

Public Report

Cabinet and Commissioner Decision Making Meeting

Council Report

Cabinet and Commissioners' Decision Making Meeting – 14 November 2016

Title

Bassingthorpe Farm: Proposed disposal of land forming part of Bassingthorpe Farm housing allocation

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)

Lucy Mitchell – Senior Project Officer, Economic Development

Ward(s) Affected

Rawmarsh, Rotherham West and Wingfield

Summary

The purpose of this report is to seek in principle approval to dispose of the Council owned land that forms part of the Bassingthorpe Farm housing allocation, in line with the recommended 'delivery route'.

Recommendations

1. That the land owned by the Council forming part of the Bassingthorpe housing allocation be disposed of, as part of the Council's commitment to deliver more homes in the Borough.
2. That the recommended delivery route to secure a 'Promoter Partner' or 'Delivery Partner' be progressed by undertaking an Official Journal of the European Union (OJEU) procurement exercise to market the site, in partnership with Fitzwilliam Wentworth Estates.
3. That the Strategic Director of Regeneration and Environment Services be authorised to negotiate the Collaboration Agreement and Equalisation Agreement, the final terms of which will be reported to a future Cabinet and Commissioners' Decision Making Meeting for consideration.
4. That the Assistant Director of Legal Services be authorised to prepare the Collaboration Agreement and Equalisation Agreement between the landowners.

5. That approval be given to an exemption under Standing Order 38 from Standing Order 48 (requirement for contracts valued at more than £50,000 to be tendered) to enable the work detailed in item 3.4 of this report to be awarded to the contractor.

List of Appendices Included

Appendix 1 Bassingthorpe Farm location, land ownership plan & additional sites

Appendix 2 Additional information of delivery options

Background Papers

Advisory Cabinet/Commissioners' Decision Making Meeting

18th January 2016

Suspension of Standing Orders for various commissions supporting work on the Bassingthorpe Farm Delivery Project.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Proposed Disposal of Land Forming Part of the Bassingthorpe Farm Housing Allocation

1. Recommendations

- 1.1 That the land owned by the Council forming part of the Bassingthorpe housing allocation be disposed of, as part of the Council's commitment to deliver more homes in the Borough;
- 1.2 That the recommended delivery route to secure a 'Promoter Partner' or 'Delivery Partner' be progressed by undertaking an Official Journal of the European Union (OJEU) procurement exercise to market the site, in partnership with Fitzwilliam Wentworth Estates;
- 1.3 That the Strategic Director of Regeneration and Environment Services be authorised to negotiate the Collaboration Agreement and Equalisation Agreement, the final terms of which will be reported to a future Cabinet and Commissioners' Decision Making Meeting for consideration;
- 1.4 That the Assistant Director of Legal Services be authorised to prepare the Collaboration Agreement and Equalisation Agreement between the landowners;
- 1.5 That approval be given to an exemption under Standing Order 38 from Standing Order 48 (requirement for contracts valued at more than £50,000 to be tendered) to enable the work detailed in item 3.4 of this report to be awarded to the contractor.

2. Background

- 2.1 The Bassingthorpe Farm project represents a pivotal part of Rotherham's housing allocation defined in the Local Plan. The project is a proposed joint venture between the Council and Fitzwilliam Wentworth Estate (FWE), bringing land forward in partnership to deliver 2,400 homes to the North West of Rotherham town centre.
- 2.2 The initial study area for the Bassingthorpe Farm project is shown in Appendix 1 and is comprised of land under the ownership of either the FWE or the Council. FWE own the majority of the landholdings, with the gross land area split approximately:-
 - 73% owned by Fitzwilliam Wentworth Estates; and
 - 27% owned by the Council.
- 2.3 The ownership is also shown in Appendix 1 by the colour coded shading. The land in question is broadly in agricultural use and formed part of Rotherham's Green Belt between residential areas in Greasbrough to the west and a commercial area to the east at Barbot Hall and Parkgate.

- 2.4 Bassingthorpe Farm is identified as a strategic allocation in the Local Plan Core Strategy and was removed from the Green Belt on its adoption on 10 September 2014. The Concept Framework for the site proposed 2400 new dwellings and also includes 11 Ha of employment land, a local health centre, primary school, and a local centre together with the green and social infrastructure necessary to create facilities to serve the new and existing communities. The concept framework identifies a developable area of approximately 80 Ha (198 acres).
- 2.5 The Local Plan policy for the site states that the Concept Framework will be used as the basis for further comprehensive masterplanning to assist with the delivery of the site.
- 2.6 The delivery of the site is critical if the Council is to meet its housing delivery targets and a Steering Group has been established to ensure delivery of the site is progressed and ensure proper governance. Representation on the Steering Group includes senior officers from across Planning, Regeneration, Housing, Finance and Property Services, along with representation from FWE, the HCA and the Cabinet Member for Jobs and the Local Economy.
- 2.7 Progress and activity reports are prepared by the sub groups and reported through to Members as and when required.
- 2.8 In addition to the Bassingthorpe strategic allocation, there are two further sites labelled A and B at Appendix 1 that officers have previously secured authority to dispose of. However, due to the connectivity and relationship with Bassingthorpe Farm, consideration is being given to inclusion of these sites in the overall Bassingthorpe project. Alternatively, the sites could be marketed in advance of the Bassingthorpe project to try and achieve exemplar developments in advance of Bassingthorpe commencing.

3. Key Issues

- 3.1 More certainty around developable areas and constraints to development is required to assist future developers to better understand the viability of the site. As such HCA funding (£100,000) has been secured to provide additional information in relation to matters identified by the steering group, including:
- Transport Infrastructure
 - Drainage
 - Utilities
 - Masterplanning
 - Commercial viability
- 3.2 Following approval from Advisory Cabinet/Commissioners Decision Making Meeting on the 18th January 2016, consultants have been appointed and have commenced work on all of the 5 areas identified above. These work areas will result in the further development and refinement of the existing concept plan and production of a revised masterplan for the site. All of the work detailed above is currently underway and a masterplan for the site is expected to be available in November 2016.

- 3.3 Further work around the ground conditions, particularly those associated with the former landfill site and previous coal mining is required. WSP consultants who prepared the initial desk top survey report on the ground conditions have provided the landowners with a quote for undertaking further investigative work. This was initially approved at the Cabinet/Commissioners Decision Making Meeting on the 18th January 2016 but additional work to inform the drainage strategy for the site has been requested to reaffirm assumptions in the masterplan and offer increased certainty to partners going forward.
- 3.4 WSP's quote was originally £45,000 and previously approved as being exempt under Standing Order 38 from Standing Order 47 (requirement for contracts valued at less than £50,000). However the cost of the work at £68,276 needs further approval as being exempt now under Standing Order 38 from Standing Order 48 (requirement for contracts valued at more than £50,000 to be tendered). An allowance for compensation to tenant farmers for crop damage and replacement of fencing has been included within this overall cost estimate of £68,276.
- 3.5 One of the key issues to be addressed now is the 'delivery route' that the landowners should pursue to bring about the development of this land. Further detail on the options considered and the recommended proposal is set out in Section 4 of this report.
- 3.6 Subsequently, there are several other issues that will need to be addressed between the joint venture partners, including but not limited to;
- a) **Marketing of the land** to find a promotion or developer partner that the Council and FWE can work with to use their commercial acumen to deal with planning applications, infrastructure provision and market parcels of land and/or develop the site themselves;
 - b) **Masterplanning of the site** to refine the concept framework plan in conjunction with the Council as the local planning authority;
 - c) **Viability Assessments** to address known issues resulting from the site constraints and anticipated land values to 'de-risk' the site for development to ensure that the site contributes properly towards the Borough's housing allocation during the Local Plan period; and
 - d) **Exploration of funding opportunities** to deliver the level of infrastructure required to facilitate this development. Early discussions have taken place with Sheffield City Region (SCR) colleagues to explore whether city region funding could be secured towards the site infrastructure costs given the strategic importance of the site to the city region. The project is referenced in the draft SCR Infrastructure Investment Plan.

4. Options Considered and Recommended Proposal

- 4.1 A number of delivery options are available to the Council and FWE. Given the scale and complexity of the site, officers sought advice on the delivery options from external consultants, Cushman and Wakefield. A tabulated summary of the strengths and weaknesses of each of these options is set out below, taken from the report, 'Bassingthorpe Farm, Rotherham – Delivery Strategy', July 2014. Further detail taken from the Cushman and Wakefield report on the delivery options is provided in Appendix 2.

	Advantages	Disadvantages
1	Sale of Council sites on the open market	
	Immediate capital receipt	Will not achieve a coordinated approach to delivery
	Simplest means to dispose of the land	Piecemeal disposal could impact on purchaser appetite and risk for the remainder
	Possibility of overage provision for Council to benefit from further proceeds in future	Modest capital receipt due to significant uncertainty (planning etc.)
2	Joint Marketing to achieve comprehensive sale of Council and FWE sites on open market	
	Immediate capital receipt	Will not achieve comprehensive development due to high infrastructure costs and site constraints
	Relatively straightforward way to dispose of the land	Will deliver piecemeal development and developers cherry picking of easier parts of the site.
	Possibility of overage provision for land owners to benefit from further proceeds in future	Modest capital receipt due to significant uncertainty (planning etc.)
3	Partnering – Delivery Partner option agreement (OJEU procurement).	
	Well understood and relatively simple mechanism for disposal favoured by developers and house builders	Land owner has very little control or certainty over timing of receipts

	Minimum expenditure for the landowner	Land owner has limited influence to ensure returns are maximised.
	Transfer of responsibility for planning and delivery entirely onto purchaser	
4	Partnering – Promotion Partner (OJEU procurement)	
	Bring skills and funding to facilitate delivery	15-20% of land receipt plus costs incurred payable to partner.
	Partner's vested interest favourable to pursuing higher land value returns	
	Can be prescriptive in milestones/drawdown obligations	
5	Direct development between Council & FWE	
	Landowner control	Landowners lack capacity, resource and expertise in direct development on this scale
		High cost commitment from outset
		Higher risk strategy with lack of experience and commercial acumen

- 4.2 Cushman and Wakefield advises that the Promotion Partnering route (Option 4) offers the optimum solution in terms of maximising the landowners' returns whilst minimising upfront investment. This approach also suits the nature of the site given the scale, complexity and need to manage multiple delivery outlets. An OJEU process would be required to secure a Promoter Partner.
- 4.3 However, given the timescales and resource commitment associated with any OJEU procurement process, Cushman and Wakefield have advised that the landowners should take a two pronged approach to the OJEU process to secure a Promoter Partner (Option 4) or Delivery Partner (Option 3). Whilst Cushman and Wakefield advises that a Promoter Partner is the optimal solution, a Delivery Partner (Option 3) is also an appropriate means to securing the delivery of this site.

- 4.4 Undertaking an OJEU process that sought a Promoter Partner or Delivery Partner would maximise the chance of successfully procuring a partner to progress delivery of the site. Alternatively the project would experience significant delay if a Promoter Partner wasn't forthcoming and a new OJEU procurement process had to be undertaken. The selection of the partner would be made following the competitive dialogue process and detailed evaluation of the final offers received.
- 4.5 On the basis of the recommended delivery route and Cushman and Wakefield's knowledge of the market, assessment of the site and soft market testing with a mix of house builders, developers and land promoters, their advice is for the landowners to first enter into a Landowner Agreement. This will incorporate Collaboration and Equalisation agreements, and would need to be completed prior to marketing the site.
- i) **Collaboration Agreement:** Both parties agreeing to collaborate in the promotion of their sites in a combined single holding. This will provide the basis (core principles) for the equitable sharing of proceeds.
 - ii) **Equalisation Agreement:** Agreement between the parties on what land is included, what contributions are made to costs and how receipts are shared.
- 4.6 Subject to the approval of this report, it is anticipated that work will commence on the preparation and negotiation of the Collaboration and Equalisation Agreements in anticipation of site marketing activity commencing early in 2017.

5. Consultation

- 5.1 To date, consultation has been via the planning process to allocate Bassingthorpe Farm as a strategic allocation in the Local Plan. Local 'drop in' consultation opportunities were provided in Greasbrough and elsewhere in the Borough for public comment. The Concept Framework became a public document in 2014.
- 5.2 Once the masterplan for the site has been drafted and the process to bring forward Bassingthorpe Farm continues, additional and ongoing consultation is scheduled to take place, including ward member consultation, Member workshops and public consultation as part of the planning process.
- 5.3 Additional and ongoing consultation will also take place with local partners including the Police, Fire and Rescue Service, the NHS, the South Yorkshire Passenger Transport Executive and Sheffield City Region.

6. Timetable and Accountability for Implementing this Decision

6.1 The key stages are:

Stage	Timing from March 2016
Additional masterplanning work to support delivery	March 2016 – November 2016
Marketing, Procurement & Contracting a development partner	April 2017 – August 2018
Preparation and determination of outline planning application and supporting material (may include full elements)	September 2018 – February 2020
Marketing and selection of third party developers/house builders	March 2020 – October 2020
Construction design & procurement	Up to October 2020
Construction of Primary Infrastructure/Site Preparation Works	October 2020
First land sale/start on site (may include detailed planning permission/reserved matters stage)	October 2020 (assume running alongside construction of primary infrastructure)

6.2 This is an indicative programme only and will be subject to further refinement as the project progresses and relevant experts are brought into the project to advise on key elements. The OJEU procurement of a development partner is a lengthy and complex process and the success (or otherwise) of this stage could significantly affect the overall programme and the anticipated start on site.

7. Financial and Procurement Implications

7.1 This is one of the Agreed in Principle projects for which a capital budget of £385,000 has been identified in the Capital Strategy 2016-2021 (£160,000 2016/17, £75,000 2017/18 and £50,000 in each of the following 3 years) approved by Council on 2nd March 2016. This funding is to enable officers to progress key elements of the project including essential highway design work, marketing activity and legal advice requirements. Whilst landowner costs are split proportionately with FWE on the basis of land ownership, initial estimates now suggest that the current funding available will not be sufficient and additional funding from sources such as the HCA and SCR to support the project's further progression have and are being sought.

7.2 The approved capital budget will be used to pay for WSP's appointment to undertake the ground investigations (as reported in paragraph 3.4), at a total maximum cost of £68,276 + VAT.

7.3 As identified in paragraph 3.1 above, the Council has secured funding of £100,000 from the HCA. This funding is to be used to meet the cost of expert consultants appointed to advise on the further development of the existing concept plan and enable the Local Planning Authority to produce a masterplan for the site. The estimated cost of these works is set out in the table below.

Signet Planning	Masterplanning	£16,700
Cushman & Wakefield	Viability appraisal	£15,000
JBA consulting	Drainage strategy	£18,850
WSP	Utilities appraisal	£8,050
SYSTRA	Transport modelling	£33,000
		£91,600

8. Legal Implications

- 8.1 Given the complexity of the project, specialist nature of the Legal requirements and capacity, it is anticipated that much of the work will be undertaken by a specialist provider. However, internal Legal resource will be required to lead and oversee the specialist Legal input to the project.

9. Human Resources Implications

- 9.1 None identified

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 Initial discussions have taken place with colleagues responsible for future education provision. It is anticipated that the Bassingthorpe development will see the introduction of a new primary school to ensure children can go to a school local to their home. The provision of this school will be funded through a Section 106 agreement associated with any planning consent for the development. However, prior to it being constructed, provision will be made at Greasbrough primary school, funded by Department for Education Grant funding. Plans for secondary school provision are also being developed through the creation of additional places at Wingfield secondary school to meet the additional demand this development will create. The creation of these additional places at Wingfield will be funded through the Rotherham Community Infrastructure Levy.

11 Equalities and Human Rights Implications

- 11.1 Any new development will comply with all planning and building regulations with regard to meeting disabled access requirements. The addition of 2,400 new dwellings offer different types and tenures and will make a positive contribution to people's chances of securing housing to meet their individual/family needs.

12. Implications for Partners and Other Directorates

- 12.1 The development offers the potential to meet a significant part of the Borough's housing requirement over the next 20 years. It also offers an attractive housing proposition for the Sheffield City Region with its close proximity to Rotherham town centre and other major development initiatives including the Advanced Manufacturing Park and Advanced Manufacturing Innovation District (AMID).

12.2 The scale of the development does mean there will be implications across the Council and for other partner organisations, some of which have already been identified (Finance, Legal, Transport, Education, Health etc.). Consultations with partners and other colleagues will take place in the coming months to ensure all resultant implications are identified, recorded and managed accordingly through a project management approach.

13. Risks and Mitigation

13.1 A comprehensive risk register is being prepared and will be monitored by the project steering group. However, some of the key strategic risks to the project are set out in the following table.

	Risk	Mitigation
1	Failure to procure a delivery partner	<p>Progress on basis of professional advice received which included soft market testing.</p> <p>Undertake further soft market testing to ensure offer remains attractive to the market.</p> <p>Completion of masterplan to add certainty for developers.</p> <p>Further de-risk site through better understanding/removal of site constraints.</p> <p>Improve site viability by securing public sector funding to deliver key infrastructure.</p> <p>Ensure landowner agreements in place prior to marketing.</p>
2	Landowner resource capacity	<p>Supplement existing resource with external professional specialist expertise to advise where necessary.</p> <p>Work with relevant partner organisations who can offer support (Homes and Communities Agency)</p>
3	Fitzwilliam Wentworth Estate seeks to progress the land sale independently of the Council.	<p>Develop relationship and joint working approach through steering group.</p> <p>Progress landowner agreements efficiently and effectively.</p>
4	Securing the necessary consents (planning)	The site is allocated for residential development and the masterplan will add certainty on what should be delivered.
5	Ground conditions (site formerly open cast and landfill site)	Desktop studies are to be supplemented by a limited number of intrusive ground investigations to better understand the ground conditions and identify mitigations measures.

14. Accountable Officer(s)

Paul Woodcock – Assistant Director of Planning, Regeneration and Transport

Approvals Obtained from:-

Strategic Director of Finance and Customer Services:-

Approved by: Jon Baggaley, Finance Manager, Regeneration & Environment and Capital

Assistant Director of Legal Services:-

Approved by: Stuart Fletcher, Service Manager (Commercial & Governance)

Head of Procurement (if appropriate):- N/A

This report is published on the Council's website or can be found at:-

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories=>