

CABINET SPOKESPERSON FOR PLACE

Record of a decision taken on 31st May 2017

Courthouse Car Park – Procurement of a Developer

Subject

To seek authority to begin a procurement exercise to select a developer for the redevelopment of the Courthouse car park.

Key Risks Associated with the Proposed Action

Initial risks identified include:

- Lack of developer interest
- Insufficient detail on car parking and highways impact/ requirements
- Poorly developed submissions from developers/ investors
- Inability to coordinate with the Glass Works scheme
- Impact on operation and demand for space at DMC

Recommendation

It is recommended that:

- 1 The procurement strategy to secure a development partner for the Courthouse scheme is approved and commenced.**

- 2 The outcome of the procurement exercise will be subject to further reports seeking authority on the selection of any developer, the design and delivery of the preferred scheme and any further Council investment required to deliver the scheme.**

Certification by Executive Director – PLACE

Report cleared for consideration by Cabinet Spokesperson

J. Bradstone
.....

31. 5. 17
.....

Signed

Date

Decision / Comments of the Cabinet Spokesperson

Recommendation Approved / Not Approved * by Cabinet Spokesperson
(*delete as appropriate)

P. Miller
.....
(Signed) Cabinet Spokesperson

30/5/17
.....
Date

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a Key Decision within the council's definition and has been included in the relevant Forward Plan

Report of the Executive
Director Place

Courthouse Car Park – Procurement of a Developer

1. Purpose of report

- 1.1. To seek authority to begin a procurement exercise to select a developer for the redevelopment of the Courthouse car park.

2. Recommendations

It is recommended that:

- 2.1 **The procurement strategy to secure a development partner for the Courthouse scheme is approved and commenced.**
- 2.2 **The outcome of the procurement exercise will be subject to further reports seeking authority on the selection of any developer, the design and delivery of the preferred scheme and any further Council investment required to deliver the scheme.**

3. Introduction

- 3.1 In January 2017 (Cab.11.1.2017/16) Cabinet approved a series of priorities for the town centre as set out in the Town Plan. These priorities included the redevelopment of Courthouse car park. Members agreed to the principal of development on the car park and the progression of a business case and future options for the site.
- 3.2 This report presents the business case for the procurement process to select a developer for the site. Further reports will be presented to cabinet relating to the selection of any developer, the design and delivery of the preferred scheme and any further Council investment required to deliver the scheme.

Current Position

- 3.3 Initial market testing carried out by consultants Arup identified that a residential development will be the primary focus of the Courthouse. The intention is to bring forward a high quality private sector led residential scheme that will add to and support the long term sustainability and viability of Barnsley town centre. The option appraisal work has identified opportunities for a relatively dense urban housing focussed scheme that will benefit from a prime location close to the Glass Works with excellent transport linkages provided by the Transport interchange.

- 3.4 The scheme will centre on the Council owned car park although discussions will take place with Barnsley College to explore if the former Eastgate campus should be considered as part of the developer design process.
- 3.5 Following on from the initial market testing there has been continued interest from developers regarding the Courthouse opportunity. The scheme was actively promoted at the international MIPM property event and has been featured at local developer events. Wider interest in Barnsley as an investment opportunity has been generated following the launch of the Glass Works scheme.
- 3.6 A key element of the Courthouse redevelopment process will be ensuring that an adequate supply of car parking is maintained to service the future needs of the town centre. Future demand, particularly in relation the Glass Works scheme was considered as part of the recently completed car parking study and the findings will be built in to the replacement car parking requirements of the Courthouse scheme. Opportunities for replacement car parking will be considered on Courthouse itself and appropriate locations elsewhere in the town centre.
- 3.7 To complement the core residential offer and any replacement car parking there are opportunities to consider additional uses for the site that include potential employment/ live work space that would support activity at the digital media centre. Delivering complementary business space is an aspiration for the project. This could include lifestyle businesses to complement the residential and wider town centre offer along with potential expansion space for the DMC.

4. Consideration of alternative approaches

- 4.1 Following the initial option appraisal work consideration has been given in how to engage the private sector.
- 4.2 An option was considered that involved the marketing of the Courthouse site and then disposal via a tender or auction process to a private sector partner. This option would have the advantage of being the quickest and least resource intensive method of involving the private sector however it does significantly increase the risks associated with the Council losing control of the site.
- 4.3 The site is strategically important for the Council in terms of its location and its ability to influence the delivery of a quality housing offer into the town centre. A straight sale to a developer would increase the risk of not being able to control the timing or quality of development and also integrate other potential uses on the Courthouse site. This option is also potentially the least flexible in terms of re-providing car parking spaces with a solution needing to be confirmed by the Council without the involvement of any potential developer.
- 4.4 An option was considered where individual plots were sold resulting in a phased release of land. This option gives greater control with the Council setting out a development framework/ masterplan for the site. Plots would be brought to market on a phased approach giving certainty on integration and

the design / quality requirements. This approach would however result in higher upfront planning/ design costs for BMBC and there is a risk that a phased sale would not be commercially viable for a developer who is likely to require at least options on the whole site to make the scheme attractive to invest in.

5. Proposal and justification

- 5.1 The preferred option is to procure one development partner for the site.
- 5.2 The intention is to use the procurement process to identify a high quality solution for the site with the procurement process requiring bidders to bring forward not only design solutions but funding and delivery mechanisms to ensure scheme delivery. As part of this process potential developers will also be required to bring forward solutions to the loss of car parking that the development will cause.
- 5.3 The market testing has suggested that the scheme could be attractive to the traditional volume house builders and also developers that are likely to come forward as a consortium of architects, builders and funding partners.
- 5.4 The procurement stage will follow a two stage process, a pre qualification stage that will test experience and a full tender stage where developers will be expected to bring forward their design and funding solutions for the scheme. To ensure a market facing and efficient procurement process the intention is to only take forward a small number of companies into the design/ full tender stage. The procurement strategy is set out in appendix b of the report
- 5.5 In order to bring forward meaningful and detailed design and delivery solutions at the full tender stage potential developers will need to be given sufficient background detail on the existing car park including site conditions and relevant structural surveys. In addition car parking requirements and potential highway capacity assessments will need to be determined.

Resource Requirements

- 5.6 A comprehensive project management approach will be developed to deliver the scheme. A recruitment exercise is underway to identify a dedicated project manager a resource that will be shared with the PIF 2 project. A project team will be identified to coordinate and select the development partner. Members of the Council's housing team will be central to this process along with the highways team to assess the car parking and highways implications.
- 5.7 The procurement process will be coordinated by NPS Barnsley and there will also be a need to secure legal support to develop a development agreement to underpin any future development.
- 5.8 Critical to the procurement process will be a receiving a detailed submission from shortlisted bidders. Bidders will be expected to bring forward detailed costed designs underpinned by a detailed delivery programme and a cost and investment plan. In addition a detailed car parking solution will also be required from bidders. The upfront resource commitment from bidders will be

significant and there is a risk that potential bidders will be put off by these requirements. This risk will be mitigated to some extent by only taking through a small number of bidders to the full tender stage. Initial thinking is that this could be in the range of 3-4 organisations.

- 5.9 It is recommended to further mitigate this risk by making available up to a maximum of £30,000 as a contribution to the unsuccessful bidders to offset the legitimate design and scheme development costs they will have incurred as part of the procurement process. This money will not be available to a bidder who is selected to develop the scheme.
- 5.10 It is also recommended to carry out a review of final bidder submission by a 3rd party property consultancy. A comprehensive evaluation of competing developer submissions will be required in particular focussing on the evaluation of financial models and delivery mechanisms. Underpinning this there is also the need to ensure that the specification requirements of the procurement process deliver a detailed submission from bidders to enable BMBC to select the most appropriate partner. The intention is to procure this critical friend role off the Land Solve property framework.
- 5.11 The total cost of the procurement exercise is estimated at £250,000. A further £2.3million has been requested as part of the Council's forward capital programme towards the future viability of the Courthouse scheme. Any future resource requirements will be determined by the developer procurement exercise and will be subject to a further business case and cabinet report.
- 5.112 The full business plan for the procurement stage of the Courthouse development is set out in appendix c.

6. Implications for local people / service users

- 6.1 There are potential implications on the supply of car parking within the town centre affecting visitors and workers. This supply of spaces will need to be managed to minimise the impact on town centre users.
- 6.2 There will be significant construction over a number of projects over a period of time which will cause some disturbance to the town centre. This scheme will be managed to minimise impact on existing businesses and the public including those businesses whose premises are close to the development area. Significant emphasis will also be placed on maintaining a vibrant town centre throughout any construction works.

7. Financial implications

- 7.1 Consultation has taken place with representatives for the Service Director – Finance (S151 Officer)
- 7.2 The Council approved the 2017-2020 Capital Programme in February 2017 as part of the 2020 Future Council Budget Process (Cab 8.2.2017/7 refers). This

report identified funding totalling £56.4M together with a list priority schemes to be progressed over the 3 year period.

- 7.2 Included within the list of priorities schemes is the proposed development of the Courthouse Carpark site to which this report refers. Funding totalling £2.560M has been earmarked for this scheme. Additional funding is also being sought from other avenues including the Sheffield City Region to aid the development works.
- 7.3 A full business case for the scheme has been completed and is attached at Appendix B. In order for the scheme to progress it is requested that £0.250M of the funding set aside be released to fund a procurement exercise to identify a development partner for the scheme.
- 7.4 The successful bidder will be required to provide design solutions together with potential funding and delivery mechanisms for the scheme. In addition to this as result of the development, some of the current town centre car parking provision may be lost. The development partner will therefore also be required to identify a future car parking solution to replace any lost car parking provision as a result of the development.
- 7.5 A further report will be presented to Cabinet in due course to recommend the proposed course of action for the site together with seeking appointment of the preferred development partner. Any additional investment requirement including if necessary drawdown of the remaining funding and identification of any alternative funding sources will be presented at this time.
- 7.6 The financial implications of this report are presented Appendix A.
8. **Employee implications**
 - 8.1 There are no employee implications arising from this report.
9. **Communications implications**
 - 9.1 A detailed communications strategy will be developed for the scheme. An early element of this will be coordinated approach to developers and investors to raise awareness of the scheme.
 - 9.2 The communication strategy also needs to recognise that the town centre is facing a long period of change with major construction work taking place. A key objective therefore has to be to promote the town centre and its retailers through this period of change communicating that the town centre is still open for business.
10. **Consultations**
 - 10.1 Consultation has taken place with representatives from the Director of Finance, Assets and Information Services regarding the financial implications and Risk Management issues.
11. **Community Strategy and the Council's Performance Management Framework**

11.1 The proposals in this report are consistent with Council's Corporate Plan 2012-15 as it directly contributes towards the aspiration of delivering a thriving and vibrant economy. A specific outcome of this objective is a vibrant town centre.

12. Tackling Health Inequalities

12.1 The creation of new high quality housing which provides a significant contribution to addressing inequalities in health and developing a healthy productive community.

13. Climate Change & Sustainable Energy Act 2006

13.1 Action to improve the energy efficiency of buildings constructed as part of the project will help to reduce carbon emissions.

14. Risk Management Issues

14.1 Discussions have taken place with the Council's Risk Management officer and a full risk register is currently being developed.

14.2 Initial risks identified include:

- Lack of developer interest
- Insufficient detail on car parking and highways impact/ requirements
- Poorly developed submissions from developers/ investors
- Inability to coordinate with the Glass Works scheme
- Impact on operation and demand for space at DMC

15. Health & Safety Issues

15.1 None arising directly from this report although there is the need to ensure all relevant staff are trained up on health and safety issues.

16. Compatibility with the European Convention on Human Rights

16.1 There are no matters of relevance arising from this report.

17. Promoting Equality & Diversity and Social Inclusion

17.1 There is an understanding that anyone with disabilities can face all kinds of challenges using the town centre. The goal is that the finished scheme is a destination of choice for anyone with disabilities who wants to live in the town centre.

17.2 The Town Centre plan equality impact assessment identified that

- The new buildings, amenities and spaces meet the highest disability access standards, and have involved disabled people in their design and development.

- Transport to and from the town centre meets the needs of disabled people and parents with young families.
- The town centre is designed to be a safe and inclusive space at all times of the day and night.

A specific objective identified the need to ensure disability access issues were considered as part of future car parking requirements.

18. Reduction of Crime & Disorder

- 18.1** The Council is collaborating with the Police to address anti-social behaviour across the town centre. The Courthouse car park has previously been a focus for anti social behaviour. Good, safe design principal will help and assist this work going forward.

19. Conservation of Biodiversity

- 19.1** There are no matters of direct relevance arising from this report although biodiversity will be a key issue as detailed designs for the Courthouse scheme emerge.

20. Glossary

DMC- Digital Media Centre

21. List of Appendices

Appendix B- Procurement Strategy
Appendix C – Business case

22. Background Papers

Office Contact: Andrew Osborn

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Date: May 2017

Report of the Executive Director Place

FINANCIAL IMPLICATIONS

Courthouse Carpark - Procurement of a Developer

i) <u>Capital Expenditure</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	TOTAL
		£	£	
Courthouse Carpark Site Development - Procurement Costs	250,000			250,000
	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>250,000</u>
To be financed from:				
Funding set aside as part of the 2017-2020 Capital Program	-250,000			-250,000

ii) <u>Revenue Effects</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	TOTAL
	£	£	£	
<u>Expenditure</u>				
Total Expenditure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
To be financed from:				

<u>Impact on Medium Term Financial Strategy</u>	2017/18	2018/19	2019/20
	£	£	£
MTFS	0.000	0.344	-0.703
Effect of this report	0	0	0
Revised Medium Term Financial Strategy	0.000	0.344	-0.703

Agreed by: 24/05/2017.....On behalf of the Service Director and Section 151 Officer - Finance

