

# additional papers 1



## Overview and Scrutiny Committee

Thu 21 Mar  
2019  
6.30 pm

Committee Room Two  
Town Hall  
Redditch



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# Overview and Scrutiny

Committee

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## Agenda

### Membership:

Cllrs:

Joe Baker (Chair)  
Debbie Chance (Vice-Chair)  
Joanne Beecham  
Michael Chalk  
Andrew Fry

Pattie Hill  
Anthony Lovell  
Gemma Monaco  
Jennifer Wheeler

- 5. Pre-decision Scrutiny - Matchborough and Winyates District Centre - Outcomes of Soft market Testing - To follow (Pages 1 - 6)**

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**MATCHBOROUGH AND WINYATES DISTRICT CENTRES – UPDATE**

Relevant Portfolio Holder	Cllr M Dormer
Portfolio Holder Consulted	Yes
Relevant Head of Service	Ruth Bamford
Ward(s) Affected	Matchborough and Winyates
Ward Councillor(s) Consulted	Yes, via Planning Advisory Panel
Key Decision / Non-Key Decision	Key Decision

**1. SUMMARY OF PROPOSALS**

This report provides an update in respect of the Matchborough and Winyates District Centres redevelopment and seeks Members' approval for the next steps.

**2. RECOMMENDATIONS**

The Executive Committee is asked to **RESOLVE** that:

- a) **The positive outcome of the soft market testing is noted and officers are instructed to continue to analyse the results;**
- b) **As a preparatory to procuring a preferred developer, to instruct officers to continue to work to develop the Council's parameters for a potential scheme (economic, social and environmental) and the frame of reference for joint working with a developer and delivery of a scheme; and**
- c) **Officers report back with specific proposals for the formal procurement of a suitable development partner to work with the Council, stakeholders and the local community to develop and agree a comprehensive regeneration scheme for Matchborough and Winyates.**

**3. KEY ISSUES**

- 3.1 Following the decision of Executive Committee in January, officers have undertaken a 'no obligation' soft market testing exercise with developers on the Homes England Delivery Partner Panel 3 (DPP3). Five developers, representing a cross section of national and regional developers were asked to take part in the exercise, only one of which (a national developer who is now more focussed on other areas of the country) declined. The developers who have taken part in the exercise represent a range of national and regional house builders and regeneration companies, familiar with similar schemes elsewhere. All four developers have reported back that they believe that a comprehensive regeneration scheme could be achieved in partnership with the Council, and that

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if the Council does now progress the formal procurement of a developer partner they will wish to tender. This is encouraging and it should be noted that any formal procurement process would be open to all developers listed on the Delivery Partner Panel, not just those that participated in the soft market testing.

- 3.2 The key findings from the initial feedback from the soft market testing exercise (details received on the 11<sup>th</sup> March) are that all developers agree with the Council that there is scope to create new commercial space, health provisions and community facilities supported by a significant number of new homes. The soft market testing exercise has demonstrated that it is likely that a viable regeneration scheme could be realised incorporating the following minimum parameters which have previously been developed with Members:

The options that need to be considered are:

- Refurbishment of existing District Centres
- Demolition and replacement of two District Centres
- One District Centre and potentially one parade/ corner shop
- Any additional alternatives that would be viable/ deliverable.

There are several elements that must be considered and delivered as part of any regeneration proposals:

- No loss of current affordable housing stock
- Provision of a new health centre and a local food retail presence
- Maintain bus access through the District Centres during and after redevelopment
- Possibility of business continuity during the regeneration process
- Continuity of community facilities during the regeneration process
- Provision of additional community facilities.

- 3.3 From their initial assessment of the potential for a comprehensive and viable regeneration scheme, the developers have provided the Council with feedback on both the scope of the potential redevelopment and on the basis upon which they might expect to enter into a partnership with the Council to develop and deliver a comprehensive regeneration scheme. The key findings from our initial appraisal of the soft market testing feedback are:

- i) All developers believe that there is a strong local market for new housing and that the Council's aim to create new market and affordable housing, across a range of house types, can be achieved. All developers would include the re-provision of Council housing within the new affordable housing.
- ii) Some of the developers suggest that the two local centres could be replaced within an overall development but others indicate that this may be less viable than developing a single new district centre serving both

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- areas. All four developers would ensure that the equivalent retail and community space is included in their development plans.
- iii) All developers would propose to create a high quality and sustainable development making the most of the landscape features such as the pond and water courses.
  - iv) All four developers would plan to phase their development to enable business continuity as far as practicable and to enable new homes to be provided before existing homes are demolished.
  - v) All developers would commit to extensive public engagement locally in the development of their scheme proposals.
  - vi) Three of the four developers would be prepared to invest their own capital resources and expertise into the scheme with the Council providing its land and property assets on the basis of shared risk and return. They each have experience of similar joint venture partnerships with local authorities elsewhere. One of the developers would prefer to act as the Council's development manager.
- 3.4 Further work is needed to analyse the detail of the developer responses received to assist the Council in setting the parameters and terms for the procurement of a suitable development partner. However at this stage it is clear that there is market appetite for the type of comprehensive regeneration scheme envisaged by the Council, and for working with the Council on joint venture basis.

**Next Steps**

- 3.5 Rather than progressing straight to DDP3 as originally envisaged, it is proposed that officers will analyse in detail the information provided from the soft market testing, and, drawing on this, prepare draft documents on the parameters for selecting a suitable development partner and the terms on which the Council will consider entering into a partnership with the developer to deliver the regeneration scheme and protect the Council's financial and other interests. The outcome the Council will be seeking from the formal procurement exercise is to select a developer who will have the expertise, financial resources and commitment to work with the Council, key stakeholders and the local community, to develop, plan and then build a regeneration scheme which delivers the Council's ambitions for new high quality housing, commercial and community space, and which offers best value in return for the use of the Council's land and property assets. Such a developer will need to demonstrate that they have a track record of similar and complex regeneration schemes, including extensive public engagement, and the acquisition of third party land and property interests if required.
- 3.6 Before embarking on a formal procurement process the Council will need to understand all the legal implications and risks of delivering a comprehensive regeneration scheme and will wish to be certain of the financial and legal basis on which it would enter a joint venture partnership. If Executive supports the recommendations of this report this work will be undertaken, with the use of

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external advisors if required, and a full report on the proposed detailed specification of the Council's requirements to be included in tender documents will be brought back to Executive. The Council has successfully secured One Public Estate funding to support this development and it is intended to utilise this resource to support the Council's work throughout the next stages. Appendix 1 shows the proposed timeline for this work including the procurement of a development partner and developing and implementing a deliverable scheme.

**Legal Implications**

- 3.7 The Council is required to obtain best value in any disposal of its assets and any joint venture arrangement would need to be subject to a full business case and Council approval. Moreover the mix of ownership and tenure type of land potentially required for any redevelopment means that there are complex legal implications in taking forward any scheme. These will now be explored so that before any formal tender process is commenced through DPP3 the Council has a full understanding of the legal implications and risk.

**Service / Operational Implications**

- 3.8 This can be met within existing workloads.

**Customer / Equalities and Diversity Implications**

- 3.9 None at this stage. A communication plan is being prepared to ensure that all members of the community are kept informed of developments and thereafter engaged in the development of proposals.

**4. RISK MANAGEMENT**

- 4.1 The next stage will examine all risks associated with this project and set out how such risks will be mitigated.

**5. APPENDICIES**

Appendix 1 – Project Timeline

**6. BACKGROUND PAPERS**

Report to Executive in January 2019

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**Appendix1.**

**Indicative Project Timeline**

Report to Executive on Procurement of a Developer Partner including draft tender documents setting out the parameters for the scheme and the detailed specification of the Council's requirements of any developer: June 2019.

Invitations to Tender: July 2019.

Tender documents issued. September 2019

Tenders returned: November 2019.

Tenders appraised: November 2019 - January 2020.

Report to Executive with preferred developer recommendation: March 2020.

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