

TRAFFORD COUNCIL

Report to: Executive
Date: 28th January 2018
Report for: Decision
Report of: Executive Member for Investment, Regeneration and Strategic Planning

Report Title

Council Development Schemes

Summary

This report seeks approval from the Executive to proceed with formal procurement exercises to select respective development partners for specified Council sites, subject to final business case approval and due diligence on the partner's ability to deliver a viable and acceptable scheme.

Recommendation(s)

The Executive are recommended to:-

- a) Note the current position and potential opportunity for each site.
- b) Approve the proposals, delivery route and tender process as set out in paragraph 2.0 to select a development partner for each site.
- c) Note the proposal to establish a development team.
- d) Note that the appropriate community engagement will be undertaken for each site as part of the process

Contact person for access to background papers and further information:

Name: Richard Roe
Extension: 4265

Background Papers: None

Implications:

Relationship to Policy Framework/Corporate Priorities	Supports the policy for economic growth and development
Relationship to GM Policy or Strategy Framework	Supports GM policy for growth
Financial	The cost of the proposed development team is approximately £550k per annum, inclusive of on-costs and financial management support and this will be capitalised as part of scheme development costs and ultimately financed from capital receipts generated from the schemes.. Detailed business cases will be developed and brought back to Executive for future approval for each development.
Legal Implications:	The Council will carry out robust procurement exercises to minimise any potential challenges. Any legal implications of the developments will be reviewed once the full scope of each development is known.
Equality/Diversity Implications	None
Sustainability Implications	None
Resource Implications e.g. Staffing / ICT / Assets	The Corporate Director, Place will require professional specialist support to optimise scheme viability, produce clear and deliverable development briefs and to properly evaluate and challenge bids received.
Risk Management Implications	There are risks associated with any disposal and development activity but these have been identified and mitigated as follows:- <ul style="list-style-type: none"> • Due diligence on each proposed site including planning, investigations, legal title checks, site surveys and valuation advice • Use of local market knowledge and market testing • Proposed use of Star Procurement to deliver an independent and objective tender invitation, evaluation and selection process • The procurement process will provide the opportunity to gain specific reassurances as to each tenderers track record, corporate structure and financial standing • The Council will not be bound to accept the highest or any bid and will follow existing procedure to ensure “best consideration” is achieved • Legal documentation will seek to ensure delivery is achieved and Capital Receipts are realised within an agreed timescale .
Health & Wellbeing Implications	No direct implications
Health and Safety Implications	No direct implications

1.0 Background

- 1.1 The Strategic Land Review Programme for 2018/19 was approved by the Executive on 23/3/18. This approval noted that the Council pursue direct development of sites, subject to a suitable options appraisal and business cases on a site by site basis.
- 1.2 Sites and opportunities progress at different rates depending on complexity but the Council now has three opportunities where initial investigation work and consideration of the options has confirmed they could be brought to market and development partners sought.

2.0 The Sites

1) Site: The Jubilee Centre, Bowdon

Current use: The site comprises an existing community centre and a large surface car park. It is adjacent to the Cinnamon Club, a wedding and event venue held on a lease from the Council.

Opportunity: The existing community centre is outdated and in need of ongoing repair and investment. It also does not make best use of the available site area. There is the opportunity to maximise the site potential to release land for residential development and generate a capital receipt for the Council whilst creating a new community centre

Proposal and route to market – A development brief will be issued inviting tenders from potential development partners for the site. Options could include residential units to generate a capital receipt on disposal and the specific reprovision of a new community centre. A previous soft market testing exercise indicated clear market interest and the opportunity to meet the Council's objectives for the site. The brief will also request that suitable car parking provision is made for the residential units users of the Cinnamon Club, and community parking for other users such as the Bowdon Croquet Club

2) Site: Stokoe Avenue, Altrincham

Current use: The site was previously used as allotments but these were closed in 1988 and it has remained empty since and is now overgrown with self-seed bushes

Opportunity: The site is in an attractive canal side location and there has been recent and successful residential development immediately adjacent. There is the potential to generate a capital receipt from residential development for the Council. In addition, following initial engagement with Trafford Rowing Club there is also the opportunity to provide a new home for the Club and create an additional facility with wider social and community benefit

Proposal and route to market – A development brief will be issued inviting tenders from potential development partners for the site. Options could include redevelopment of the site to include residential units to generate a capital receipt on disposal and to include the creation of a new Rowing Club and associated community facility. The development brief will note the need to acquire an adjoining land interest and the release of a strip of land currently designated as Public Open Space to maximise the opportunity.

3) Site: The Grafton Centre, Altrincham

Current use: The site was acquired by the Council in 2018 and is a town centre retail investment comprising a number of shop units and anchored by the Travelodge hotel

Opportunity: The site has considerable potential for regeneration and redevelopment to increase revenue and/or capital return to the Council. An Expressions of Interest exercise was undertaken by the Council at the end of 2018 to gauge the appetite of developers to bring forward a scheme. This exercise generated

a strong response and a number of interesting and innovative options for the site including retail, leisure and residential

Proposal and route to market – A development brief will be issued inviting offers from potential development partners to enter into a Joint Venture with the Council. Given the high profile and specialist mixed use of this key strategic town centre site it is considered a Joint Venture (JV) would be the preferred delivery model. The JV partner would share the risk and reward with the Council, and provide development expertise alongside specialist town centre retail experience which will be required in the delivery of this particular scheme. The establishment of a JV will be subject to a robust business case and appropriate legal terms.

Once tender responses for all sites have been received and evaluated a further report will be brought forward for Executive Approval detailing the optimum solution for each site and demonstrating how these are supported by reference to individual business cases.

3.0 Development Team

- 3.1 The proposal is to establish a new Development Team within the Place directorate, reporting to the Corporate Director for Place. The team will be responsible for taking forward all Council development activity, both direct delivery and management of external contracts. The Director of Development will be a member of Place Shaping Board to ensure that development activity is in line with strategic place shaping activity. The Development Team will be required to work collaboratively with internal and external partners to aid delivery, including with the One Trafford Partnership property team.
- 3.2 The costs of the team will be fully capitalised against agreed development schemes. The size of the team is based on delivery of three additional schemes, but the structure has the ability to increase in future to support delivery of a larger programme, with a core team of three, supported by a Commercial Manager and a Design Manager.

The structure proposed is as follows:

- A Director of Development, Development Manager and Project Manager as a core team of three.
- A Commercial Manager and Design Manager, who would be able to deliver circa three schemes concurrently.
- Additional Commercial and Design Managers can be brought in to support an expanded development pipeline in future.
- Salaries are subject to job evaluation and market assessment

INTERNAL RESOURCE	ANNUAL SALARY	Annual Salary with On-costs
Programme Director	£100,000	£130,000
Development Manager	£85,000	£110,500
Project Manager	£70,000	£91,000
Commercial Manager 1	£70,000	£91,000
Design Manager 1	£65,000	£84,500
Total	£390,000	£507,000

- 3.3 Also financial management support will be required to develop business cases and provide ongoing financial support.
- 3.4 Establishing a development team will reduce the overhead cost of development, by reducing the use of external development management resources. The team will also provide capacity to accelerate the pace of development on Council sites.

4.0 Other Options

The Council could choose not to seek development partners for each site and either hold the sites with their current use or dispose on the open market. Holding the sites would not generate a financial return from either the Jubilee Centre or Stokoe Avenue, and would not maximise the regeneration benefits for Altrincham, as well as a financial return, from the redevelopment of the Grafton Centre. Disposing of the sites on the market would potentially provide a speedier financial return to the Council, but this would be less than the return from direct development.

The specific development options for each site will be explored as part of the development process.

5.0 Consultation

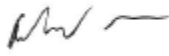
Consultation will be undertaken with local communities and other stakeholders in assessing the potential development options for each site.

6.0 Reason for recommendation

To enable the procurement of development partners for the three identified sites. Appointment of partners will not commit the Council to proceed with development on any of the sites, and will be subject to community engagement and business case approval. Any development proposals will also be subject to planning permission.

Key Decision (as defined in the Constitution): / No
If Key Decision, has 28-day notice been given? Yes / No N/A

Finance Officer Clearance (type in initials) GB
Legal Officer Clearance (type in initials) JLEF

[CORPORATE] DIRECTOR'S SIGNATURE (electronic) 
 To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

