the aim of acquiring the site and bringing forward a development proposal led by the public sector. The purpose of the proposed JVA between the public sector partners is to set out the respective roles and responsibilities of partners so as to undertake and procure the development of the site with a view to;

- Re-invigorating the economic heart of Sunderland with the creation of a vibrant new business district and office market
- Creating new job opportunities in the city centre
- Promoting city centre living
- Re-connecting the city to its river front
- Providing sustainable urban regeneration
- Incorporating high quality architecture and design

These objectives accord with the Councils planning policies as set out in the UDP Alteration No 2.

- 3.2 Under the terms of the JVA the site could be acquired from Tesco either by agreement or by a Compulsory Purchase Order. There remains the option however, unrelated to any JVA, that Tesco brings

forward its own scheme for the development of the site which may or may not be compliant with planning policy.

4.0 Principles of the JVA

- 4.1 The proposed JVA will provide that ONE, the Council, Sunderland arc and the HCA agree to promote the development of the site and to share in the proceeds in proportion to each party's contribution to the project.
- 4.2 Under the terms of the JVA, ONE will be responsible for acquiring the site, either by negotiation or by compulsory purchase, and the other partners will be expected to provide reasonable assistance required in connection with the exercise of ONE's compulsory purchase powers. ONE will contribute the land that it acquires and fund the project in accordance with a delivery plan and business plan together with the HCA.
- 4.3 The Council's principal obligation will be the contribution of Council owned land, at market value or existing use value, whichever is the higher, to the development. This obligation is consistent with those contained in the JVA in respect of ONE's and HCA's land interests. However, it is not possible at this stage to determine whether the land interests will have a positive value within the context of the development proposals that will be brought forward in due course. Therefore, the actual value that the Council received with depend upon the level of public sector subsidy the scheme may require and could ultimately result in no receipt. The Council owned land is shown on the attached plan.
- 4.4 Sunderland arc will be responsible for proposals for the marketing and disposal of the project site which is to be approved by ONE, the Council and the HCA. The parties to the JVA will agree a selection process for a developer and ONE will enter into a Development Agreement with the selected developer. The Development Agreement will state that it cannot be altered or varied by ONE without the consent of the other parties to the JVA. Any future Development Agreement for the project site will be between ONE and the developer.
- 4.5 The JVA will also set out definitions of the partners' costs in respect of the project, including the value of the Council's land and how these will be apportioned in the event of the disposal of the project site.
- 4.6 It is considered that in principle the terms of the proposed JVA are acceptable and will enable the Council to play an appropriate part in bringing forward the development of the project site in partnership with the other public sector agencies. The Agreement will also demonstrate to potential private sector partners that the public sector is committed and working in unison to bring the development forward.

5.0 Reason for the Decision

- 5.1 To enable Council to formally engage with the public sector partners in progressing the development of the Vaux site.

6.0 Alternative Options

- 6.1 The alternative option is to not enter into the proposed JVA. This would require the Council outside the terms of a JVA to consider how best to transfer its land holdings if it was so minded, into the project area. More significantly it would signal that the Council was not able to commit to a formal partnership with its public sector partners with the common aim of bringing forward the development of the site. This option has been considered and is not recommended.

7.0 Relevant consultations

- 7.1 The City Treasurer and City Solicitor have been consulted on this report.

8.0 Background Papers

- 8.1 Vaux file held by the Director of Development and Regeneration.

