

Future Use of The Wells Site: Update

Head of Service/Contact:	Mark Shephard, Head of Property and Regeneration
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Confidential Annex 1 – Budget Breakdown
Other available papers (not attached):	Report to S&R Committee 1 Feb 2018 – Future Use of The Wells Site

Report summary

This report provides an update on progress since February 2018 and details the budget to progress the redevelopment up to and including the submission of planning permission.

Recommendation (s)

That the Committee:

- (1) Approves an additional budget of £68,000 to cover all the costs in connection with the submission of a planning application for the Wells site;**
- (2) Agrees that the £68,000 be funded from the Corporate Projects Reserve;**
- (3) Agrees to a report being brought back to September 2018 Strategy & Resources Committee with an update on progress.**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 This proposal supports the Council's four year Corporate Plan and Medium Term Financial Strategy specifically focusing on the Key Priority of Managing our Resources through maximising returns from properties and other investments, and identifying new sources of revenue and maximising our existing income.

2 Background

- 2.1 At its February 2018 meeting, Committee considered the future use of the Wells site and approved the following recommendations:-

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- *The residential redevelopment of The Wells Site, including the provision of a community facility of up to 1,500 sq ft (to be operated and managed by the community) is undertaken by the Council or its wholly owned trading company.*
- *PwC (PricewaterhouseCooper) be engaged to advise on how to achieve the outcome set out in recommendation 1 above at a cost of up to £15,000 to be funded from the Corporate Project Reserve.*
- *The Head of Property and Regeneration, in consultation with the Chief Finance Officer and Chief Legal Officer, be authorised to act on the advice received from PwC.*

- 2.2 Should a final business case prove the development's viability (both financially and otherwise), PwC (Pricewaterhouse Cooper) has indicated that the most efficient structure would be for the Council to undertake the redevelopment itself and, upon completion, transfer any units for rent to a wholly owned trading company.
- 2.3 Approval to appoint the procured professional team and allocate an initial £92,000 budget was a decision taken in consultation with the Committee Chairman. The professional team consists of development consultant, architect, planning consultant and quantify surveyor (cost consultant).
- 2.4 The professional team will produce the development brief i.e. to assess the redevelopment potential of the site and appraise its financial viability.
- 2.5 It is expected the professional team will complete the working up of a draft development brief for the September 2018 meeting. If approved, it will allow officers to move forward with the consultation with residents.
- 2.6 Following consultation, the development brief will be finalised and will form the business case to support redevelopment of the Wells site. The purpose of the business case will be to demonstrate the proposals for development are financially deliverable.
- 2.7 The completed business case will underpin a subsequent Committee Report seeking approval of the final scheme and authority to submit a planning application for final scheme.

3 Proposals

- 3.1 In line with the discussions, the key criteria for the development brief are:-
- mixed use scheme comprising residential and a community facility
 - retention of a public children's playground
 - retention of a public Right of Way

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- provision of sufficient parking

- 3.2 As mentioned, it is anticipated that the draft development brief will be ready for submission to September 2018 Committee. If approved this will then allow for a consultation with residents in October 2018, following which approval of the development and authority to submit a planning application will be sought at November 2018 Committee.
- 3.3 The existing approved £92,000 professional team budget includes the team's fees; third party surveys (ecological, transport, arboricultural etc); working up the development brief; undertaking consultation and concluding the business case in readiness for the submission of a planning application.
- 3.4 It is recommended that an additional budget of £68,000 be approved to cover all the costs associated with the submission of a planning application. The additional sum covers planning application fees, structural engineer advice, hydrogeologist advice, legal fees and a contingency.

4 Financial and Manpower Implications

- 4.1 A full breakdown of all the cost for submission of a planning application for the site is attached at the confidential Part II Annexe A. The individual figures are commercially sensitive due to outstanding appointments or surveys awaiting procurement
- 4.2 If planning permission is forthcoming, the Wells site will receive a net uplift in land value (i.e. after the deduction of all costs to achieve planning permission). The likely increase in value is considered in the **confidential Part II Annex 1**.
- 4.3 ***Chief Finance Officer's comments:** Developing the Wells site has the potential to deliver a long-term residential asset with associated income streams. However, the viability of the development and its long-term financial impacts will only be accurately established once the professional advice and full due diligence exercises have been undertaken.*
- 4.4 *The estimated £68,000 additional cost of the professional team could be met from the Corporate Projects Reserve, which at 30/06/18 holds a balance of £2,574,390.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 Under Section 123 of the Local Government Act 1972, the Council can dispose of land in any manner it wishes, subject to certain constraints, A council shall not, without the consent of the dsecretary of state dispose of land for a consideration less than the best which can reasonably be obtained. In this context, a disposal excludes a granting a lease of less than seven years.

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- 5.2 Under section 1 of the Localism Act 2011 local authorities have a general power of competence that enables them to do anything that a private individual is entitled to do, as long as it is not expressly prohibited by other legislation. Section 4 of the same Act directs that anything which is done for a purely commercial purpose should be done through a company.
- 5.3 Section 1 of the Local Government Act 2003 provides a power to the Council to borrow a) for any purpose relevant to its functions, or b) for the purposes of the prudent management of its financial affairs.
- 5.4 ***Monitoring Officer's comments:*** *Comments have been incorporated within the report.*

6 Sustainability Policy and Community Safety Implications; Partnerships

- 6.1 None for the purposes of this report.

7 Risk Assessment

- 7.1 The draft development brief will consider the risks to achieving planning permission and will be covered at September 2018 Committee.

8 Conclusion and Recommendations

- 8.1 The proposals set out in this report will enable the professional team to work up the development brief in readiness for September 2018 Committee approval to commence consultation.

Ward(s) affected: (All Wards);