

CHEADLE ECO BUSINESS PARK - CABINET REPORT JUNE 2022

Report of the Head of Development and Regeneration

Commercially Sensitive – The appendix to this report is confidential by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in respect of which the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

1. PURPOSE OF REPORT

- 1.1 This report seeks Cabinet approval to the procurement of a Development Manager following a pre-engagement marketing exercise and subsequent procurement. Permission is also sought for delegated authority to appoint the Development Manager following conclusion of a procurement process.
- 1.2 This report follows the Cheadle Towns Fund Update to Cabinet in March 2022 in which authority to submit the three Cheadle Town Fund project business cases was received along with approval of additional funding to advance designs for the Eco Business Park project up to a planning application.

2. BACKGROUND

- 2.1 The future Cheadle Eco Business Park is to be on the site of the current Bird Hall Lane Industrial Estate that the Council own. The property is an employment site of approximately 7 acres. Current occupiers are Council service providers, the largest of which is Totally Local Company who provide infrastructure, maintenance and refuse services for the borough. Relocation options are currently being assessed and progressed for these services.
- 2.2 The site has been identified for several years as a strategic redevelopment opportunity. The Bird Hall Lane site is under-utilised, has dated property infrastructure, and is poorly and inefficiently configured resulting in an opportunity to maximise its' operational and employment output and support clean growth.
- 2.3 Following a successful Town Fund Investment Plan, in May 2021 the Town Board's project confirmation process allocated £4.44m to the Eco Business Park out of the overall £13.90m awarded to Cheadle. This funding is subject to DHLUC assurance of a summary Business Case. This case was submitted in late March 2022 and formal feedback is expected this summer. The project aligns with clean economic growth objectives through employment generation on brownfield land and by achieving high environmental performance and the use of green technology.
- 2.4 The Council intend to redevelop the Bird Hall Lane site into a modern business park scheme which aims to demonstrate marketing leading high environmental technologies and performance, alongside job creation, economic growth and amenity improvements to the surrounding area.

3. CURRENT POSITION AND PROPOSAL

- 3.1 Following the in principle award¹ of the Town Fund grant, a design team was appointed in autumn 2021 and design work was quickly progressed. Proposed layouts, elevations and M&E plans as well as provisional clean energy designs have all been produced to an early design stage.
- 3.2 A key aim of the project is to be market leading in terms of the environmental credentials of the proposed business park. This includes targeting Outstanding or Excellent BREEAM ratings, to minimise carbon in both the build and in the operation of the scheme to low/net zero levels and with on-site renewable energy generation.
- 3.3 A provisional proposed site layout consisting of 110,000 sqft of industrial space has been produced by the architects. A professional team has been working up the environmental credentials which currently include solar PV power and potentially air source heat pumps. Battery storage to manage high and low energy use periods is also being considered. These ideas remain in a conceptual stage, but it is envisaged that the works will look to further progress the ambitions of Stockport's Climate Action Now (CAN) initiative.
- 3.4 Progress has been made on the design of the scheme, ultimately with the intention of being able to submit a planning application in due course. It has been identified when considering possible funding options and delivery routes for the project that exploring the option of appointing a Development Manager or Partner should be pursued. A Development Manager could bring relevant and specific skills and development experience to the project, expertise on the design, build and asset management. Given the ground-breaking nature of the business park this approach will result in a better end scheme product, a more experienced sector specific development advisor/manager, and improved environmental and financial outcomes. Thus, also ensuring that wider Town Fund objectives are fully met.
- 3.5 Our strategic property advisors CBRE have provided a proposed route for pre-market assessment prior to a potential procurement process to appoint a Development Manager. This process will enable the Council to assess market demand for the role without committing to a full procurement process at this stage. The process will also help to clarify the anticipated cost of appointing a Development Manager which is expected to be in a similar percentage range to that which was agreed on Stockport Exchange and other regeneration projects.
- 3.6 CBRE will manage a pre-market engagement exercise in the form of a Prior Information Notice (PIN) to be published on the UK Government's Find a Tender service, including all PIN documentation and appendices, including any questionnaires. This would include marketing of the opportunity and will ensure that it is exposed to the UK developer market and is fully understood by engaging with interested parties.

¹ Subject to final business case sign off.

- 3.7 The work will also cover advice and input required under the Public Contract Regulations 2015, where appropriate, to cover any subsequent regulated procurement which may be influenced by pre-market engagement activity.
- 3.8 The information received will then inform a holistic Procurement Options Appraisal document for the procurement of the Development Manager. This will take in to account all full regulated processes, including all existing frameworks which are available to the Council.
- 3.9 It is intended that the bespoke procurement will be coordinating with and through STAR Procurement. This will ensure a smooth delivery of all outcomes in compliance with all necessary procurement legislation and in a timely manner to meet the Council's objectives.
- 3.10 Key tasks to be undertaken are:
- Creation of bespoke opportunity marketing brochure
 - Creation of PIN documentation
 - Publication of PIN
 - PIN Summary Report
 - Procurement Options Appraisal document
 - If appropriate, appointment of company

4. **OTHER OPTIONS**

- 4.1 Alternative funding options and delivery routes have been considered and are included in the report in the Appendix. These are believed to be as efficient as the current proposed route of Council funding and Development Manager delivery. Other options may leave the Council exposed to delivery risks which can be mitigated through the proposed delivery route and loss of control over the delivery of the scheme.

5. **FINANCIAL IMPLICATIONS AND RISKS**

- 5.1 The financial implications of the pre-market assessment process itself are minimal.
- 5.2 The process will seek to clarify the potential cost of a Development Manager. We anticipate this will be a percentage of the cost of the project as typical in the marketplace. Any increase in cost to the project would however be likely offset by cost savings in the design and delivery of the scheme and future asset management expertise and value that a specialist development company would bring to the project.
- 5.3 Undertaking the PIN process will result in the design of the project being delayed by an estimated 5 months albeit this work will commence whilst we are awaiting a response from DLUHC on the summary Business Case. The project can still be delivered with the Town Fund availability period. However, rising costs and inflation could impact on the overall cost of the development due to the delay.

- 5.4 The realisation of the benefit of external expertise does mean that the current work on design revision and further detailed elements has been paused whilst the soft market testing and procurement exercises are carried out. Nonetheless, required survey work continues to be undertaken to inform site remediation, construction, and planning considerations.

6. **LEGAL IMPLICATIONS AND RISKS**

- 6.1 the Council has a general power of competence pursuant to section 1 of the Localism Act 2011. The specific pre-commencement powers under the Local Authorities (Land) Act 1963 to erect any building and construct or carry out works on land for the benefit or improvement of the area do not restrict or limit the application of the general power of competence in relation to the proposed development at Bird Hall Lane.
- 6.2 The procurement exercise, should there be positive response to the initial marketing exercise, will be carried out on a fully compliant basis in accordance with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules in its constitution.
- 6.3 As the project develops, and the precise terms of the Town Fund contribution are known, an analysis will need to be undertaken to ensure that the project complies with the Council's obligations under the Subsidy Control regime (which is due to change as the Subsidy Control Act 2022 comes into force), although it is unlikely that if the Development Manager is procured competitively that the Council's expenditure would amount to unlawful subsidy.

7. **RECOMMENDATIONS**

- 7.1 That the Cabinet note the content of the report and the proposal to seek Development Management input through an initial market test and then a formal procurement process.
- 7.2 That Cabinet delegate authority to the Director of Development and Regeneration and the Deputy Chief Executive, in consultation with the Cabinet member for Economy and Regeneration to:
- Agree the basis on which the market is invited to compete and is evaluated for the appointment to take forward the project.
 - Agree the terms with and appoint a Development Manager or Development Partner to assist in the delivery of the project.
 - Take all necessary steps and make all necessary arrangements and/or agreements to bring forward the appointment of a Development Manager or Development Partner to assist in the delivery of the project.
 - Authorise the Strategic Head of Legal Services to undertake and complete all agreements, legal documentation and legal matters in relation to a Development Manager or Development Partner appointment.

- 7.3 That Cabinet delegate authority to the Strategic Head of Legal Services to do all things necessary or incidental to the implementation of the above-mentioned resolutions.

BACKGROUND PAPERS

Cheadle Towns Fund Update Main Cabinet Report March 2022

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Appendices

Appendix 1 – CONFIDENTIAL CBRE Bird Hall Lane Depot Report