

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES

**AGENDA
ITEM NO**

11 JULY 2019

7

Report Title	REDEVELOPMENT OF BRIMSCOMBE PORT
Purpose of Report	To seek approval to three of the tender documents for the procurement of a developer partner for the redevelopment of the Port.
Decision(s)	<p>Strategy and Resources Committee RESOLVES:</p> <p>a) i. To approve the Output Specification. ii. To approve the Value for Money Protocol. iii. To approve the Commercial Principles Paper for the procurement of a development partner for Brimscombe Port and</p> <p>b) To delegate authority to the Head of Property Services in consultation with the Chair and Vice Chair of Strategy and Resources to make minor amendments to these documents prior to finalising the documents for the launch of the procurement process.</p>
Consultation and Feedback	Consultation has taken place with Ward Councillors, the Parish Council, Stroud Valleys Canal Company (SVCC) and Homes England on the Output Specification. Liaison meetings continue with tenants on the site and local residents.
Financial Implications	<p>There are no direct financial implications arising from the decisions in this report.</p> <p>Council has agreed the SDC contribution to this project and the Value for Money Protocol confirms those sums. The Project Board regularly review expenditure against this budget.</p> <p>Andrew Cummings, Interim Director of Resources and S151 Officer Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk</p>
Legal Implications	<p>There will be a number of legal implications arising from this project which will be outlined as it progresses. Other than the issue referred to below, there are no specific legal implications with this report which is to agree specification documents in readiness for the tender process.</p> <p>It is important to note that the Output Specification will be incorporated into the terms of the contract for the purchase of the Port from SVCC which could potentially be completed by the end of July. The contract will allow minor variations necessary to meet planning requirements and other consents required by law but will not be capable of significant change other than with the consent of both parties to that contract.</p>

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Options	The Council could choose to not develop a set of procurement documents to select a partner through the competitive dialogue route and market the site for sale or develop the site itself.
Performance Management Follow Up	Documents are reviewed by Project Board and update reports are brought to Investment and Development Panel. Regular Information Sheets are prepared for Committee.
Background Papers/ Appendices	Appendix 1 – Output Specification Appendix 1 A – Phase 1 -Canal Infrastructure Works Engineering Design Appendix 1 B – Phase 2 - Canal Infrastructure Works Engineering Design Appendix 2 - Value for Money Protocol Appendix 3 – Commercial Principles Paper

1. Introduction

- 1.1 At Strategy and Resources Committee on the 4 October 2018, members approved the delivery strategy for the redevelopment of Brimscombe Port by means of seeking a development partner/s subject to a further report to Committee to approve the Heads of Terms for the development agreement, the procurement process and associated documents.
- 1.2 Work has been progressing on the tender documentation and the purpose of this report is to seek approval to the first tranche of those documents: the Output Specification, Value for Money Protocol and the Commercial Principles Paper.
- 1.3 A further report is proposed to be presented to Committee on the 3 October 2019 to seek approval to the remaining tender documentation, the Draft Heads of Terms for the Development Agreement, the Heads of Terms between the Council and the Parish Council for the Community Centre and final approval to proceed with the procurement of a partner.
- 1.4 An Information Sheet was circulated to members on the 6 June 2019 providing an overall update on the progress with the redevelopment of the Port and a timetable for consultation and approvals prior to procurement. Here is a [link](#) to that document.

2. Planning application

- 2.1 As noted in the Information Sheet published in April, officers are now proceeding with a detailed planning application for the infrastructure only (and associated Listed

Building Application), rather than a hybrid application, leaving a planning application for the redevelopment of the site until we have appointed a developer partner.

- 2.2 It is anticipated that these applications will have been submitted by early July and determined before the end of the year. Homes England's approval to the application is required under the loan agreement.

3. Procurement Documentation

- 3.1 **The Output Specification** is attached at Appendix 1. It sets out the Council's design, site and partnership requirements (aspirations and objectives) and provides information about the site and its existing condition. Developers will be clear about our vision for the site and will need to respond to the details within the document in their tender submissions.

- 3.2 The document has been reviewed extensively, involving a wide range of officers from across the Council, the Project Board and has been discussed at Investment and Development Panel. The Parish Council, SVCC and Homes England (HE) have also been consulted.

- 3.3 Members will note that the details relating to the Community Centre at 3.1.6 are still to be agreed. Regular meetings are taking place with the Parish Council to develop its requirements to enable the Heads of Terms to be agreed that will set out the arrangements between the Council and the Parish. Members will be given the opportunity to review and approve this arrangement when the Heads of Terms are presented to Committee for approval in October 2019.

- 3.4 The Output Specification, together with Atkins' engineering design for phase 1 and 2, which are attached as appendices to this document, will be incorporated into the terms of the contract for the purchase of the Port from SVCC which could potentially be completed by the end of July.

- 3.5 **The Value for Money Protocol** is attached at Appendix 2. This document sets out the value for money principles the Council requires the Development Partner to adopt to provide transparent means of assuring the Partnership Board that value for money has been achieved. The principles include the following:

- Competitive tendering
- Benchmarking against historic schemes delivered by the Partnership
- Benchmarking against the wider market
- Market testing using an agreed and sustainable methodology
- Open book
- Use of frameworks
- Approved schedules of rates

- 3.6 The **Commercial Principles paper** at Appendix 3 sets out:

- The funding being provided by the Council and HE
- The minimum development requirements, being:

- Circa 178 dwellings with 30% affordable housing
 - Circa 1,000m2 of commercial space
 - Infrastructure works related to opening up the canal and flood alleviation
- The level of risk the Council is willing to hold and what will be expected of the Developer Partner.

3.7 The main principle is that the Council is only committed to the funding already approved as follows:

Homes England - £2 million
SDC Capital - £1.6 million
Revenue Income - £0.6 million

3.8 The final level of funding from the revenue income from current tenants on the Port will continue to accumulate up to the point that the procurement process starts.

3.9 The risk then associated with funding the development of the port and the risk of sales then lies with the developer partner.

4. Recommendation

4.1 It is recommended that Committee approves the three documents attached and grants delegated authority to amend the documents to reflect any minor amendments (including the requirements for the community space) prior to finalising the documents for the launch of the procurement process.

4.2 However, should any fundamental changes be required to any of the documents then these would be presented to Committee at the meeting on the 3rd October 2019 along with the remaining tender documentation for approval.