

BRIMSCOME PORT – COMMERCIAL PRINCIPLES

Introduction

The Council feels that it is important to set out a number of commercial principles to assist bidders with developing bids and also clarify the Council's position with regard to the development. The Council understands that the financial viability of the site may be a concern to bidders and the commercial principles are set out to assist with addressing this.

The Scheme

The Council and its advisor team have assessed the financial viability of the project and believe it to be affordable. The assessed scheme comprises of –

- 178 dwellings (not to be constrained by the indicative figure in the Local Plan of 150 homes). The analysis has been completed in line with Council affordable housing policy at 30%, made up of 50% rented and 50% shared ownership.
- Circa 1,000m² of commercial space comprising a mixture of retail, office and workshop/gym uses
- Infrastructure works related to opening up the canal and flood alleviation which represents phase 1 of the infrastructure works.

The Council proposes to re-invest any land surplus generated from phase 1 into the infrastructure works for the future phase.

The Council has secured funding to assist with the infrastructure works for phase 1 -

Homes England -	£2.0m
SDC Capital -	£1.6m
Rental Fund -	£0.6m

Additional funding may be available to fund community assets proposed by bidders on the site and the Council is willing to discuss bidder's proposals.

Partnership Structure

The Council is not pursuing a traditional land sale for the development of the site. Given the level of public sector investment required and the Council's ambitions to maintain a role in place shaping, it is felt that a development partner is required. The Council is willing to -

- Invest its landholding into a partnership and receive a return on its investment. This return can be re-cycled into future phases
- Invest the secured public sector funding above into the partnership
- Share development risk where appropriate with bidders in so far as this is limited to the value of the Council's land investment

The Council has a desire to work in partnership with bidders, likely via a development agreement structure. The Council doesn't feel that a formal joint venture entity (such as a limited company or an LLP) needs to be established for the development of this site.

Under a contractual partnership, SDC would appoint a development partner: this is in effect a JV established by a contract rather than a body corporate. The Council would be able to establish, via the development agreement, its expectations on quality and design for the scheme. The development partner would then develop the site within these parameters and retain share the development returns with the Council on an agreed basis.

Comment [m1]: Final level of funding from rents on the Port will be confirmed at the point of proceeding with the procurement.

Comment [LS2]: Council to firm up requirements here when known. Legal agreement to be signed between SDC and Brimscombe and Thrupp Parish Council to clarify financial arrangement.

