



**NORTHAMPTON**  
BOROUGH COUNCIL

## CABINET REPORT

<b>Report Title</b>	<b>Disposal of Northampton Borough Council's land at the former Greyfriars – Procurement Options</b>
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### AGENDA STATUS:

**PUBLIC/ PART PRIVATE**

<b>Expected Date of Decision:</b>	6th December 2017
<b>Key Decision</b>	Yes
<b>Within Policy:</b>	Yes
<b>Policy Document:</b>	No
<b>Directorate:</b>	Regeneration, Enterprise & Planning
<b>Portfolio Holder For:</b>	Cllr Tim Hadland, Cabinet Member for Regeneration, Enterprise & Planning
<b>Ward(s)</b>	Castle

### 1. Purpose

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- 1.1.1 The purpose of this report is for Cabinet to consider the options and next steps for the Greyfriars site disposal and development.
- 1.1.2 To present an update to Cabinet on the progress made with the preferred developer (Carter Endurance) following the Cabinet decision on the 7<sup>th</sup> September 2016.
- 1.1.3 To conclude the procurement process with the preferred developer in line with the Counsel's opinion received and outlined in Appendix 1.

### 2. Recommendations

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- 2.1.1 That Cabinet:
- 2.1.2 Notes the progress of negotiations with the preferred developer and the received partial proposal.
- 2.1.3 Approves the cessation of negotiations with the preferred developer.

2.1.4 Invites the Director of Regeneration, Enterprise and Planning to update Cabinet at the appropriate time and approves the work required to reassess the disposal options and restart the disposal process.

### **3. Issues and Choices**

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#### **3.1 Selection Background**

3.1.1. A report was taken to Cabinet on 4 March 2015 outlining the progress of the demolition of the former bus station building and to make it ready for future investment and development. In August 2014, a large public consultation event was held at the Guildhall to gauge people's ideas and aspirations for the site. A broad mix of end uses was suggested including: cultural, retail, leisure, transport hub, residential, commercial and community. A Cabinet Report detailing the outcome of this consultation was presented on 8th October 2014.

3.1.2 Cabinet will be aware that following the demolition of the former Greyfriars bus station, Council Officers have been involved in a site disposal process that will ultimately pave the way for redevelopment of the site. The disposal process, as set out to Cabinet on 11<sup>th</sup> November 2015, included the following milestones:

- Advertisement;
- Submission: Expression of Interest;
- Evaluation of returns/panel select shortlist;
- Shortlist – Invitation to tender;
- Submission: Tender return;
- Evaluation of returns/panel selection;
  - Notice to appoint;
  - Cabinet decision.

3.1.3 Following the deadline for the expressions of interest stage on 6<sup>th</sup> November 2015, the bidders' Invitation Document was issued to three selected bidders on the 15<sup>th</sup> January 2016. The deadline for final submissions was noon 31<sup>st</sup> March 2016.

3.1.4 One bidder notified the Council on the 18<sup>th</sup> March 2016 that they did not wish to continue with the process and wished to withdraw. Two conforming bids were subsequently received by the due date.

3.1.5 In the period following the submissions deadline, NBC Officers sought various clarifications with both developers regarding the merits of their schemes and final financial offers.

3.1.6 NBC also commissioned expert independent legal, commercial and leisure advice to support the assessment of both bids. Advice from a leading cinema consultancy concluded that there would be a market for an additional family and student orientated cinema within Northampton.

3.1.7 The detailed scoring process identified that the preferred developer's proposal offered a number of distinct advantages. Details of the scoring can be found in the Report to Cabinet of the 7<sup>th</sup> September 2016 and are summarised below:

- The viability of the overall scheme was considered to be better, particularly with regard to the cinema and restaurant offer. Independent advice highlighted a demand in the family and student market for another cinema. Such a product would also generate admissions and therefore the footfall required to support and sustain a vibrant restaurant offer.
- The positioning of the leisure and restaurant offer on the site, coupled with the improved linkages with the town centre, including the Grosvenor Centre, were assessed as being better thought through and the most likely to work well in practice. Linking the existing town centre to the site is crucial for the viability of the site and to maximise its impact on the wider town centre.
- The strategy for the improvements to the public realm, including the highways network, was regarded to be of a higher standard.
- The delivery of private rented sector housing (PRS) on the site, rather than apartments for sale as proposed by the Alternative Developer, was seen to be a less risky delivery option for the proposed residential element on the site.
- There was a greater provision for a transport hub and coach layby by Carter Endurance, based on the plans presented.

### **3.2. Procurement Update**

- 3.2.1 Further to the update given to Cabinet at its meeting of the 11<sup>th</sup> January 2017, ongoing negotiations and development work have continued with the preferred developer, Carter Endurance. Unfortunately the revised development plans and appraisals that have been presented to the Council officers for consideration do not meet the original requirements of the Council as detailed at the Cabinet Meeting of 11<sup>th</sup> November 2015.
- 3.2.2 The development scheme being put forward is a partial implementation of the proposal that does not include the residential elements previously outlined and does not conclude the design and funding requirements associated with the revised highways scheme and the public realm integration with the Grosvenor Centre and the Market Square.
- 3.2.3 As a result of the revised offer, Counsel's opinion has been sought through the legal department to understand the options available to the Council to progress the scheme in this revised form. Counsel's opinion is outlined in Appendix 1 from Deok Joo Rhee at 39 Essex Chambers.
- 3.2.4 The conclusion of the Counsel's Opinion is that there are significant legal risks in proceeding to implement the revised partial proposal on the basis of the present state of affairs.

### **3.3 Options**

- 3.3.1 Option 1: The Council could choose to consider the options and continue to progress with the preferred developer. This would see only a part of the site developed leaving the Authority to remarket the remaining sections. This would also see a significant reduction in the expected capital receipt offered originally by the developer. Legal advice indicates that there is likely to be a significant risk of challenge by third parties as the Council has moved away from the original disposal criteria that the market responded to.
- 3.3.2 Option 2: The Council could choose to cease negotiations and part ways with the preferred developer on the basis that he has not been able to achieve the original

offer put before Cabinet in September 2016 and authorise Officers to restart the disposal process. This would give the Council the opportunity to reconsider offers for the development of the whole site and, should it see fit, amend the opportunity offered to the market for the site. This would also enable further consideration to be given to the provision of infrastructure and alternative leisure facilities. ***This is the recommended option.***

#### **4. Implications (including financial implications)**

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##### **4.1 Policy**

4.1.1 There are no policy implications for this decision.

##### **4.2 Financial**

The potential income return to the Council from the development is likely to be delayed and will have to be accommodated within financial planning. Before the next report to Cabinet we will assess any financial implications from potential revenue streams that could be generated from the completed development scheme.

##### **4.3 Risk**

The risk associated with continuing the process with Carter Endurance have been identified by Counsel in Appendix 1 and are considered to be too significant for the Council to continue to progress.

##### **4.4 Legal**

4.4.1 The significant area of legal risk arise in the continuation of the process. The legal risks have been outlined in Appendix 1 and have informed the recommendations.

##### **4.5 Equality**

4.5.1 There are no equality implications associated with this decision.

##### **4.6 Consultees**

4.6.1 In the formulation of this report, relevant internal Officers have been consulted.

##### **4.7 How the Proposals deliver Priority Outcomes**

4.7.1 Northampton Alive sets out the Council's aspirations for the regeneration of Northampton. The Council is advised that the proposed development has been envisaged previously to generate a gross development cost of circa £100m and create up to 400 permanent jobs, with construction jobs and training positions in addition.

4.7.2 The delivery of the site would clearly enhance the vibrancy and attractiveness of the town centre as a whole.

##### **4.8 Other Implications**

4.8.1 None

## **5. Background Papers**

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5.1 None

**Ian Gray, Interim Director of Regeneration, Enterprise and Planning X 7156**