

You are requested to attend a meeting of the Executive to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 6 July 2017 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Executive held on 20 April 2017 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct.
- 5 Regeneration of the Coal Orchard, Taunton - Capital Investment. Report of the Assistant Director - Business Development (attached). See also Confidential Appendix B at agenda item No. 7.

Reporting Officer: Ian Timms
- 6 Executive Forward Plan - details of forthcoming items to be considered by the Executive and the opportunity for Members to suggest further items (attached)

The following items are likely to be considered after the exclusion of the press and public because of the likelihood that exempt information would otherwise be disclosed relating to the Clause set out below of Schedule 12A of the Local Government Act 1972.

- 7 The Coal Orchard, Taunton - Confidential Appendix B (attached). See also agenda item No. 5. Paragraph 3 - Information relating to financial or business affairs.

Bruce Lang
Assistant Chief Executive

07 August 2018

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under "Public Question Time" is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council's Planning Committee and details of the "rules" which apply at these meetings can be found in the leaflet "Having Your Say on Planning Applications". A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: www.tauntondeane.gov.uk



The meeting rooms at both the Brittons Ash Community Centre and West Monkton Primary School are on the ground floor and are fully accessible. Toilet facilities, with wheelchair access, are available.

Lift access to the Council Chamber on the first floor of Shire Hall, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are available through the door to the right hand side of the dais.



An induction loop operates at Shire Hall to enhance sound for anyone wearing a hearing aid or using a transmitter.

For further information about the meeting, please contact Democratic Services on 01823 219736 or email r.bryant@tauntondeane.gov.uk

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Executive Members:-

Councillor J Warmington	(Community Leadership)
Councillor A Sully	(Corporate Resources)
Councillor M Edwards	(Economic Development, Asset Management, Arts and Culture, Tourism and Communications (Deputy Leader))
Councillor P Berry	(Environmental Services & Climate Change)
Councillor T Beale	(Housing Services)
Councillor J Williams - Leader of the Council	(Leader of the Council)
Councillor R Parrish	(Planning Policy and Transportation)
Councillor V Stock-Williams	(Sports, Parks and Leisure)

Executive – 20 April 2017

Present: Councillor Edwards (Vice-Chairman) (In the Chair)
Councillors Berry, Habgood, Mrs Herbert, Parrish and Mrs Warmington

Officers: Paul Carter (Assistant Director – Corporate Services), Richard Doyle (Corporate Strategy and Performance Manager) and Andrew Randell (Democratic Services Officer)

Also present: Councillor Cavill

(The meeting commenced at 6.15 pm.)

16. Apologies

The Chairman (Councillor Williams) and Councillor Beale.

17. Minutes

The minutes of the meeting of the Executive held on 8 March 2017, copies of which had been circulated, were taken as read and were signed.

18. Taunton Deane Borough Council Corporate Plan 2017/2018

Considered report previously circulated, which introduced Taunton Deane's draft Corporate Plan for 2017/2018, a copy of which was circulated to Members of the Executive.

The Corporate Plan flowed from the Council's four year strategy which covered the period 1 April 2016 to 31 March 2020. The 2017/2018 Corporate Plan would be the second year of this strategy.

The Plan described the actions which would be taken during the year to ensure the Council's strategic objectives were achieved for the people and place of Taunton Deane and set out how progress would be monitored and measured.

The Corporate Plan did not cover everything that the Council did, but it focussed on a combination of those issues that mattered most to local people and the unique challenges arising from Taunton Deane's changing social, economic and environmental contexts.

The plan was a key component of the Council's corporate planning and performance management framework. It linked the strategic priorities of the Council directly to the activities of each individual employee as can be seen from the illustration below:-



During the discussion of this matter, Members made the following suggestions/ comments:-

- A request was made for a clear statement of intent to be included within the Corporate Plan to support employees through the Transformation process;
- The dates set out in Key Theme 2 might have changed and therefore needed to be checked for accuracy;
- The start date for both the new Western Relief Road at Monkton Heathfield and the 20 year Transport Strategy for Taunton were also thought to have been changed and might need to be altered in the Corporate Plan; and
- It was requested that the contents of the Corporate Plan be fully re-assessed should the proposed new Council be formed.

Resolved that subject to any necessary amendments being made to the document in relation to the above comments, Full Council be recommended to adopt the Taunton Deane Borough Council Corporate Plan for 2017/2018.

19. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months.

Resolved that the Forward Plan be noted.

(The meeting ended at 6.37 p.m.)

Taunton Deane Borough Council

Executive – 6 July 2017

Regeneration of the Coal Orchard, Taunton – Capital Investment

This matter is the responsibility of Executive Councillor Mark Edwards

Report Author: Ian Timms, Assistant Director Business Development

1 Executive Summary

- 1.1 The report outlines the steps undertaken in the past two years to enable the Council to invest in the redevelopment of the Coal Orchard, Taunton. The report gives an overview of this process and the broad rationale for the selection of two key delivery options. These options are outlined in the report to determine which offers the best return on investment for the Council. The report examines in depth the financing requirements related to each option, explores risks associated with each and applies due diligence to both options. This assessment links directly to the evaluation of impacts on existing Council budgets.
- 1.2 This examination provides a proposal for the recommended delivery option and the financing associated with that option. This report aims to enable the Council to authorise a capital investment budget approval funded through borrowing to deliver this key growth programme site.

2 Recommendations

- 2.1 Executive recommends to Full Council that the development is delivered by Taunton Deane Borough Council through a direct contracting approach.
- 2.2 Executive recommends to Full Council the approval of a Supplementary Budget within the Capital Programme for the preferred option in line with total investment costs summarised in Confidential Appendix B, to be funded by capital borrowing.

Risk Assessment

		Likelihood	Impact	Overall		Likelihood	Impact	Overall
	Risk Description				Risk Mitigation Measures			

	Risk Description	Likelihood	Impact	Overall	Risk Mitigation Measures	Likelihood	Impact	Overall
i	The Council is unable to service the loan due to a lack of revenue from the development. This may occur due to market changes relating to retained elements.	3	5	15	<i>a) Adopt Clear lettings policy b) Utilise specialist marketing and asset management individuals company to deliver policy c) Early disposal of Housing at Market rates d) Retain flexible tenure options and ability to dispose of all components e) Retain Car park as underpinning income stream</i>	3	3	9
ii	Post Occupancy Management The Council does not have the necessary skills in house to undertake the management, letting and marketing required. Consultant procurement will be required	4	5	20	<i>Commission specialist multiuse property asset management and marketing company to manage on behalf of the Council. Or consider recruiting and employing in-house skills.</i>	4	2	8
iii	Market Conditions The current market is buoyant for both construction and sales, a 5% swing in either direction will impact upon costs.	4	4	16	<i>Set an appropriate contingency sum within the project bid to cover 5% increase of cost.</i>	4	2	8
iv	Determine option and progress at appropriate pace to ensure build costs do not inflate	3	3	9	<i>Procure via Build partnering contract with a fixed sum and contract timescale, with open book accounting to allow Value Engineering and Value Management reviews. Mainly determined as part of procurement and scoping pre construction stage. Support through robust project management arrangements.</i>	3	2	6

Risk Matrix

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
Impact							

3 Background and Full details of the Report

- 3.1 The redevelopment of the Coal Orchard has been an element of Council plans for the centre of Taunton for a significant period of time. The intention to create a new development in this location is described in the Council's Town Centre Action Plan adopted in 2008. This was further reinforced by the Taunton Rethink adopted in late 2014 which confirmed the importance of this site as a central point in the town centre growth plans.
- 3.2 The scheme is a central part of the council's regeneration plans for the town centre. The evolution of the Coal orchard has focused on providing a quality regenerative site which provides a genuine link to the town centre. This will align well with emerging plans to upgrade The Brewhouse providing a venue which can serve the need of the Garden Town.
- 3.3 In the autumn of 2015 councillors approved a delivery strategy for the site to create "a new place on the river". This decision initiated the survey work necessary to develop an outline planning application for the site. This was allied with consideration of site viability and development of the outline business case.
- 3.4 The outline work progressed through late 2015 and the first six months of 2016. This foundation enabled the Council acting as landowner to approve the submission of an outline planning application at its meeting in October 2016. A further report was requested to fully examine the financial aspects of the development.
- 3.5 Through the course of the work to develop the planning application a number of

delivery options have been considered with two being discounted at an early stage. These were essentially to do nothing or to dispose of the site for a capital receipt.

- 3.6 The option of doing nothing clearly does not accord with the Council's long held plans to develop the site as part of the regeneration of the area. The site occupies a key position within the town centre with a significant river frontage providing opportunities to deliver the Council's vision. This option was therefore discarded at an early stage.
- 3.7 The potential for capital receipt was considered against the aspirational vision for the site which is regenerative in nature. This aspiration to create a cultural hub in this area means that the Council is seeking a mix of uses that delivers on this rationale, combined with a high quality design to deliver the vision. This regeneration approach and desire to control the development quality therefore influences the consideration of options.
- 3.8 As members will recall from previous reports the development toolkits that the Council applies to comparable development sites were used in assessing this option. An evaluation of the receipt indicated that it would be circa £765,000 which in itself appears attractive but is actually marginal in terms of site value. This evaluation is based on the constraints within the site which are similar in nature to similar sites in the town centre.
- 3.9 Significantly though a sale of this nature would mean that the Council would in effect lose direct control over the design and delivery timescale for any development on the site. Site ownership would pass to a third party who would then develop the area in line with their own approach. It could be argued that caveats may have been placed on the new owner in any sale document but if market conditions changed the nature of any development could be significantly altered by any purchaser.
- 3.10 The conclusion therefore was that whilst this approach could create a receipt the aspiration relating to this site made the option unattractive. The option in essence does not create the broader value that the Council seeks from the site so was consequently discounted at the initial stages of the work.
- 3.11 The Executive in considering the outline planning submission instructed that further work be carried out to examine the business case to enable detailed due diligence to be applied to the remaining options. This report examines the key routes to delivery of the site.
- 3.12 There are in essence two main development options:
 - A joint venture (JV) with a partner to deliver the site. This may be seen as a traditional arrangement to deliver the site. A partner would be sought and a development agreement signed with them following procurement to deliver a

development on the site.

- Local authority direct contracting. The development will be delivered by the Council through the engagement of a specialist team to manage the project. This team would deliver the scheme providing a design to enable a fixed price build contract to be procured.

3.13 The detailed examination of the business case for each option is intended to enable the Executive and subsequently the Council to select its preferred choice for delivery of the development.

3.14 The choice of option is informed by an analysis of the relative risks and rewards offered by each option. This includes consideration of the best approach taking into account the council's adopted design principles. In this case particular consideration has been given to design principle C within the adopted corporate plan.

"The Council will embrace the principles of a Social enterprise – acting commercially to deliver surplus to reinvest in the delivery of our priority outcomes and services"

3.15 Whichever delivery route is taken in following this principle we should seek to generate an appropriate surplus within a reasonable time to complement this delivery principle.

3.16 In order to understand how these options work it is important that Members consider what the Council is seeking to achieve on the site. The development proposal is composed essentially of 6 build components which are:

- Residential – 36 units
- Restaurant – Food and Beverage
- Offices/Workspace
- Retail
- Car Park
- High Quality Public Realm

3.17 These components combine to create a viable, sustainable development proposition which delivers a quantum of development that accords with the Town centre area action plan. The components differ in value which is reflected in the analysis of the options available for development. As with all developments the residential element is most valuable and therefore is the core component when choosing an option.

3.18 The **Joint Venture (JV)** option is a delivery mechanism which is well understood by the Council in terms of a tried and tested route to market. In essence the Council would go to market with the scheme once outline planning permission is

secured to seek a development partner. A partnership would be entered into with the Council retaining oversight and control through a project sponsor role. Therefore the significant costs around employment of specialists and build risks would be carried by the JV partner. The contractual arrangements, as a minimum, would need to drive delivery timescales and lay out clear requirements around final design quality.

- 3.19 This option by its nature weights risk relating to the development towards the JV partner. The outcome of this is of course that the JV partner will require an appropriate level of profit to deliver the site. In terms of modelling this option it has been presumed that as a minimum the Council would wish to retain income from the car park component. Any JV would then need to be structured around the remaining components and appropriate profit share arrangements. Profit generated from this option would be dependent on the JV development agreement.
- 3.20 In modelling this option we have assumed that the development partner would seek an appropriate level of return which is effectively generated by the housing component and we have therefore presumed that the value associated with this is taken by the JV partner.
- 3.21 **Local Authority (LA) Direct Contracting.** The Council would appoint a project management team with necessary expertise to deliver its plans. The Council's procurement team is reviewing this approach to ensure that due legal process is applied to appointment of the resource.
- 3.22 The Council would utilise this team to complete the process of securing the necessary reserved matters planning consent and complete any land assembly. In parallel, building contractors would be procured to deliver and construct the final design. This would be through the use of a design and build, fixed price contract. Once the construction of the development is complete the facility would pass over to the Council to maintain, operate and market. The Council will need to consider whether the expertise to undertake this role is available in house or whether outsourcing was appropriate and make appropriate appointments.
- 3.23 In this approach the Council carries all of the build risks but in return owns the asset on completion of the project. This would enable full value to be realised from all elements of the development. The recommended approach would be to realise the value of the residential element soon after completion by sale of this element. The housing market is currently strong with no visible effect from Brexit so value is expected to remain in this component of the scheme. This minimises the risk around taking this option.
- 3.24 This approach has been modelled in the attached finance section of the report. The other variation that has been modelled in the LA direct contracting option is to retain ownership of the whole site and realise value from the rental value of

each element. The Council though could seek to realise value through sale of any or all of the elements but this would of course lead to loss of control over occupation policies, and loss of revenue income generation opportunity.

- 3.25 The report therefore evaluates two variants of the LA direct contracting option to illustrate possible options, although there are a myriad of variant options available.
- 3.26 It should be noted that whichever development route is chosen the Council does need to factor the broader aspirations for the site into its decision. This does determine what value it wishes to secure through the development. Clearly the principles for development of the Coal Orchard area have at their core a desire to achieve a good design and build quality. The intention is to place outstanding public realm at the centre of this approach to create a strong sense of place. This in turn supports the broader concept of cultural aspirations in this area enabling these to become a reality.
- 3.27 This quality aspect will be paramount but will have a corresponding effect on build costs which will inevitably be greater than a basic design. How this quality environment is occupied will also be key to the success of the site. Creating a strong lettings approach will also be a strong feature of the delivery strategy to aid in delivering on the aspirations for the site. This activity will be carried out as an early part of the process to inform the final design process. Market advice has already been obtained from local agents and this will continue as the scheme progresses into the next phase. This knowledge will be vital in the LA direct contracting option to ensure that the return on investment is realised.
- 3.28 Combining a quality environment with a clear lettings approach will create a positive environment within the Coal Orchard. It is also worth noting that whilst this development stands up well as a proposition in its own right it is one half of the Coal Orchard site. The development has been designed and planned on this basis which will enable further growth of The Brewhouse to create an improved cultural offer across the site. The plan to redevelop The Brewhouse is being progressed strongly in parallel with the area covered in this report. The approach to enhancing the public realm will also significantly provide a strong link through the site, north to south from the redeveloped Station to the Town centre.
- 3.29 The development will of course produce a number of jobs through the construction phase. It is also expected that the employment spaces will create a range of jobs across the site. The build itself is a significant investment and this will be further enhanced by incoming businesses who will invest in the town. The residential apartments will also provide new residents living in the town centre who will utilise local amenities.
- 3.30 There are several junctures at which the Council will need to evaluate spend so will commit the expenditure in stages. This will be managed through the existing

Programme Board arrangements. The stages are:

- Appointment of a project management and design team to undertake a reserved matters application
- Tendering a design to a Contractor
- Appointing a preferred Contractor to undertake the build
- Post completion – operate/market the development

3.31 Appendix A of this report gives an indicative high level timeline for both of the main options and illustrates how the development could be delivered.

4 Links to Corporate Aims / Priorities

4.1 The creation of a new development at the Coal Orchard is a specific target contributing to delivery of key theme 2 (b) of the Corporate Plan. This has two components within the corporate strategy:

- Secure detailed planning consent by 30 November 2017
- Decommission St James St Pool by 31 December 2017

4.2 This report therefore directly contributes to delivery of the Corporate Plan through delivery of these two corporate strategy targets. Timescales will need to be monitored and adjusted according to the progress on the adopted approach and this links to the financial appraisal.

5 Finance / Resource Implications

5.1 The Finance implications are reviewed in Confidential Appendix B of this report.

6 Legal Implications

6.1 The decision relating to this report will enable the commencement of legal work to deliver the necessary development approach.

6.2 The choice of option will also enable procurement processes to commence, which deliver that option. This will ensure that the council is fully compliant with the appropriate legislation.

7 Environmental Impact Implications

7.1 The environmental implications will be addressed through the planning process which runs parallel to this decision.

8 Safeguarding and/or Community Safety Implications

8.1 None related directly to this report. As stated above these issues will be dealt with through the planning process and final design considerations within the build.

9 Equality and Diversity Implications

- 9.1 This report relates to financing the development. The equality and diversity implications of the development are addressed through the design and planning process.

10 Social Value Implications

- 10.1 At this stage we have not carried out a detailed analysis in this area. However we are aware that when we seek a delivery partner there will be opportunities to explore social value within the procurement and building elements of the project. We will ensure social value is taken fully into account in later stages of the project whichever option is taken.

11 Partnership Implications

- 11.1 These implications will be dependent on the option chose by members. The nature of partnership arrangements will be dictated by that choice. In both options there will be contractual arrangements put in place with partners. The financial arrangements though and direct effects will differ as outlined elsewhere in this report

12 Health and Wellbeing Implications

- 12.1 No known implications in this report.

13 Asset Management Implications

- 13.1 The land which is proposed for development is in the ownership of the Council. This detailed business case and the chosen development option will therefore be key to future management or disposal of the asset.
- 13.2 The Asset Management Team will be involved in the project and have acted as advisors throughout the production of the outline planning application.

14 Consultation Implications

- 14.1 This report relates to the choice of method for delivery of the Coal Orchard regeneration by the Council. The decision is therefore one for councillors acting as a developer to determine so does not require wider community consultation. Any issues relating to nature and design of the development are dealt with through the statutory planning processes.

15 Scrutiny Comments / Recommendation

- 15.1 Scrutiny supported the initial recommendation to Executive that further work was carried out to assess the business case and apply due diligence to it. This report

therefore is an outcome of both the Executive and Scrutiny Committees request for this further work to be provided for consideration.

Democratic Path:

- **Executive – Yes**
- **Full Council – Yes**

Reporting Frequency: Once only

List of Appendices

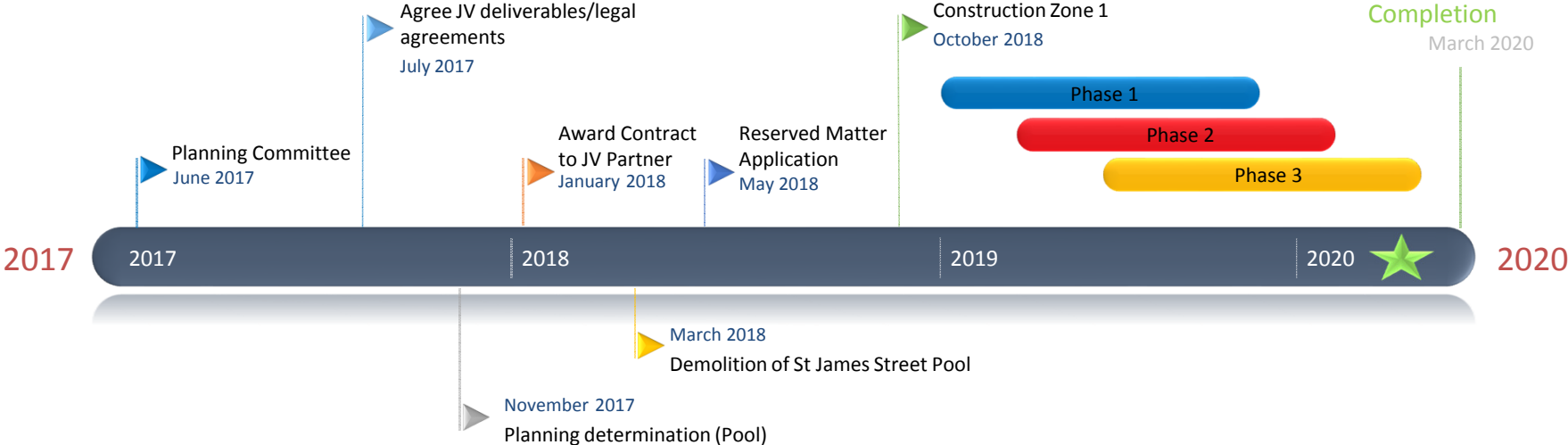
Appendix A	Simplified build programme
Appendix B	Finance implications - CONFIDENTIAL

Contact Officers

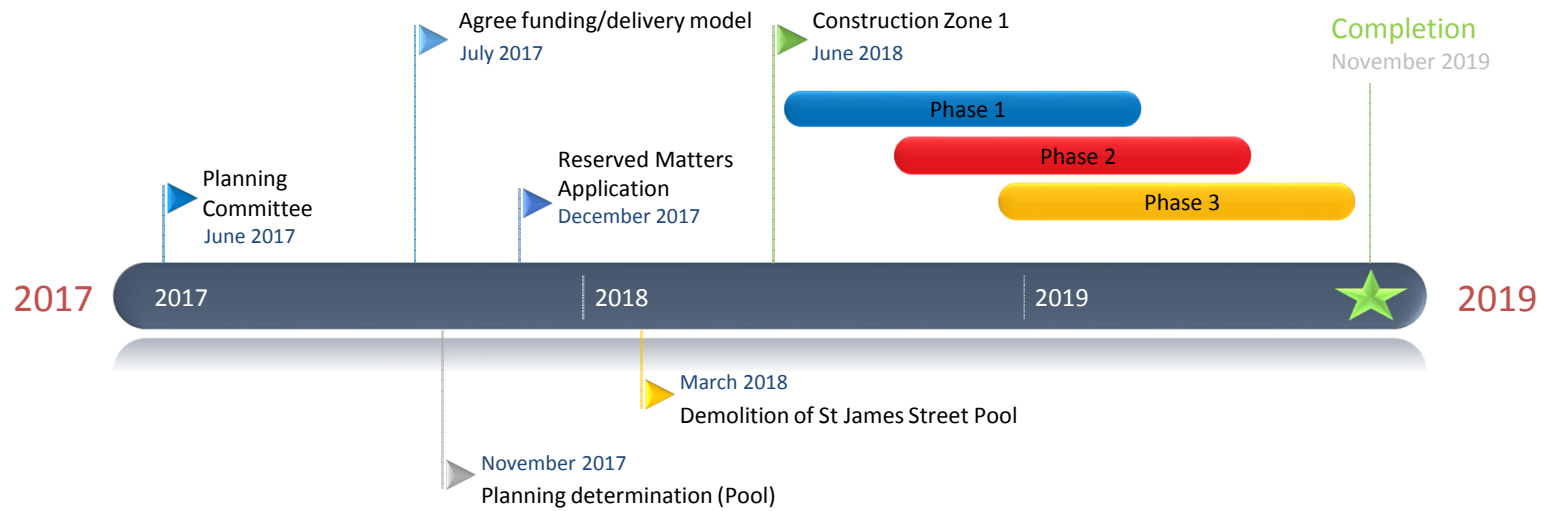
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Coal Orchard - JV Programme



Coal Orchard – Self Delivery Programme



Executive Forward Plan

06/07/2017, Report:Regeneration of the Coal Orchard, Taunton – Capital Investment
Reporting Officers:Ian Timms

03/08/2017, Report:TDBC Financial Performance 2016/2017 - Outturn Report

03/08/2017, Report:Medium Term Financial Strategy 2018/ 2019

03/08/2017, Report:Q4 - Performance Report
Reporting Officers:Richard Doyle

03/08/2017, Report:Investment in The Collar Factory, Taunton.
Reporting Officers:David Evans
Contains exempt information requiring private consideration: Yes
Exempt reason:The report is likely to contain confidential information.

07/09/2017, Report:Proposed acquisition of land at Lisieux Way Business Park, Taunton
Reporting Officers:Tom Gillham
Contains exempt information requiring private consideration: Yes
Exempt reason:The report is likely to contain confidential information relating to financial and business affairs.

07/09/2017, Report:Cemetery and Crematorium - Supplementary Budget
Reporting Officers:Chris Hall

07/09/2017, Report:Business Rates - “Revaluation Relief”
Reporting Officers:Dean Emery

07/09/2017, Report:Proposed Repairs Notice - Premises in Wellington
Reporting Officers:Tim Burton
Contains exempt information requiring private consideration: Yes
Exempt reason:The item is likely to include confidential information relating to financial and/or business affairs.

09/11/2017, Report:Review of the Council Tax Support Scheme for 2018/19
Reporting Officers:Heather Tiso

29/11/2017, Report:Fees and Charges 2018/2019

29/11/2017, Report:Earmarked Reserves Review

29/11/2017, Report:2018/2019 Draft Budget Estimates Update

29/11/2017, Report:Somerset Waste Partnership Business Plan
Reporting Officers:Chris Hall

29/11/2017, Report:TDBC General Fund Asset Strategy

11/01/2018, Report:Crematorium Waiting Room Extension
Reporting Officers:Chris Hall

08/02/2018, Report:General Fund Revenue Budget 2018/ 2019

08/02/2018, Report:Housing Revenue Account Budget 2018/2019

08/02/2018, Report:Treasury Management Strategy 2018/

19/03/2018, Report:Transitioning to a New Council
Reporting Officers:Penny James,Shirlene Adam

05/07/2018, Report:Quarter 4 Performance Monitoring Report
Reporting Officers:Richard Doyle

05/07/2018, Report:Finance Outturn Report
Reporting Officers:Paul Carter

06/09/2018, Report:Taunton Transport Strategy
Reporting Officers:Dan Webb

06/09/2018, Report:Electric Vehicle Charging Points
Reporting Officers:Chris Hall

28/11/2018, Report:North Taunton Woolaway Project Proposal
Reporting Officers:Jo Humble