

Summary Sheet

Committee Name and Date of Committee Meeting

Cabinet and Commissioners' Decision Making Meeting – 11 June 2018

Report Title

Forge Island Development

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report:

Damien Wilson, Strategic Director of Regeneration and Environment

Report Author(s)

Tim O'Connell - Head of RiDO

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Ward(s) Affected

Boston Castle

Summary

As agreed at Cabinet on 11th September 2017 the Council is currently out to the market to secure a development partner for Forge Island. Stage 1 of the process has been completed and the Council has invited three potential development partners to submit detailed development proposals. The deadline for proposals to be received is 29th June 2018.

To allow a scheme to progress as quickly as possible it is proposed that the Strategic Director of Regeneration and Environment in consultation with the Cabinet Member for Jobs & the Local Economy and the Strategic Director of Finance & Customer Services are given the appropriate authority to select a development partner from among the bids submitted in June.

In addition, authority is requested to complete outstanding property purchases at Riverside Precinct and to progress with the flood defence work required for development to take place.

Recommendations

1. That the decision to appoint a development partner for Forge Island and the terms of that appointment be delegated to the Strategic Director of Regeneration and Environment in consultation with the Cabinet Member for Jobs and the Local Economy.

2. That the Strategic Director of Regeneration and Environment be delegated authority to use the powers available to the Council to agree the purchase and terms of the leaseholds at Riverside Precinct and that funding for these acquisitions be provided from the Town Centre Investment scheme within the approved Capital Programme.
3. That, subject to an assessment of the financial viability of the proposed final terms of the development agreement, the Strategic Director of Regeneration and Environment, in consultation with the Strategic Director of Finance and Customer Services, be delegated authority to commit resources from the Town Centre Investment scheme within the approved Capital Programme to deliver a preferred scheme for the development of Forge Island.
4. That the Strategic Director of Regeneration and Environment, in consultation with the Strategic Director of Finance and Customer Services, be delegated authority to instruct Legal Services or a third party legal provider to negotiate and complete the necessary legal documentation to give effect to the recommendations above.
5. That approval be given to implement the flood defence works and the funding for implementation is taken from the allocated Town Centre Investment Scheme.
6. That Cabinet receive information on the Town Centre Investment scheme spend profile at appropriate trigger points.

List of Appendices Included

- Appendix 1 Forge Island Stage 2 Submission Requirements and Scoring Breakdown
- Appendix 2 Exempt Appendix – Commercial Information

Background Papers

Rotherham Town Centre Implementation Masterplan, Cabinet Report 11th September 2017

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

*An exemption is sought for **Appendix 2**; under paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains sensitive commercial information with regards to costing for works and commercial agreements which could disadvantage the Council in any negotiations if the information were to be made public.*

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information, as the parties' commercial interests could be prejudiced by disclosure of commercial information.

Appointment of a Development Partner for Forge Island

1. Recommendations

- 1.1 That the decision to appoint a development partner for Forge Island and the terms of that appointment be delegated to the Strategic Director of Regeneration and Environment in consultation with the Cabinet Member for Jobs and the Local Economy.
- 1.2 That the Strategic Director of Regeneration and Environment be delegated authority to use the powers available to the Council to agree the purchase and terms of the leaseholds at Riverside Precinct and that funding for these acquisitions be provided from the Town Centre Investment scheme within the approved Capital Programme.
- 1.3 That, subject to an assessment of the financial viability of the proposed final terms of the development agreement, the Strategic Director of Regeneration and Environment, in consultation with the Strategic Director of Finance and Customer Services, be delegated authority to commit resources from the Town Centre Investment scheme within the approved Capital Programme to deliver a preferred scheme for the development of Forge Island.
- 1.4 That the Strategic Director of Regeneration and Environment, in consultation with the Strategic Director of Finance and Customer Services, be delegated authority to instruct Legal Services or a third party legal provider to negotiate and complete the necessary legal documentation to give effect to the recommendations above.
- 1.5 That approval be given to implement the flood defence works and the funding for implementation is taken from the allocated Town Centre Investment scheme.
- 1.6 That Cabinet receive information on the Town Centre Investment scheme spend profile at appropriate trigger points.

2. Background

- 2.1 On 11 September 2017 Cabinet resolved to adopt the Town Centre Masterplan and go out to the market to secure a development partner for Forge Island.
- 2.2 The importance of moving swiftly to appoint a development partner on Forge Island is clearly articulated in the Town Centre Masterplan and the process and timetable adopted reflects this urgency. A development brief for Forge Island has been released to the market, and from the responses received, three potential partners have been selected to submit detailed proposals.
- 2.3 The Forge Island Development comprises three sites:-
 - A) Forge Island Peninsula
 - B) Riverside Precinct
 - C) Former Magistrates Court

- 2.4 It is anticipated that any funding requirement to deliver the redevelopment of Forge Island or associated works will need to be managed from within the Town Centre Investment scheme in the approved Capital Programme.
- 2.5 The expected outcome of the development partner selection process is that the Council will notify of the appointment of a development partner during the week commencing 23 July 2018 and subsequently complete a legal agreement to lease Forge Island to the development partner. The agreement will include an option for the Council to take back the site if satisfactory progress is not made.
- 2.6 Key milestones, leading to the appointment of a development partner are shown below:

29 March 2018	Stage 1: Deadline for completed expression of interest submissions (completed)
02 April – 20 April 2018	Evaluation of Stage 1 submissions (completed)
w/c 23 April 2018	Notification of evaluation results (completed)
w/c 23 April 2018	Issue of invitation to bid (Stage 2) (completed)
29 June 2018	Deadline for completed Stage 2 submissions
25 June – 06 July 2018	Evaluation
w/c 23 July 2018	Notification of appointment of a development partner
w/c 03 September 2018	Confirmation of appointment and exchange of agreement

- 2.7 The Stage 2 submission requirements and scoring breakdown is attached at Appendix 1.

3. Key Issues

- 3.1 To meet the timetable set out in 2.6 above means the decision for a development partner is required between the 29th June and 23rd July. In order to ensure this timescale is adhered to it is proposed to delegate this decision as detailed in this report and in the recommendations.
- 3.2 In response to the aspirations for high quality and the catalytic impact that the Council wishes to see delivered from this development there may be proposals included in the Stage 2 submissions that have a financial cost to the Council. In selecting a development partner it will be necessary to include appropriate authority for the decision maker to commit resources from the approved Capital Programme. To avoid the potential to prejudice commercial negotiations with Stage 2 bidders the parameters of this delegation are set out in exempt Appendix 2.

- 3.3 There remain two units within the Riverside Precinct in the Council's ownership, with long leases in place; negotiations for purchasing these are progressing. It will greatly assist the process of negotiation if the authority is delegated to the Strategic Director of Regeneration and Environment to agree the terms for obtaining these leaseholds, and negotiate with leaseholders to obtain vacant possession.
- 3.4 At present the Forge Island peninsula and Magistrates Court area are at high risk of flooding, as such this creates risk for potential developer bidders. The cost of flood defence construction, viewed as 'abnormal development costs' by developers, will be reflected in the value of the site for development purposes.
- 3.5 The masterplan project delivery team have been working with the Council flood and drainage specialists to develop a potential flood defence scheme for Forge Island and as part of the Rotherham Renaissance Flood Alleviation Scheme (RRFAS). The scheme helps prevent flood water from the River Don entering the canal network, leading to flooding of key town centre infrastructure, particularly the rail and road network.
- 3.6 The Council are evaluating the option to undertake flood defence works ahead of development of the site to enhance the value of the site for development purposes, accelerate development and implement a key section of the RRFAS flood alleviation scheme for the town.
- 3.7 In undertaking the works the Council maintains control over the budget costs, the design and the functionality of the mitigation measure.

4. Options considered and recommended proposal

- 4.1 Recommended Proposal - to ensure the Council is able to progress the development expeditiously it is recommended that the decision to appoint a development partner is delegated to the Strategic Director of Regeneration and Environment in consultation with the Cabinet Member for Jobs and the Local Economy.
- 4.2 It is also recommended that the Strategic Director for Regeneration and Environment is given delegated authority to agree the price and terms for the purchase of leasehold interests at Riverside Precinct and, in consultation with the Strategic Director of Finance and Customer Services, delegated authority to commit resources from the approved £17m Town Centre investment funding within the approved Capital Programme to deliver a preferred scheme for the development of Forge Island. The limits of this delegation are described in the exempt Appendix 2.
- 4.3 It is also recommended that the Strategic Director of Regeneration and Environment, in consultation with the Strategic Director of Finance and Customer Services is given delegated authority to instruct Legal Services or a third party legal provider to negotiate and complete the necessary legal documentation to give effect to the recommendations above.

- 4.4 An alternative option is to call a special meeting of Cabinet between the 9th and 23rd July 2018 to confirm approval to progress with the use of a development partner for this project or to decide not to progress. The earliest date upon which the evaluation of Stage 2 bids will be complete is 6th July which will leave very limited time to prepare and publish papers.
- 4.5 A final alternative is to defer a decision to a later Cabinet meeting. The appointment of a development partner to realise the vision for Forge Island is a critical next step for the masterplan and delaying an appointment is not recommended.
- 4.6 Officers have explored a number of options for the implementation of flood defence works:

Option 1: The Council undertake flood defence works as soon as is practicably possible and ahead of the main development works on Forge Island. **This is the recommended option for the reasons set out in 3.6 and 3.7 above;**

Option 2: The Council transfer an agreed amount of funds to the successful development partner and it undertakes the flood defence works. This will mean that the Council loses some control over the design and construction costs for the works, and it will increase the delivery time of the overall scheme.

Option 3: The Council leaves the design and implementation of flood defence measures to the successful development partner to resolve. This will mean that the Council loses all control over the design and construction costs for the works, it will increase the delivery time of the overall scheme and the cost of the works will be reflected in the financial proposals received from development partners.

5. Consultation

- 5.1 There has been widespread consultation on the future of Forge Island as part of the Rotherham Town Centre Implementation Masterplan involving member and stakeholder workshops, public events, presentations and individual meetings. Most recently, progress was reported to the Improving Places Select Commission on 14th March 2018.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The timetable for the appointment of a development partner and exchange of agreement is set out earlier in this report. It is expected the Council will give notification of the appointment of a development partner during the week commencing 23rd July 2018.
- 6.2 The Cabinet Member for Jobs and the Local Economy, the Strategic Director of Regeneration and Environment and the Strategic Director of Finance and Customer Services are responsible for implementing this decision.

7. Financial and Procurement Implications

- 7.1 The Council's Approved Capital Programme to 2021/22 includes a Town Centre Investment Scheme which had an original allocation of £17million for regeneration projects in the town centre. This includes the development of key strategic sites, such as Forge Island and enhancements to the leisure/night-time offer. Total spend against this scheme to the 31st March 2018 was £1.885m, leaving a balance of £15.115m. It should also be noted that the Council has received a 10-year interest free loan of £1.5m from Sheffield City Region in respect of the acquisition of Forge Island, the repayment of which represents a future capital commitment for the Council.
- 7.2 The exempt Appendix 2 provides additional financial information on the development and the proposed delegation arrangements.

8. Legal Implications

- 8.1 The process adopted for the selection of a Forge Island development partner is objective, open, fair and transparent. In designing this process the Council has taken specialist legal advice and will continue to do so throughout the appointment process to ensure that the Council does not depart from the requirements of this advice. In addition the Council has appointed the specialist legal advisors to conduct negotiations of the legal documentation to give effect to the appointment and obligations of the respective parties thereafter.

9. Human Resources Implications

- 9.1 There are no HR implications arising from this report.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 There are no implications for Children and Young People and Vulnerable Adults from this decision to delegate decision making in the selection of a development partner. However, the Town Centre Masterplan makes clear the important role the redevelopment of Forge Island will play in creating a town centre that is attractive to all users including young people.

11. Equalities and Human Rights Implications

- 11.1 None

12. Implications for Partners and Other Directorates

- 12.1 None

13. Risks and Mitigation

- 13.1 There are no specific risks arising from this report.

14. Accountable Officer(s)

Damien Wilson, Strategic Director of Regeneration and Environment
Paul Woodcock, Assistant Director – Planning, Regeneration and Transport
Tim O’Connell, Head of RiDO

Approvals obtained on behalf of:-

	Named Officer	Date
Strategic Director of Finance & Customer Services	Julie Copley	26.04.2018
Assistant Director of Legal Services	Lesley Doyle	26.04.2018
Head of Procurement (if appropriate)	N/A	
Head of Human Resources (if appropriate)	N/A	

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