

Executive – 6 July 2017

Present: Councillor Williams (Chairman)
Councillors Beale, Berry, Edwards, Habgood, Mrs Herbert, Parrish and Mrs Warmington

Officers: Ian Timms (Assistant Director – Business Development), Jo Nacey (Finance Manager and Deputy Section 151 Officer), Matthew Parr (Economic Development Project Officer) and Marcus Prouse (Democratic Services Officer)

Also present: Councillors Aldridge, Coles, Horsley and Mrs Smith.

(The meeting commenced at 6.15 pm.)

20. Minutes

The minutes of the meeting of the Executive held on 20 April 2017, copies of which had been circulated, were taken as read and were signed.

21. Regeneration of the Coal Orchard, Taunton – Capital Investment

Considered report previously circulated, relating to the proposed regeneration of the Coal Orchard, Taunton.

The redevelopment of the Coal Orchard had 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 was 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.

The evolution of the Coal Orchard had focused on providing a quality regenerative site which would align well with emerging plans to upgrade The Brewhouse providing a venue which could serve the need of the Garden Town.

Work on the project had progressed through late 2015 and the first six months of 2016. This foundation had enabled the Council (acting as landowner) to approve the submission of an outline planning application at its meeting in October 2016. A further report had subsequently been requested to fully examine the financial aspects of the development.

Through the course of the work to develop the planning application a number of delivery options had 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 and the reasons for discounting these options were reported in detail.

In considering the outline planning submission, the Executive had 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 examined the key routes to delivery of the site.

There were in essence two main development options:-

- A **Joint Venture (JV)** with a partner to deliver the site; and
- **Local Authority (LA) Direct Contracting.**

The detailed examination of the Business Case for each option was intended to enable the Council to select its preferred choice for delivery of the development.

Whichever delivery route was taken it was recommended that the Council should seek to generate an appropriate surplus within a reasonable time to complement this delivery principle.

In order to understand how these options would work it was important that what the Council was seeking to achieve on the site was widely understood. The development proposal was composed essentially of six build components which were:-

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

The JV option was a delivery mechanism which was 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 had been secured to seek a development partner. A partnership would then 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.

With LA Direct Contracting the Council would appoint a project management team with necessary expertise to deliver its plans. The Council's procurement team was reviewing this approach to ensure that due legal process was applied to the appointment of the resource.

In this approach the Council would carry all of the build risks but in return would own 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 was currently strong with no visible effect from Brexit so value was expected to remain in this component of the scheme. This minimised the risk around taking this option.

Reported that two variants of the LA Direct Contracting option had been evaluated

to illustrate possible options, although there were a myriad of variant options available to Council.

It was noted that whichever development route was chosen the Council did need to factor the broader aspirations for the site into its decision. This would determine what value it wished to secure through the development. Clearly the principles for development of the Coal Orchard area had at their core a desire to achieve a good design and build quality. The intention was to place outstanding public realm at the centre of this approach to create a strong sense of place. This in turn supported the broader concept of cultural aspirations in this area enabling these to become a reality.

To combine a quality environment with a clear lettings approach would create a positive environment within the Coal Orchard. It was also noted that whilst this development stood up well as a proposition in its own right it was one half of the Coal Orchard site. The development had been designed and planned on this basis which would enable further growth of The Brewhouse Theatre to create an improved cultural offer across the site.

The plan to redevelop The Brewhouse was being progressed strongly in parallel with the area the subject of this report. The approach to enhancing the public realm would also significantly provide a strong link through the site, north to south from the redeveloped Railway Station to the town centre.

There were several junctures at which the Council would need to evaluate spend so the expenditure required would be committed in stages. This would be managed through the existing Programme Board arrangements. The stages were:-

- 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; and
- Post completion – operating/marketing the development.

To enable the confidential Appendix B to the report to be discussed, it was **resolved** that the press and public be excluded from the meeting as it included exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and that the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

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

- (1) It was felt by some Members that this project needed to be looked at in the broader view and that the planning application had been prematurely put forward. The Council needed to be more careful before a definite route was taken.
- (2) Members raised queries around affordable housing with regard to this development.
- (3) Car parking income tended to fluctuate and it was therefore premature to say

the Council would lose all the income it currently collected.

- (4) It was recognised that the option with the best return had the highest risks.
- (5) It was queried as to why no evidence was presented with the report into any potential interested tenants that would raise rental income. This could be a concern as demand might fall rather than rise as expected in the future.
- (6) The Council was always going to have to do something with this area after St James's Swimming Pool closed and that having a strategy and a plan was better than not having one.
- (7) This was felt to be about place making and would add to the offer of Taunton as a whole and as a stopping off point, and importantly, it linked in with the Council's Growth Agenda.

Resolved that Full Council be recommended that:-

- (a) The development of Coal Orchard, Taunton be delivered "in principle" by Taunton Deane Borough Council through a Direct Contracting approach. Final sign off to be subject to consultation with the Leader of the Council and the Portfolio Holder; and
- (b) A Supplementary Budget within the Capital Programme for the preferred option be approved in line with total investment costs summarised in the Confidential Appendix B, to be funded by capital borrowing.

22. **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 7.15 p.m.)