

Somerset West and Taunton Council

Council - 19th June 2019

Regeneration of Firepool

This matter is the responsibility of Cllr Habib Farbahi

Report Author: James Barrah, Head of Commercial Investment

1 Executive Summary

This report is the next key step to progress delivery of the Firepool site. It sets out a programme of activity to deliver the outline planning consent. The report outlines a little of the history of the site, some lessons learned and the steps undertaken in the past 3 months to identify the likely most deliverable form of development in a relatively short programme.

Appendix 1 consists of the indicative conceptual block plan for the site which both builds on the outline planning approval and accords with current planning policy. This is not a prescriptive solution but it is work in progress. The site is to be divided into bite size blocks to assist greater flexibility and certainty of delivery. The intention is that the Council will act as the masterplan developer to deliver the public realm and infrastructure to remove the obvious barriers to progress the site and act as a catalyst to delivery.

The report seeks support for the broad direction of travel set out and the key recommendation is to seek authority to appoint a professional design team to help progress the masterplan delivery and to work up detailed business cases for Blocks 1,2 and 5. The report also sets the way forward for the hotel and to identify the market and commercial appetite for a performance venue together with the potential space requirements.

Key to the regeneration of the site is to build on the extensive consultation already undertaken with the previous planning applications but to focus now on delivery.

Our intention is to get the public realm and infrastructure elements on site next year and to have 2 or 3 Blocks started on site as well. The decisions within this report are a key and essential stage in the process and sets up the next key steps as follows:

June – September

- Design team appointed to further develop and cost the conceptual delivery block plan and create a Framework Masterplan ready for approval
- Commission expert studies into a performance venue
- Hard market test Hotel, Leisure and Residential blocks and seek commercial occupiers

Post October

- Review detailed business case for Blocks 1,2 and 5
- Council decision to work up, consult and submit planning applications as required
- Review business case for Performance Venue
- Review and decide on alternate delivery approach for Hotel
- Consult and submit planning applications in late 2019, early 2020 potentially in conjunction with plot developers
- Secure detailed planning approvals, conclude developer deals
- Major start on site mid 2020

2 Recommendations

That Council approves;

- That the broad principle of the conceptual block plan design is progressed to Framework Masterplan and that indicative designs for all of the blocks are developed. In-particular Blocks 1, 2, and 5 be progressed to detailed business case and to provide authority to appoint a design team following due process.
- To endorse the approach that the Council further considers the business case to act as the lead commercial and masterplan developer and to delegate authority to the Head of Commercial Investment in consultation with the Portfolio Holder to enter into relevant transactions. This will include hard market testing of Blocks 1,2 and 5 to inform completion of business cases.
- To endorse the principle that the Council may also be the developer of some of the plots each being considered on a case by case basis and subject to a detailed business case and further Council approval.
- To note the review of the Hotel development project, to cease the current Council investment plans and cancel the existing budget approval and instead to seek a development partner/investor to deliver this scheme as an alternative to the previously approved Council development, and on a different part of the site. A specialist property adviser will be appointed to undertake a thorough hard marketing exercise
- To commission a suitable performance venue expert to establish the business case and conduct soft market testing with suitable operators for such a facility on site.
- To report back with progress as and when required and set up a project governance Board to oversee the direction of the project.

- Approval of a total budget of £275,000 to progress these work streams and this to be funded from New Homes Bonus funds

3 Risk Assessment

Risk Matrix

Description	Likelihood	Impact	Overall
The council is unable to decide on the right, viable solution for the site and there is no activity	3	5	15
Council selects a single developer for the whole site whom is unable to perform	3	5	15
Lack of progress will mean lack of investment and job creation plus loss of potential Council Tax and Business Rates income	2	5	10
Poor quality scheme could undermine future of Town and area	1	5	5

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				

4 Background

The redevelopment of Firepool has been an element of Council plans for the centre of Taunton for a very 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

St Modwen were appointed in 2010 and whilst some progress has been made in regards to Firepool South. The development agreement with St Modwen came to an end in late 2018. St Modwen submitted an outline planning application in 2016 that was recommended for approval and the S106 for this was signed in March of this year. The permission is live.

5 Enabling Works

The initial enabling package of works is well underway within budget and programme. Concrete has been broken up, site fencing enhanced and some interim landscaping completed. The principle of the boulevard established with part of the interim footpath created and for the moment the whole site looking better cared for and feeling safer for the public. The grassed area is a temporary solution but is intended to make the area an attractive area for the public to use and enjoy pending development.

Further work utilising the existing budget approval over the coming weeks will address some further demolitions, completing the temporary footpath connection to the station and completion of the vehicular access from Trenchard Way by Somerset County Council on the Council's behalf.

The intention is that these works create considerable temporary improvement to the area and help make an underused public car park feel more welcome and useable as a long stay car park outside of cricket matches. That should help grow car park revenue. The enabling works are also intended to help build momentum a vital part of all projects and importantly to help illustrate to investors and occupiers the true value of the site.

6 Constraints and Vital Issues

The site presents various constraints and issues to be addressed. In summary key issues to be addressed are:

- Flood Risk – To reassess and ensure compliance with the flood risk strategy for the site which involves raising the level of the site
- Weir – Working with partners to consider some essential repairs to the Weir and Lock and to improve the appearance of the Lock area
- Utilities – To relocate services that severely restrict the optimum layout for the site and to provide services to each block
- Highway Access – To provide the optimum access to the site from the NIDR and as required Canal Road and resolve the level change

These issues will be addressed and solutions identified and costed for the next stage.

7 Title

The final acquisitions have now been made to deliver all of the site although legal completion of the acquisition of one property has not yet been achieved but is expected by end August. It has been exchanged though. This is the last remaining obstacle to complete control of the site.

8 Value of the Site to the Area

There is enormous economic and social regenerative benefits from bringing this site forward and quickly. This site could reasonably be producing £1,500,000 of Business Rates Income per year and in the region of £500,000 per annum in Council Tax. Then you add in the GVA of any business uses on site, employment created is a direct and indirect income to the area and wider Public Sector including the Council of at least £3m per annum. There is every reason to move on a regeneration scheme on this site quickly to capitalise on these considerable benefits. In addition despite the constraints there is considerable potential direct development value in the site that the Council can potentially benefit from as a developer and investor. In turn this return can then be re invested in our communities. Opportunities for such potential Council investments will be reported in due course.

9 Hotel – Background

Previous Council approvals supported the business case for the delivery of a 120 bed hotel. This project went through a long process of due diligence and an open tendering exercise. The Council hoped to find a developer to undertake the scheme but after market testing undertaken a few years ago there was little interest. There were some submissions but they were far from straight forward and involved adding in other sites and land of value plus loans and financial commitments. However the investment market changes quickly and we have been advised by specialist hotel agents that there is an increasing appetite in investors and developers for franchised type premium hotels and this may well extend to Taunton. The advice is clear enough to suggest that it is worth re-examining the potential for a third party to take all or some of the financial risk.

There have been a number of hotels developed by other Councils up and down the country. Council's have developed, owned and operated these hotels and have made a decent return from them. Generally this sort of franchised hotel does not have a simple lease arrangement and the market has moved towards a handful of specialist hotel operators whom occupy only on a management basis. There is also an emerging investment market for existing hotels run solely under management agreements. We have been advised that new build hotels have been sold within 6 months at prices comfortably above the costs.

10 Hotel – Way Forward

The original Firepool Hotel business case was well considered and had some considerable merit. However, a detailed review has been undertaken and there is specific concern over a number of key issues:

- Operating Risk with public funding albeit with strong independent advice that the demand is solid from third party specialist advisers
- Capital lockup – that is it may prove difficult to sell the Hotel given the lack of a traditional lessee paying a traditional rent
- Moreover the opportunity cost of committing significant amounts of capital to the Hotel

project when the rest of Firepool will certainly require additional considerable Council investment

A Four star hotel brand would be good for Taunton, particularly one that is an internationally recognised brand. It is recommended that we should re-review options to secure a direct developer/lessees /investor on the best possible terms but with the minimum financial commitment from the Council. There was clear evidence of a need for a circa 100 bed hotel in Taunton Town Centre to provide a much more sustainable, town centre alternative to a successfully trading Holiday Inn at Blackbrook Gate and the other motels and hotels in the Town.

Our recommendation is that a premium hotel is needed for the Town Centre and that Firepool is the perfect location. We though need to further test the appetite for a third party to fund and take on the operator risk. A specialist hotel agent will be appointed to further test the market. The results of this exercise and a recommended way forward will be reported back to Council.

11 Performance Venue

There has been a long held ambition for a major performance venue for Taunton. Firepool could be the ideal location. The Council wishes to review the market for a Performance Venue. This will likely be a multi-functional space that sits in Taunton and possibly at Firepool. Although there is no precise definition for what a Performance Venue should consist of in terms of this project it is probably easiest to define it as:

1. A space for live performances in all media
2. A covered seating arena to allow ideally tiered seating
3. A flexible space that could also accommodate conferences, events and fayres

A suitable expert in the field will be appointed to review the market for such a facility. They will also advise on likely size and car parking requirements. They will be asked to speak to suitable operators and assess the likelihood of securing commercial investment for such. It is noted that both Cardiff and Bristol have live schemes of between 12,000 and 15,000 capacity and these facilities can cost many tens of millions and often also require significant revenue support. It is expected that if this sort of proposal is viable then it would be possible to have such a facility fully funded by private commercial investment but a positive business case will be very challenging.

Once the expert consultant has reviewed the market place a report will be brought back to Council with a recommended way forward.

12 Recommended Delivery Block plan. (Please also refer to Appendix 1)

The proposed Block plan has the following key components, each individual block could be developed as follows. The site would be developed on the basis of six individual and distinct areas as shown on the attached plan but with these plots being connected through the principles established in the Master Plan and site high level business case. This plan is nothing more than indicative at this stage but follows some of the principles contained within the outline planning approval. It is important to note that the Block plan is very similar to the Town Centre Action Plan and subsequent design codes that are current Local Plan policy.

Block 1 - There is strong interest from residential developers for this part of the site this could be a start on site next year

- One block of apartments between the Acorn development and Viridor but positioned to create a gap to allow the space behind to enjoy the river aspect
- This first site is on the back of the river which should be 2 bed apartments with living spaces facing the river view and it is expected to achieve around 20 units
- The L shaped block shown on the plan is also apartments and is intended to enjoy a courtyard that faces out over the river and also over Somerset County Cricket Club

Block 2 – there is strong interest from residential developers for this part of the site – this could be a start on site next year

- We are potentially looking at a contemporary modular Terraced Town House building with some apartments.
- Town House types would be on a 4m, 4.5 and 5m width modules on 3 or 4 stories.

Block 3 – Not market tested as yet but will likely be a follow on to Block 2

- Office uses to complement the proposed innovation centre on Block 6 New access to turn into the site from the new access into NIDR/Trenchard Way
- Refurbishment of the Great Western Goods office into Food and Beverage
- Line the boulevard with buildings probably apartments above active ground floor space for cafes/bars/food related and possibly a local supermarket such as a Tesco Metro/Simply Food of say 4,000 sqft

Block 4 – There will be interest in this but not at the same time as Blocks 1 and 2

- The eastern block is a continuation of Block 2 so it will be housing led exactly as the brief listed above
- Where this block meets the boulevard it should be housing on its eastern and northern edge
- The southern and western edge will have active ground floor space possibly 2 storey in height in places with upto 4/5 stories above of apartment space above
- Parking for the apartments to be in the courtyard
- Block 4 could also be the best possible space for the Performance venue

Block 5 – There is good interest from occupiers – this could be a start on site next year

- The western edge to take a standard rectangular block for a Hotel
- The eastern edge to have a 5 screen cinema with each screen being somewhere around 10m wide by 20 m with a ground floor access foyer taking customers to a first floor reception space with screens beyond or something similar

Block 6 – there is good interest from occupiers but may take a little longer to put together

- Innovation Centre of circa 4,000 sqm
- Possible retention of no 9 Canal Road and providing a terrace of new houses next to it say 4 houses in total

The Block design approach will be further developed and indicative and costed designs worked up for decisions to proceed later in the year.

Blocks 1 and 2 will be taken to the market. The intention is that Block 5 could be easily developed by the Council and further work will be undertaken on bringing forward pre-lets and working up the detailed business case. The hotel part of this report also relates to this block.

Transport/Public Realm/Infrastructure requirements.

This is the key element in the scheme. This is the element that all members of the public can use and enjoy. This will include all of the main public areas of the scheme to include. The quality of the scheme is as much about the spaces around the buildings as the buildings themselves. Key components of this work stream are:

- Creation of the landmark boulevard linking train station with river and onto the Town Centre via Coal Orchard
- It includes all of the public realm area alongside the river and up into the scheme
- It delivers vehicles and pedestrian routes around the site

Service Strategy

- Need to create a surface water culvert along Canal Road until it outflows into Lock – this helps manage floods from Taunton Town Centre
- Review positioning surface water and mains drainage into the road/boulevard to clear the site for clean development
- Gas and power to run in main roads where possible to minimise land take
- Review well designed, high quality service duct approach to make it easier for utility companies to access infrastructure without digging up roads and pathways and leaving unmatched patches

Therefore it is recommended that the public realm and infrastructure elements should be taken forward for conceptual design by the Council together with development of the delivery masterplan to establish the required level of detail and retain the level of control required to deliver the best possible scheme, we will complete this over the next three months.

13 Recommended Masterplan Delivery Approach

It is recommended that a new single developer for the site is not the best way to proceed. This is because the St Modwen experience was a clear example of putting too many eggs into the one basket. The best possible solution is to look at the site not as one large development site but on a master plan basis where the site is shaped by the public realm, the boulevard the Lock and bridges and public spaces and the 400m of waterfront on both River and Canal. These elements can be enjoyed by all residents of Taunton. They should be delivered to the best possible quality and the only organisation that can honestly undertake that task to the benefit of all residents and visitors to the area is the Council. This route will also retain the greatest flexibility to respond quickly to changes in our operating environment.

The Council will produce a Framework Masterplan for the Firepool site. This Masterplan will be presented to the Council for approval and adoption in its role as landowner but also importantly as the Local Planning Authority. Upon adoption, the Masterplan will be a material planning consideration that can be taken into account in the determination of detailed planning applications for the individual plots within the site. It will also provide confidence to the Council in its planning authority role that detailed proposals sit within a broader framework for the wider site which is an important consideration in terms of securing an appropriate mix

of uses across the site and in ensuring that there is a coordinated approach to design and place-making.

Professional officers will provide technical planning and urban design input and guidance to the Team preparing the masterplan in order that the document can be recommended to the Council for adoption in late Summer / early Autumn.

14 Governance - Key Principles

The intention is that a handful of key principles will guide the regeneration of this key site. The masterplan has been broken down into logical blocks each individual block will have its own business case.

It is proposed that all components of the project will be tested by clearly drawn parameters to provide the structure to keep the project focussed and deliverable in quick time. The intent is to have a mechanism to sift proposals that balances market interest, deliverability, viability and quality. The suggested parameters are light touch and are as follows:

1. Financials	:	30%
2. Delivery	:	20%
3. Fits the Masterplan	:	15%
4. Regeneration	:	15%
5. Design	:	20%

The intention is that every use proposal that comes forward either promoted internally or proposed externally is tested against these parameters. Those proposals that score well will enter a traffic light system to assess likely deliverability and resource allocation.

Red is stop this proposal will not achieve the projects objectives. Amber is this is marginal and needs more work. Green is go to business case.

Parameters in a little more Detail

Financials

The intention is to agree a basic block plan that creates some order on the site but keeps flexibility. Each block will have a likely use although not definitive certainly indicative. For the optimum use and block a likely density is assumed. From this data and the wider understanding of the site in relation to infrastructure costs a financial appraisal is produced. Each Block will have its own business plan and delivery plan which will include selling to a developer, a JV or Council self-development. The risks and rewards will be considered block by block.

Delivery

This assesses the deliverability in the following measures:

- i. Likelihood of planning success
- ii. Covenant – ability of occupier to deliver, track record etc
- iii. Funding – proof of funding and level of conditionality of that funding
- iv. Appetite and evidence for pace of delivery

Fits the Plan

The base masterplan is produced as part of the action plan. This will fit with the strategic context of the outline approval from 2018, the Town Centre Action Plan from 2008 and design codes that are current Local Plan Policy. This should also fit the emerging conceptual block plan which will form the conceptual masterplan. Options that do not accord with these plans risk a refusal at planning or compromise key objectives such as the boulevard and will be scored accordingly.

Regeneration

Key drivers are uses that produce highly skilled jobs, general employment, complimentary commercial space (complimentary to the Town), driving GVA. Delivering enhanced and quality and accessible waterfront areas and a significant area of increased public realm. Creating secure space that creates an enhanced environment for locals and visitors to enjoy is an essential outcome.

Design/Quality

The Town and the scheme demands high quality architecture and scoring will reflect this. This will also include issues of sustainability. It is essential that the scheme reflects all of the qualities of our Garden Town status and our emerging waterfront first strategies. We want a Firepool that both respects the architecture in Taunton but also helps to take it forward as well.

15 Links to Corporate Aims / Priorities

The Council is currently preparing a new Corporate Plan. The regeneration of Taunton Town Centre with Firepool as a key component will undoubtedly be a key feature for the benefits and reasons as set out in the main body of this report.

16 Finance / Resource Implications

The Finance implications are to be further considered at business case stage. The budget of £275K allows for the continued funding of the project management team, architect and urban designer, engineers, quantity surveyors and specialist advisers for the Performance Venue and the Hotel and commercial agents together with a suitable contingency.

17 Legal Implications

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

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

18 Environmental Impact Implications

The environmental implications will be addressed through the planning process which runs parallel to this decision, and our core delivery principles set out above.

19 Safeguarding and/or Community Safety Implications

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.

20 Equality and Diversity Implications

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

21 Social Value Implications

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.

22 Partnership Implications

There are no direct implications for this report at this stage but maybe later in the project.

23 Health and Wellbeing Implications

No known implications in this report

24 Asset Management Implications

The land which is proposed for development is in the ownership of the Council, with one remaining land transaction due to complete imminently. This detailed business case and the chosen development option will therefore be key to future management or disposal of the asset. The asset management team will be involved in the project and have acted as advisors throughout the production of the outline planning application.

25 Consultation Implications

This report relates to the choice of method for delivery of the scheme by the council. The decision is therefore one for councillors to determine so does not require consultation outside of the Council at this stage. Any subsequent planning application will be subject to proper consultation which will be a full and thorough exercise later in the year. There has already been considerable consultation in past years and the content of this proposal is similar to both the outline consented scheme and the preceding Town Centre Action Plan.

26 Scrutiny Comments

Comments from the Scrutiny meeting will be reported verbally at the time of the meeting.

Democratic Path:

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

Reporting Frequency: Once only

List of Appendices

Appendix 1	Block Masterplan
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