

To: City Executive Board

Date: 23 July 2008

Item No:

Report of: Interim Head of Property and Facilities Management

Title of Report: Templars Square Lease Restructure

Summary and Recommendations

Purpose of report: This report arises from the request of the current long leaseholders to vary the terms of their lease so as to allow them to explore the possibility of a redevelopment of part of the Templars Square Shopping Centre

Key decision? No

Executive lead member: Councillor Bob Price

Report approved by:

Property: Steve Sprayson

Finance: Penny Gardner

Legal: Lindsay Cane

Policy Framework: None

Recommendation(s): The Board is recommended to authorise the Director of City Regeneration to open negotiations with the long leaseholders of Templars Square Shopping Centre to facilitate the possibility of their redevelopment proposals, and bring a report back to the Board for approval when those negotiations are concluded.

1. The Templars Square Shopping Centre is located on land owned freehold by the Council and leased on a 125 year lease from March 1984 at a peppercorn without review to the current lessees Zurich Assurance Ltd.
2. The managers acting on behalf of Zurich – Threadneedle Property Managers – have approached Asset Management seeking to renegotiate the terms of the lease to allow the potential redevelopment of part of the car park and the western edge of the existing centre for a supermarket development. A plan of the proposal is attached as Appendix 1

3. Whilst the existing lease does permit alterations and refurbishment, the terms need some updating to enhance protection for both parties and facilitate the development proposals.
4. Threadneedle are reluctant to expend the considerable resources needed to seek and seek planning approval for the project without the comfort of support from the Council as to their objectives, and appropriate revisions to their lease.
5. The current lease permits the Council to obtain a 5% share of any increase in value attributable to the redevelopment. Threadneedle have confirmed that they are in advanced negotiations with a supermarket chain and on the basis of rents being discussed with them the Council (assuming a 5% share) will improve its income position by about £35-40,000 per annum should the project proceed.
6. The Board is therefore recommended to authorise the Director of City Regeneration to open negotiations with the long leaseholders of Templars Square Shopping Centre to facilitate the possibility of their redevelopment proposals, and bring a report back to CEB when those negotiations are concluded for approval.

Name and contact details of author:

John Kulasek

jkulasek@oxford.gov.uk 01865 252137

List of background papers: None

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