

Summary Sheet

Council Report

Cabinet – 19 November 2018

Title

York Road – Development Brief, Appointment of Developer and Disposal

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

No, but it has been included on the Forward Plan as a non-key decision

Strategic Director Approving Submission of the Report

Paul Woodcock, Acting Strategic Director, Regeneration and Environment

Report Author

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Ward(s) Affected

Rotherham East

Executive Summary

This report updates Cabinet on progress following the market testing of a redevelopment opportunity for a site on York Road. This report also requests the approvals and delegated authority required to progress this project in order to bring the site forward for development.

Recommendations

1. That the aims and objectives for the redevelopment of York Road as set out at paragraph 2.6 of this report be approved.
2. That approval be given to conduct an open tender procurement process in accordance with Rotherham Council's Contract Procedural Rules and Domestic and European Procurement Law.
3. That approval be given to the disposal of the York Road site as part of the successful Development Brief.

4. That authority be delegated for the appointment of the successful Developer partner and the final terms of the disposal and/ or development agreement (in respect of the Development Brief) to the Assistant Director of Planning Regeneration and Transport in consultation with the Strategic Director of Finance and Customer Services and the Cabinet Member for Jobs and the Local Economy.
5. That the Assistant Director of Legal Services be authorised to negotiate and complete the necessary legal agreements.

List of Appendices Included

Appendix 1 Map showing York Road redevelopment area

Appendix 2 York Road Valuation (Exempt)

Background Papers

Prior Information Notice (PIN) Development Brief: 2018

York Road Redevelopment – Development Brief – Report to Cabinet 13th November 2017 - Exempt

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

The report is open but 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, as this report contains sensitive commercial information with regards to the potential disposal of land and negotiation strategy which could disadvantage the Council 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 this commercial information.

York Road Redevelopment – Development Brief, Appointment of Developer and Disposal

1. Recommendations

- 1.1 That the aims and objectives for the redevelopment of York Road as set out at paragraph 2.6 of this report be approved.
- 1.2 That approval be given to conduct an open tender procurement process in accordance with Rotherham Council's Contract Procedural Rules and Domestic and European Procurement Law.
- 1.3 That approval be given to the disposal of the York Road site as part of the successful Development Brief.
- 1.4 That authority be delegated for the appointment of the successful Developer partner and the final terms of the disposal and/ or development agreement (in respect of the Development Brief) to the Assistant Director of Planning Regeneration and Transport in consultation with the Strategic Director of Finance and Customer Services and the Cabinet Member for Jobs and the Local Economy.
- 1.5 That the Assistant Director of Legal Services be authorised to negotiate and complete the necessary legal agreements.

2. Background

- 2.1 The site, as shown in Appendix 1, is well-positioned in the centre of the Borough with direct bus links and an easily accessible road system. It is well-served by retail and commercial outlets and is considered ideal for residential units.
- 2.2 The site is currently an under used Council Pay and Display car park consisting of approximately 100 spaces, generating income of approximately £3,000 per annum. Business rates are charged to the Parking services budget at around £6,000 per annum.
- 2.3 12 garage units are let on short term leases through the Council, generating around £435 per annum. As part of the redevelopment these garages will be removed and the short term leases cancelled.
- 2.4 A report was considered in November 2017 which detailed a number of options for York Road. The approved option involved the issuing of a Development Brief in the form of a Prior Information Notice (PIN) to test the market's appetite for a development partner to lead the regeneration of the site.

2.5 In total 6 responses were received demonstrating a healthy appetite for the scheme. The responses have been presented to Ward Members as well as Council officers and the proposals have helped to refine the aims and objectives for the redevelopment.

2.6 It is proposed that the site will be redeveloped for residential purposes and developers will be asked to deliver:

- Residential units (anticipated to be a maximum of 30 units)
- A mixed tenure approach
- An innovative housing solution in terms of design and energy efficiency
- Skills and job creation for local residents during the works.

It should be noted that this will be the aim of the procurement brief but the response from the market may dictate what is deliverable.

3. Key Issues

3.1 Depending on the outcome of the procurement process it is expected that the site will be taken out of Council ownership and passed to the successful developer. A capital receipt, which is reflective of the regenerative benefit to the area, could be expected in return. A market value has been obtained for the site, which is detailed in Exempt Appendix 2, but it should be recognised that the competitive process, will determine the true market value.

3.2 This report requests that the agreement of the final terms of the disposal and/or development agreement be delegated to the Assistant Director of Planning Regeneration and Transport in consultation with the Strategic Director of Finance and Customer Services and the Cabinet Member for Jobs and the Local Economy.

4. Options considered and recommended proposal

4.1 Five options were considered by Cabinet and Commissioners in November 2017, which were as follows:

- Option 1: The site to remain in its present state with no action or intervention.
- Option 2: Sale on the open market.
- Option 3: Development through a potential Special Purpose Vehicle for housing and regeneration.
- Option 4: Development of grant-funded affordable housing, rather than a mixed tenure provision.
- **Preferred Option 5:** Submission of Development Brief together with the acquisition of the integral site. This was the approved option.

Market testing and developer interest has been confirmed via the PIN process and therefore this report confirms the recommended option is to submit a full development brief to the market via the OJEU procurement procedure. If successful via procurement this option is intended to result in the appointment of a development partner and the disposal of the site.

5. Consultation

- 5.1 Ward Members, Housing and Planning services have been consulted on the submissions received in response to the PIN, from these consultations the detailed aims and objectives of the Development Brief have been captured. Further consultation with these parties will be undertaken in respect of the submitted detailed proposals.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The Development Brief will be submitted to market in early 2019. The Open procedure has been chosen and bidders will be given the deadline of the second week in March 2019. The bidder's submissions will be evaluated according to the scoring matrix. Approval to appoint the selected developer will be sought in April 2019.

7. Finance and Procurement Implications

- 7.1 The responses to the Development Brief will be assessed on a 'Most Economically Advantageous Tender' basis and this will determine any capital receipt to the Council in exchange for the land.
- 7.2 The Council currently receives income in the form of car parking income and rent from the garage sites (General Fund), which will be lost upon sale. This equates to circa £3,500 per annum.
- 7.3 The Council also incurs costs of circa £6,000 per annum in relation to the current site.
- 7.4 The current net position is a Council subsidy of circa £2,500 per annum. This will be saved on disposal.
- 7.5 The Development Brief will form part of the tender documentation that will be issued to potential developers through an Open tender Procedure. The opportunity will be published via OJEU (Official Journal of the European Union) and Contracts Finder in accordance with Public Contract Regulations 2015 and the Council's own Contract Procedure rules

8. Legal Implications

- 8.1 There are no direct legal implications arising from this report.

9. Human Resource Implications

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

10. Implications for Children and Young People and Vulnerable Adults

10.1 The chosen option will focus on the provision of family housing within a range of market and affordable housing options, which are likely to enhance the lives of children, young people and vulnerable adults.

11. Equalities and Human Rights Implications

11.1 None.

12. Implications for Partners and Other Directorates

12.1 Housing: There are 12 garages on site which are in the ownership of Housing, these leases shall be relocated if alternatives exist.

13. Risks and Mitigation

13.1 Main risks are:

- Little or no interest from the market leading to a non-competitive process.
- The scheme does not bring about the required regenerative benefits.
- The developer proposals do not bring about the expected receipt in land value.

14. Accountable Officer(s)

Paul Woodcock, Acting Strategic Director Regeneration and Environment
Paul Smith, Head of Asset Management
Lindsay Johnson, Strategic Asset Manager
Lorna Vertigan, Senior Programme Manager

Approvals obtained on behalf of:-

Title	Named Officer	Date
Strategic Director of Finance and Customer Services	Julie Copley	24.09.2018
Assistant Director of Legal Services	Stuart Fletcher	21.09.2018
Head of Procurement	Lorna Byne	20.09.2018
Assistant Director of Human Resources and Organisational Development	John Crutchley	24.09.2018