

# CABINET

THURSDAY, 20 FEBRUARY 2014

## REPORT OF THE PORTFOLIO HOLDER FOR ECONOMY AND EDUCATION

### GOLF COURSE RE-DEVELOPMENT PROJECT

#### EXEMPT INFORMATION

N/A

#### PURPOSE

To update members on matters relating to the implementation of the preferred future option for Tamworth Golf Course (minute 91; 23<sup>rd</sup> January 2014) and to seek approval of recommendations relating to the implementation of the preferred option.

#### RECOMMENDATIONS

That Cabinet;

1. endorse the proposed engagement strategy (appendix A)
2. approve the recommended approach for disposal of the site through an unconditional sale following outline planning consent being secured (appendix B)
3. Approve, as part of the budget process, the creation of a new Transformation Reserve (revenue) of £300k, financed from the current earmarked capital reserve, to fund the survey costs outlined within this report.
4. approve the procurement of the relevant technical and legal support, including authorising the Director of Planning, Partnerships, and Communities and the Director of Assets & Environment to enter into contract with the most advantageous providers of these services.
5. approve a waiver of financial regulations to allow for the commissioning of the NHBC Land Quality Endorsement Service

#### EXECUTIVE SUMMARY

This report sets out the Council's approach to implementing its preferred option for the future of Tamworth golf course. On 23<sup>rd</sup> January 2014 Cabinet selected their preferred option as Option I. Option I recommended that the Council ceases to operate the golf course in March 2015 (subject to reasonable customer demand in 2014) and that the Council progresses a disposal of the site and works with local residents to identify parkland as part of the redevelopment. Alongside this recommendation Cabinet also approved the commissioning of relevant technical studies and the principles for managing a future capital receipt relating to the sale of the land for development.

#### Engagement

Following Cabinet on 23<sup>rd</sup> January 2014 the Leader of the Council met with residents and agreed to engage with them through a consultative group. An initial meeting with residents is planned for the 13th February 2014 to discuss how the Council and residents could work together. A proposed engagement strategy is attached at appendix A. In initial discussions, local residents were concerned about the impact on them from any future development. They were keen to see the provision of open space and areas for biodiversity. This could be addressed through the masterplanning process. Each of the disposal options have different levels of control for the Council to exert on this process. It is important the Council progress with the local residents taking into account their views and needs of the area.

## **Project Governance**

An officer project group will be established to progress the project and will report via the Director for Communities Planning and Partnerships to the Portfolio Holder Economic Development and Education and Cabinet. The project group will be responsible for overseeing the project plan.

## **Project outcomes**

The project is seeking to deliver the following outcomes;

- To engage positively with local residents especially those adjacent to the site
- The sale of Council land for sustainable development contributing to our housing needs
- The allocation of part of the site for parkland/open space
- To maximise the Council's capital receipt and revenue income generation to support the essential services to Tamworth residents.
- To generate wider opportunities for economic growth
- To release capital for investment into leisure and regeneration projects on an invest to save basis.

## **Disposal options**

The Council has a number of options as to how it progresses the disposal of the site for re-development.

A high level options appraisal has been undertaken and is shown in appendix B. The recommendation to Cabinet is to progress with application to secure outline planning consent for redevelopment and then proceed to an unconditional sale as this gives the best opportunities for influencing the development while generating a good commercial return.

## **Project Actions/timetable**

The Council will need to secure external support for a range of services that will help inform the project and achieve the best return for the land. At this stage it is estimated that the Council will need to secure and fund the following;

- Engineering and Environmental reports
- Legal advice
- NHBC Land Quality Endorsement Service
- A selling agent -% of sale
- Masterplanning advice
- Outline planning consent - planning application fees and planning advice

These services will be used in conjunction with the information gathered during the Golf Course Future Options Appraisal to inform the development of the project.

Initially the project will be focused on establishing a baseline of the site and understanding the opportunities and constraints on the site and using them to inform the master planning process ahead of the Council applying for outline planning consent. During this process the Council can take into account resident's views. The Council will also promote the site for inclusion in the new Local Plan, which will also give residents an opportunity to make their views known. Once outline planning consent is in place the Council will market the land for sale. Some of these activities will run in parallel.

An initial project timetable is attached in appendix C. It should be noted that this is an indicative high level timetable based on the best case scenario and will be subject to change

as the project unfolds. The intention will be to maintain progress against the timetable but it could be subject to unavoidable delays.

## **RESOURCE IMPLICATIONS**

The project will involve a very significant amount of officer time from across the Council. In addition specialist technical services will need to be procured. The projects budget is estimated at £300k. This estimate is based on experience, however actual costs will only be certain after the services have been tendered.

A minimum General Fund capital balance of £500k is a requirement – this has been financed in the past by revenue contributions (held in a revenue reserve). As part of the budget process, due to the need to fund Transformation changes, it is recommended that the anticipated capital receipts of c.£300k from the approved sale of land parcels (Cabinet minutes 108/2011 & 84/2013 refer) be utilised (as part of the minimum approved level of capital balances) to allow the current earmarked capital reserve (revenue funded) to be released for the creation of a new Transformation Reserve (revenue) to fund any costs arising from the workstream reviews.

Initially, this Transformation Reserve will be used to fund the survey costs outlined within this report – on a temporary basis pending receipt of the proceeds from the sale of the land. Once the sale has progressed, the revenue expenditure will be capitalised (i.e. costs directly attributable to the disposal of an asset) to release the funds back to the reserve.

A waiver of financial regulations is sought to secure the Land Quality Endorsement Service from NHBC who are the only provider of this service. A Land Quality Endorsement Certificate defines the costs of obtaining the NHBC Homebuyers Warranty on brownfield land and allows potential site purchasers to accurately determine the value of a site. An LQE Certificate is vital in maximising development value on brownfield sites. The cost for this service is £21,000.

## **LEGAL/RISK IMPLICATIONS BACKGROUND**

A project risk assessment will be completed as part of the project documentation but high level project risks include

- Securing appropriate technical support
- Project costs
- Environmental constraints
- Infrastructure constraints
- Securing outline planning permission
- Housing market changes
- Securing a sale
- Political mandate

## **SUSTAINABILITY IMPLICATIONS**

There are a range of sustainability issues to consider and the project will develop information to help address sustainability questions as part of the proposed planning application and subsequent sale of the land.

## **BACKGROUND INFORMATION**

See appendices

## **REPORT AUTHOR (S)**

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**LIST OF BACKGROUND PAPERS**

Cabinet Report 24/1/14

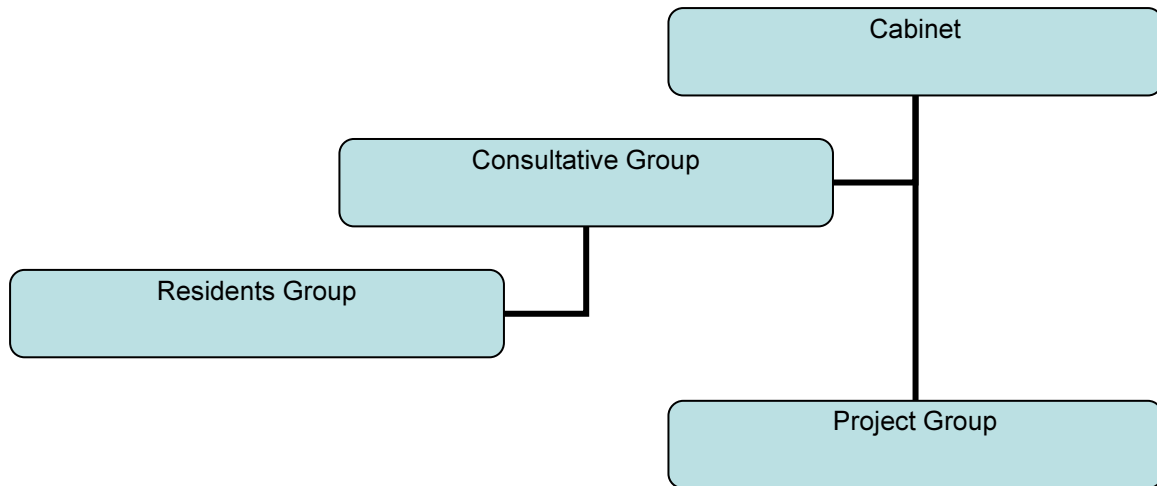
Cabinet Report ??

**Appendix A**

**Golf Course Re-development Project - Engagement Strategy**

The Council recognises that local residents and businesses particularly those adjacent to the site are concerned about the closure of the Golf Course in March 2015 and the disposal of the site for re-development. The Council is therefore supportive of local residents adjacent to the site setting up a residents group with whom the Council can engage and consult.

The Council will establish with residents a joint consultative group which will comprise of residents, Councillors, and Council Officers. This will enable the Council to consult with residents regularly as the project develops.



An electronic newsletter will also be created and posted on the Council's website this can be emailed to residents wishing to sign up for the newsletter and copies can also be downloaded from the Council's website and will also be made available via the Council's blog and social media outlets. This will be produced as necessary to provide general updates and also at key milestones in the project.

A strategic communications plan will also be produced to support the project.

The Council will also undertake to ensure that regular updates are taken to Cabinet and that where possible that these are public reports. Confidential reports might be required where they contain personnel or commercially sensitive information.



## Appendix B

### Disposal Options Appraisal

There are a number of options for the disposal of the asset and these are described below.

**Joint Venture:** This is where the public and private sector come together through a legal agreement to deliver a project or service. A Joint Venture involves both partners committing (at different levels depending on the contract) to provide capital money, an asset and technical expertise. In this scenario the Council would tender for a partner who would take forward the survey work required, submit a planning application and if successful would be responsible for marketing and selling the site. The value of the site is determined through professional valuations and negotiation.

**Unconditional sale following planning consent:** In this scenario the Council would undertake the work required to make a planning application and if successful would then appoint a selling agent to dispose of the site for a capital receipt. There would be no conditions attached to the sale so the price tendered would be the receipt received. The Council can decide which land is to be sold. The value of the site is determined through a competitive tender.

**A conditional sale:** in this scenario the council could offer the site for sale now. Conditional sales can be complicated and typically purchasers would offer a price subject to a range of conditions being met, including obtaining planning permission. This could include the purchaser paying an annual fee to the Council for the option of purchasing the site until planning consent was achieved. The value of the site is determined through professional valuations and negotiation.

**Unconditional sale:** in this scenario the council could offer the site for sale now and take the best price. That would be the end of the Council's involvement in the land. The value of the site is determined through a competitive tender

A RAG (Red, Amber, Green) status has been applied to each of the options. A green status is where the option would allow the Council to meet the project outcomes. A red status is where the option meets a low number of the project outcomes, if any.

Disposal Method	Delivery of development	Financial Implications	Control	Summary
Joint Venture	<p>This option would enable the Council to influence and drive the progress of the project up until the point of sale, but responsibility would usually remain with the development partner.</p> <p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>This option would carry a medium financial cost to the council to procure a development partner. Specialist legal and property expertise would need to be procured.</p> <p>This scenario would see the private sector partner funding the planning application and sale process.</p> <p>The final sale figure is likely to be maximised but the development partner in the joint venture would take a substantial cut of this. If the development partner was also the developer and would build the development then there would likely to be further negotiations on the final price.</p> <p>This option could take a long time to achieve a receipt as it is would take an estimated 6 – 9 months to appoint a partner to a JV. This is before any site investigation or masterplanning could take place. A Sale may not be achieved until the end of 2016.</p>	<p>The Council retains overall control of the project. The partner acts as a check and balance to ensure the disposal of the site maximises return. The council can specify in the tender documentation what is required from the partner in terms of consultation, studies, masterplanning and Council sign off. The more restrictions placed on the partner, the higher the risk for them and therefore the higher their potential % of the sale.</p>	<p>The cost to the Council in progressing a planning application and sale will be shared or borne by the development partner. However, the final return would be shared with the development partner. This option is less risky but the Council has less control and may not maximise the capital receipt.</p> <p>AMBER</p>
Unconditional sale following planning consent	<p>This option would allow the Council to retain control over the program up until the point of sale.</p> <p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>Know what the receipt will be upon sale. and the risk of an extended period of negotiation over price or conditions of sale is removed.</p> <p>This option is likely to maximise the return to the Council and also be the quickest.</p> <p>This option is likely to be the highest cost to the Council initially to prepare all the necessary investigation reports to support a planning application.</p>	<p>The council retains control of the project until sale. It can through the masterplanning process involve the public. However, it must be mindful of what potential purchasers require in order to maximise return. It can also through the masterplanning process determine if there are any parts of the site which would be retained. Once the site is sold, there is nothing to stop the purchaser seeking an alternative consent.</p>	<p>Although this is the highest cost to the council initially, the increase in potential return is much greater. It also provides the Council with a high degree of control over the process and the final outcome.</p> <p>GREEN</p>
Conditional Sale	<p>This option would likely to see the preferred purchaser seek planning permission before completing the sale. This could be a protracted process as negotiation takes place on the final sale price.</p> <p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>This could take a long time to achieve a financial return, with the earliest timeframe for a receipt being early 2016.</p> <p>The costs associated with this scenario are judged to be medium as legal expertise would be required over the course of the sale which could be protracted</p> <p>This could be a low financial return. Typically, developers ensure that the original price tendered is knocked down through the process.</p>	<p>Council retains some control until the land is sold.</p>	<p>This option is likely to lead to the lowest financial return and less control over the final design and programme.</p> <p>RED</p>
Unconditional Sale	<p>Restrictive Covenants in the Conveyance would allow the Council some control of what happens to the site after the sale. Once the land is sold the Council has no influence on when the development may start.</p>	<p>A financial receipt could be obtained quickly A low cost to the council to dispose. The financial receipt is likely to be the lowest.</p>	<p>The Council has no control once the site is sold.</p>	<p>The financial return is likely to be low but could be achieved fairly quickly. The Council would have no control on the final design and programme.</p> <p>RED</p>

