



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

Report Title	Disposal of Northampton Borough Council’s land at the former Greyfriars – Progress report
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AGENDA STATUS:

PUBLIC

Expected Date of Decision:	11 th January 2017
Key Decision	Yes
Within Policy:	Yes
Policy Document:	No
Directorate:	Regeneration, Enterprise & Planning
Portfolio Holder For:	Cllr Tim Hadland, Cabinet Member for Regeneration, Enterprise & Planning
Ward(s)	Castle

1. Purpose

- 1.1.1 To present an update to Cabinet on the progress made with the preferred developer (Carter Endurance) following the Cabinet decision on the 7th September 2016.
- 1.1.2 To provide specific information on the progress with the various work streams
- 1.1.3 To highlight particular aspects of the overall negotiations that may be relevant to the final cabinet decision.
- 1.1.4 To present the timetable for the continued design and development programme.

2. Recommendations

- 2.1.1 That Cabinet:
- 2.1.2 Notes the progress that has been made to date, the further negotiations with and surveys and traffic modelling to be completed by the developer.

2.1.3 Invites the Director of Regeneration, Enterprise & Planning to submit further reports to Cabinet to approve the proposed legal documents and associated appendices.

3. Issues and Choices

3.1 Selection Background

3.1.2. Cabinet will be aware that following the demolition of the former Greyfriars bus station, Council Officers have been involved in a site disposal process that will ultimately pave the way for redevelopment of the site. The disposal process, as set out to Cabinet on 11th November 2015, included the following milestones:

- Advertisement;
- Submission: Expression of Interest;
- Evaluation of returns/panel select shortlist;
- Shortlist – Invitation to tender;
- Submission: Tender return;
- Evaluation of returns/panel selection;
 - Notice to appoint;
 - Cabinet decision.

3.1.3 Following the deadline for the expressions of interest stage on 6th November 2015, the bidders' Invitation Document was issued to three selected bidders on the 15th January 2016. The deadline for final submissions was noon 31st March 2016.

3.1.4 One bidder notified the Council on the 18th March 2016 that they did not wish to continue with the process and wished to withdraw. Two conforming bids were subsequently received by the due date.

3.1.5 In the period following the submissions deadline, NBC Officers sought various clarifications with both developers regarding the merits of their schemes and final financial offers.

3.1.6 NBC also commissioned expert independent legal, commercial and leisure advice to support the assessment of both bids. Advice from a leading cinema consultancy concluded that there would be a market for an additional family and student orientated cinema within Northampton.

3.1.7 The detailed scoring process identified that the preferred developer's proposal offered a number of distinct advantages. Details of the scoring can be found in the Report to Cabinet of the 7th September 2016 and are summarised below:

- The viability of the overall scheme was considered to be better, particularly with regard to the cinema and restaurant offer. Independent advice highlighted a demand in the family and student market for another cinema. Such a product would also generate admissions and therefore the footfall required to support and sustain a vibrant restaurant offer.
- The positioning of the leisure and restaurant offer on the site, coupled with the improved linkages with the town centre, including the Grosvenor Centre, were assessed as being better thought through and the most likely to work well in practice. Linking the existing town centre to the site is crucial for the viability of the site and to maximise its impact on the wider town centre.

- The strategy for the improvements to the public realm, including the highways network, was regarded to be of a higher standard.
- The delivery of private rented sector housing (PRS) on the site, rather than apartments for sale as proposed by Developer B, was seen to be a less risky delivery option for the proposed residential element on the site.
- There was a greater provision for a transport hub and coach layby by Developer A, based on the plans presented.

3.1.8 The Cabinet Advisory Group has worked well throughout the process and a Cabinet Advisory Group will continue to work with the preferred developer to conclude the detailed design of the scheme and the construction phases. The Group comprises of two Members of the Administration and one Member from the opposition. The Group receives or will receive updates on a quarterly basis from the selected developer and will be consulted on elements of the design of the schemes. The first meeting of the Cabinet Advisory Group post the 7th September cabinet decision is scheduled for January.

3.2.1 **Agreement for Leases work stream update**

3.2.2 Progress has been very positive and representatives from both parties is schedule to meet again on the 17 January 2017 to continue negotiating the terms of the lease.

3.2.3 Discussions with third parties (primarily adjacent land and/or property owners) continue to be positive with all parties proving to be very supportive of the proposed development. Preliminary plans and costings have been issued with respect to any financial commitment to improve links, frontages and boundaries between the development site and adjacent premises. Further meetings have been scheduled for w/c 9 January 2017.

3.2.4 **Design Development**

3.2.5 The Developer is currently in discussions with a hotel operator (who will identify the franchise operator for the hotel), cinema operators and a housing association for the proposed rented residential element of the scheme. The design continues to evolve to meet the needs of the potential site occupiers' requirements.

3.2.6 A number of pre-consultation meetings have taken place between the Planning Authority and the developer's representatives and discussions to date have all been positive.

3.2.7 **Traffic Surveys, Modelling, Surrounding Roads and Public Realm**

3.2.8 Traffic modelling started in early December 2016. This will continue through to January and February 2017 with the first meaningful results expected mid to late February 2016.

Indicative Programme

3.2.9 The latest development programme identifies the below milestones:

- Cabinet Advisory Group Meeting 18 January 2017;
- Agreement for Lease documentation Spring 2017;

- Traffic Reports/Preliminary commentary Spring 2017;
- Cabinet Report Spring 2017;
- Submit Outline Planning Application Summer 2017;
- Submit Detailed Phase I Application Late Summer 2017;
- Planning Approval Phase I Autumn 2017
- Start on site (assuming planning approval) Early 2018; and
- Thereafter, it is proposed that there would be a rolling programme on a phase by phase basis for planning application submissions and approvals.

4. Implications (including financial implications)

4.1.1 Policy

4.1.2 There are no specific policy implications arising from this report, but the proposed development would generally be in conformity with the adopted West Northamptonshire Joint Core Strategy (2014) and the Central Area Action Plan (2013). It would also be generally consistent with previous decisions of Cabinet.

4.2 Resources and Risk

4.2.1 The current site is of strategic importance to the town. There is a small resource implication concerning the ongoing maintenance of the site, predominantly derived from officers' time.

4.2.2 NBC committed £5.6m to the demolition and remediation of the Greyfriars site, with the expectation that a future disposal of the site would fund as much of this capital cost as possible. Any shortfall between the disposal receipt and the amount spent on the demolition of the site would need to be met from the Council's other capital resources. If there is never any development of the site then the whole cost would be written off to revenue.

4.2.3 The Developer's proposal includes a residualised price for the site to be paid to NBC in a phased manner. The details of the structure of the payments to NBC are currently being worked up in greater detail and will form part of the legal documents with the Agreement for Leases.

4.2.4 Table 1: High Level Risks Associated with the selection of a preferred developer.

Risk	Likely	Impact	Blended risk	Remarks/Mitigation	Residual risk
Developer unable to deliver its proposals.	Low	Significant	MED	NBC have been meticulous in gaining an understanding for the intricate workings of the proposals and believe that the preferred developer will be able to deliver	Low

Planning approval not achieved	Low	Significant	MED	Planners have without prejudice to the planning process, evaluated the scheme against existing planning policy and guidance within the scheme scoring process and this has indicated that the scheme is generally compliant with policy. NCC has also been engaged and are (in principle) comfortable with the designs of the scheme.	LOW
Unable to agree final lease terms.	Low	Significant	MED	Assuming the Heads of Terms are completed the expectation would be that the lease would be agreed. Draft HOTs have already been discussed with the developer.	LOW
Terms of the Property Agreements are breached by the preferred developer.	Low	Significant	MED	There is no reason to suppose that the developer would breach the Agreements but if they did the Council would have the provision to terminate.	LOW
The developer is unable to attract a funder	Med	Significant	MED	The market remains for this development. The developer has a good financial standing and well established relationships with funders.	LOW
The developer is unable to deliver the Leisure element in Phase I	Med	Med	MED	The developer is not yet in a position to confirm the order of delivery of the prospective operators	MED
The developer switch cinema, hotel or restaurant operators	Med	Med	MED	NBC will not be able to control individual operators within the development. The independent advice	LOW

				gained throughout the process indicates that the preferred developer's proposals address market demand.	
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4.3 Legal

4.3.1 The significant area of legal risk arises in the settlement of the detail of the final agreements with the buyer. Any transaction of this magnitude and complexity carries a degree of commercial risk to both parties and the key mitigation of this is for the legal documents to anticipate this as far as possible and deal with matters with clarity. The Agreement for Lease documents have now incorporated a number of pre-conditions to allow the Developer to draw down and retain a site.

4.4 Equality

4.4.1 The Borough Council has identified the following equality issues and resolutions and will communicate and work with the developer to address these issues through the planning process.

Issue	Equality Characteristics Affected by Issue	Proposed Action
Design Development meets specific needs people with 'Protected Characteristics.	<ul style="list-style-type: none"> All 	<p>Planned, targeted consultation with specific groups during the planning phase.</p> <p>Designs to be reassessed in the light of significant findings.</p>
Access to buses and shops during the construction phase	<ul style="list-style-type: none"> Age Disability 	<p>Phased access / route planning with clear signage during the construction phase</p> <p>Access during construction included within the Transport Assessment required for any Planning Application.</p>
Access to toilet facilities	<ul style="list-style-type: none"> Age Gender reassignment Disability 	<p>Toilet facilities as a minimum in-line with Building Regulations (Part M 2010) 'Access to and use of buildings')</p> <p>Scoping of the project could also include:</p> <p>'Changing places' toilet to be provided within the scheme</p> <p>Provision of uni-sex toilet</p>

Facilities for Breast Feeding	<ul style="list-style-type: none"> • Pregnancy and maternity 	Scoping of the project could include provision of areas for breast feeding and uni-sex baby changing areas.
Legibility of buildings and streets	<ul style="list-style-type: none"> • Disability – particularly partially sighted • Deafness 	Centrally located information points accessible to wheelchair users. Consultation with relevant forums at detail design/planning stage to identify appropriate provision.
Access to buildings	<ul style="list-style-type: none"> • Disability 	To be considered in detail and consulted on through the planning process.
Streets and public spaces	<ul style="list-style-type: none"> • All 	Consideration will need to be given to the design of the public realm to ensure legibility and safety:-

4.4.2 Consultees (Internal and External)

4.4.3 In the formulation of this report, relevant internal Officers have been consulted. External consultees include Northamptonshire County Council.

4.5 How the Proposals deliver Priority Outcomes

4.5.1 Northampton Alive sets out the Council's aspirations for the regeneration of Northampton. The Council is advised that the proposed development would generate a gross development cost of circa £100m and create up to 400 permanent jobs, with construction jobs and training positions in addition.

4.5.2 The delivery of the site would clearly enhance the vibrancy and attractiveness of the town centre as a whole.

4.6 Other Implications

4.6.1 None

5. Background Papers

5.1 None

John Dale, Head of Economic Development and Regeneration, X 7078