

Planning & Development Portfolio Holder Update

Title:	Waterside Project
Portfolio Holder:	Councillor Jeff Osborn
Reporting Officer:	Ian Gallin, Corporate Director
Key Decision:	Yes

Purpose of Report

To update Members on the current position in respect of the Waterside Scheme comprising the East Wing of the County Hall Campus and the District Council's Court Street car park for a potential mixed use development scheme including a new library, cinema and bowling complex.

To seek authority to move to the next stage in the project which includes submitting an outline planning application and if granted to offer the site for sale on the open market.

Background

At its meeting on 20th July 2005 Cabinet resolved to:

- note the ongoing progress with regard to the Waterside Project
- request that work on a Partnership Agreement between the County Council and District Council is commenced

Members will recall that the March report noted a scheme had been produced which it was believed would deliver the aims of the Trowbridge Urban Design Framework (UDF) and that further work was needed to ensure it was both physically and financially viable.

Current position

On 20th July, Cabinet were advised that further work was being undertaken through consultants and the results can be summarised as follows:

a) Proposed scheme: More detailed plans will be displayed at Cabinet that reflect the results of the Consultants further investigations.

b) Traffic impact: Alterations to the proposed scheme have been made to ensure that it does not have an adverse impact on the Longfield road Gyratory system.

Geo-technical investigations: Some of the buildings will require piled foundations, but this was allowed for in the preliminary financial appraisal. No contamination over and above that which would be anticipated for a 'brown field' site was encountered.

Flood risk assessments: No problems identified.

Relocation requirements : Discussions with existing occupiers of the County Hall Campus (including Unison, the Bustard Club, and Wiltshire Probation Service), are continuing and solutions that will have a minimum impact on service delivery and the scheme are being formulated. However these are being considered in connection with the Council's BPR (Business Process Re-engineering) programme. Estimates have been provided within the financial appraisal, but it is hoped that the BPR will enable these to be significantly reduced.

Ecological surveys: It is considered that the development of the site will not have a detrimental impact on ecology, but development proposals for the site should consider potential for improving the environment.

Market soft testing: Informal meetings have been conducted with both potential leisure operators and developers. These were conducted to ascertain: if the project would be of interest, whether the project plan would be readily accepted by the market, and identification of any improvements that could be made to the process and delivery of the objectives. There was support for process being conducted by the Councils including the submission of a planning application prior to offering the site for sale. Both operators and developers confirmed that the scheme is of considerable interest and found it refreshing that the Councils have not only consulted the community but the market place as well. The feedback has confirmed that the project plan is robust, and provides confidence in the process being recommended.

Timescales The Project Plan is now entering Phase 3 which anticipates the submission of an Outline Planning Application in November, assuming that this month's meetings of the County Council's Cabinet and District Council's Cabinet give their approval. It is hoped that planning consent will be granted early in the first couple of months of next year, following which the site will be offered on the open market with a preferred developer selected around July 2006. This would enable contracts to be exchanged by the end of that year and Detailed Planning Consent secured by April 2007. Development on site would commence shortly thereafter.

During the intervening time, it is proposed that the Councils will enter a Partnership Agreement setting out the parties' intentions and aspirations, together

with how the financial benefits and liabilities arising out of the project will be apportioned.

The Agreement will provide for the formation of a Partnership Panel, comprising Members and officers of both authorities, which will oversee the successful delivery of the project. It will also consider the extent to which the scheme's design and financial bids can support both ~~Authorities~~ Authorities' aspirations for 'Planning Gain'.

Main Considerations for the Council

From the work undertaken so far it is believed that the project is capable of delivering the objectives of securing a cinema and bowling complex for the town together with a new library.

However the design and mix of uses comprised within the eventual scheme will be a matter for the developers to submit in their bids for the site. These will be evaluated at the end of the marketing exercise, and any scheme that does not encompass the primary objectives (cinema together with associated leisure facilities, and new library) will be rejected. It must be noted that the plans that the Councils' consultants have devised merely demonstrate that a viable scheme is possible within the current development control, physical and financial parameters. The eventual scheme may look very different to those on display.

Environmental Impact of the Proposal

The scheme involves demolition and redevelopment proposals which will be subject to appropriate planning and other approvals.

Risk Assessment

Officers are proceeding on the basis that the costs of the development to the Councils', including consequential costs such as relocation and infrastructure, will be funded within the overall scheme, so that the effect on the Councils' net expenditure is neutral. Until bids have been submitted by developers it is not possible to guarantee that a scheme will be forthcoming that meets this condition.

However a Risk register has been devised by the consultant project manager which can be found in Appendix 1.

This and the financial plan will be constantly monitored, with regular reports to the Partnership Panel.

Financial Implications

It is possible that land owned by both Councils could achieve a higher value through the sale of their respective landholdings for alternative forms of development. However, to do so would be contrary to the underlying principles of the UDF and it is uncertain whether planning consent would be granted.

This would be contrary to the findings arising from the public consultation work that informed the UDF.

The Councils' consultants have undertaken a financial appraisal based on the scheme on display. This demonstrates that the project is viable. The contents of the Appraisal are commercially sensitive, and it is recommended that any discussion is conducted in confidence.

The scheme has now entered a stage where considerable costs will be incurred. The District Council has incurred £49,500 of costs in taking the scheme through phases 1 and elements of phase 2. The project in terms of financing now passes to the County Council. Details are provided in Appendix 2.

With the exception of the funding provided by the District Council it is proposed that these are funded from the eventual proceeds of sale.

Options Considered

The Council could abandon the scheme. However the findings of the consultants demonstrate that the scheme is viable and therefore this option is not recommended.

The Council could pursue a higher value scheme. This is not recommended this would be contrary to the Supplementary Planning Guidance comprising part of the Adopted Local Plan, and therefore is unlikely to be granted planning consent. It would also be contrary to the findings arising from the public consultation work that informed the UDF.

The Council's could offer the site for sale without submitting an outline planning application. However the feedback from the developer soft testing exercise was that a planning consent would give the market greater confidence in the project, thereby generating bids that were not discounted to reflect the risk.

Recommendations

That the Cabinet is recommended to:-

Authorise officers to proceed with the submission of an outline planning application, entering a Partnership Agreement with the County Council, forming a Partnership Panel, and offering the land comprising County Hall East, together with Court Street Car Park for sale on the open market.

Statement of reason for key decision	This is a significant project involving land currently in public ownership. The delivery of a cinema and associated leisure has long been an aspiration in the local community and is contained in many strategy and plan documents as a key outcome or objective
Options considered and rejected	Options considered are detailed in the report under the heading 'Options Considered'
Date of implementation	Key dates in relation to this project are contained in the report under the heading 'Timescales'. The specific recommendations will be implemented immediately

APPENDIX 1

Person	Title	Organisation	Role
Clive Miller	Director	Clive Miller & Assoc Ltd	Project Consultant
Mark Hunnybun	Valuation Manager	WCC	Client and lead Officer
Charles Russell-Smith	Director	Alder King LLP	Project Valuation and Marketing consultant
Ian Gallin	Director	WWDC	Client and lead officer

No	Threat	Underlying Cause	Severity L,M,H	Probability L,M,H	Magnitude of Risk	Comments & Control Development	Ease of Implementation	Priority	Actions	Responsibility	Status
(a)	<u>Legal Risks</u>										
1	Failure to agree terms with WWDC	Unable to agree apportionment of receipts, disbursements or S106 costs	H	L	H	These matters are under active discussion and will be secured with signing of partnership agreement	Easy	H	Completion of legal work Set up Partnership Board	IG/MH	
2	Unable to prove legal title to the land	Deficiencies in Title	M	L	M	This risk will be eliminated by the process in hand to register all the land	Easy	H	Complete registration process	IG/MH	

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3	Unable to acquire Probation HQ	Failure to agree terms or costs found to be prohibitive	M	M	L	Would require amendment to scheme but land not considered essential	Easy	L	Keep situation under review	CRS/MH	
4	Unable to provide replacement accommodation and offer VP to developer on agreed date	Inability find replacement accommodation and/or agree terms	H	L	H	Relocations plans and costings need to proceed rapidly. May require advance commitment from WCC to acquire replacement accommodation in advance of signing a developer	Difficult	H	Keep situation under review Complete relocations Action Plan	All	
5	Failure to agree terms with preferred developer	Market shift or failure. Developer proves to be unsuitable	H	M	H	If market shifts, scheme may have to be redesigned or postponed. If developer proves unsuitable, then alternative developer will have to be selected	Moderate	H	Maintain watching brief and gathering of market intelligence	CRS/CM	
6	Judicial Review following resolution to grant pp	Alternative landowner/developer aggrieved by process	H	L	M	Would result in costs and delays to scheme	Difficult	H	Ensure that all planning documentation and processes are transparent and robust and that rules for achieving 'best consideration' in disposal are strictly followed	CM/IG	
7	Failure to obtain necessary alcohol and entertainment licences	WWDC committee receives objections and are opposed	H	L	H	The area is allocated for commercial leisure and is not near existing residential properties. Scheme must be designed to ensure that new residents are fully protected from noise, smell, litter disturbances	Easy	M	Require developers to have regard to this aspect in their detailed design submissions and develop pre application relationship with WWDC licensing officers	CM/IG	

(b)	<u>Financial Risks</u> WCC Corporate Risk R41 September 2004										
8	Abortive fees should project not proceed	Project failure	H	L	H	Risks have been progressively eliminated and will continue to be so.	Easy	H	Monitor remaining risks throughout project	All	
9	Market for commercial premises and/or residential development collapses	Macro economic circumstances change	H	L	H	Depending on magnitude of any changes, scheme may have to be redesigned or postponed as in 5 above. Due to potential fragility of cinema market in medium/long term opportunities to speed up marketing process should be taken wherever possible.	Moderate	H	As 5 above	CRS/CM	
10	Costs of relocations and construction rise	Costs rise due to industry changes or unexpected expenses	M	M	M	Relocations plan to be completed and costed. Maintain close contact with preferred developer and develop open book approach to financial appraisals	Moderate	H		CM/MH/IG/CRS	

(c)	<u>Management and Marketing Risks</u>										
11	Insufficient developer /operator interest	Inadequate pre marketing research or conditions change during project	H	L	L	Soft market testing reveals high level of developer and operator interest for the site and the content	Easy		Maintain close contact with developer and operator market place		
12	Key personnel change	Career moves or illness	M	L	L	Establishment of Project plan, consultant team and internal team shares understanding and responsibility	Easy	H	Maintain the team approach	CM	
13	Political consensus lost	Political or partnership changes	M	L	M	Establishment of Project Board provides for ongoing agreement and continuity	Easy	H	Set up and brief the Project Board without delay	All	
14	Public Opposition to the scheme	Opponents are unhappy with scheme content, design or timescale	M	L	L	Previous history of public involvement and support for the project	Easy	M	Maintain practice of providing publicity and opportunity to make comments at key stages	MH/IG	

(d)	<u>Technical Risks</u> WCC Corporate Risk R14 September 2004										
15	Failure to obtain planning permission or need to substantially revise scheme	Unexpected technical problems encountered	L/ M/ H	M	?	Carry out pre application consultations and monitor progress of application once submitted. Flood risk, highways, geotechnical and ecological, archaeological surveys and consultations already carried out. No insurmountable obstacles encountered	Moderate	H	Maintain the team approach	CM	
16	Imposition of onerous conditions on pp	Unexpected requirements from Highways, EA etc	?	L	?	Maintain effective communication with WWDC during pre application and application process	Moderate	H		CM	

Key

Severity
H = High
M = Medium
L = Low

Probability
H = High
M = Medium
L = Low

Implementation of controls
Easy
Moderate
Difficult

Appendix 2

Waterside Project Costs Incurred to date

WATERSIDE PROJECT COSTS TO 30/9/05		
	£ excl VAT	
	WWDC	WCC
PROJECT MANAGEMENT	15,000	7,000
VALUATION	22,500	
MARKETING AND DISPOSAL		6,000
QUANTITY SURVEYOR	1,000	1,350
ARCHITECTURE	10,000	10,000
HIGHWAY CONSULTANT		7,500
GEOTECHNIC SURVEY		17,500
ECOLOGY	650	
TOPOGRAPHIC SURVEY		5,250
DATA ACQUISITION	350	
FLOOD RISK ASSESSMENT		3,500
TOTAL	49,500	58,100

Estimated Project Costs for Remainder of Stage 3

Costs of Stage 3 to be incurred by Wiltshire County Council and recoup through land sale

WATERSIDE : ESTIMATED PROJECT COSTS OUTSTANDING STAGE 3			
	Total £ excl VAT	04/05	05/06
PROJECT MANAGEMENT	54,000	20,000	27,000
HIGHWAY CONSULTANTS	8,500	8,500	
ADVERTS AND BROCHURE	4,000	4,000	
MARKETING/DISPOSAL	42,000	18,000	24,000
PLANNING FEES	7,825	7,825	
ARCHITECTURE	5,000		5,000
QUANTITY SURVEYOR	1,000	1,000	
LEGAL	120,000	40,000	80,000
PRESS/PR	10,000	5,000	5,000
DV FEES	5,000		5,000
TOTAL	257,325	111,325	146,000