25 September 2019

To: All Councillors

As a Member of the Commercial Board, please treat this as your summons to attend a meeting on Thursday 03 October 2019 at 6.00pm in the COUNCIL CHAMBER, TOWN HALL, MATLOCK DE4 3NN.

Yours sincerely

Sandra Lamb
Head of Corporate Services

AGENDA

1. APOLOGIES/SUBSTITUTES
   Please advise the Committee Team on 01629 761133 or e-mail: committee@derbyshiredales.gov.uk of any apologies for absence.

2. APPROVAL OF MINUTES OF PREVIOUS MEETING
   13 March 2019

3. PUBLIC PARTICIPATION
   To enable members of the public to ask questions, express views or present petitions, IF NOTICE HAS BEEN GIVEN, (by telephone, in writing or by electronic mail) BY NO LATER THAN 12 NOON OF THE DAY PRECEDING THE MEETING.

4. INTERESTS
   Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council’s Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close friends. Interests that become apparent at a later stage in the proceedings may be declared at that time.

5. QUESTIONS (RULE OF PROCEDURE 15)
   Questions, if any, from Members who have given notice.
6. **CREATION OF PSP DERBYSHIRE DALES LLP (LIMITED LIABILITY PARTNERSHIP) - UPDATE**

To note an update report on the formulation of PSP Derbyshire Dales LLP and to determine whether to pursue further negotiations to finalise the Members Agreement and Procedure Agreement in order to enable its creation under the provisions of the Limited Liability Partnership Act 2000.

7. **COMMERCIAL INVESTMENT STRATEGY IMPLEMENTATION**

To receive a summary report on the achievements of the Commercial Board to date and to consider approval of the areas of activity to be pursued during the next twelve months so that organisational resources can be appropriately aligned.

8. **ALTERNATIVE USE OF ASSETS – PUBLIC CONVENIENCES**

To receive an update report on progress of various schemes following the previous consideration of business cases outlining the viability of options to develop or dispose of assets formerly and currently used as public conveniences.

9. **LAND AT BAKEWELL ROAD, MATLOCK**

To note an update report on the recent work undertaken and to consider approval of the forward work programme including seeking formal Expressions of Interest in the site, resourcing and approach to public consultation.

10. **BUILDING NEW COUNCIL HOUSING – BUSINESS CASE UPDATE**

To note an update report on the business case for building new council housing and the potential for investment in a modest building programme whilst minimising risk to the Council.

**Members of the Committee** – Councillors Matthew Buckler, Steve Flitter, Tony Morley (C), Garry Purdy, Mike Ratcliffe and Andrew Shirley.
CREATION OF PSP DERBYSHIRE DALES LLP (LIMITED LIABILITY PARTNERSHIP) - UPDATE

PURPOSE OF REPORT

This report updates Members on progress towards forming PSP Derbyshire Dales LLP which would provide the Council with an option, over and above those currently available to it, to better manage its property portfolio through a model called “Relational Partnering”.

RECOMMENDATION

1. That progress towards the formulation of PSP Derbyshire Dales LLP be noted.

2. That the Board determines whether it wishes to pursue further negotiations to finalise the Members Agreement and Procedure Agreement in order to enable the formulation of PSP Derbyshire Dales LLP.

3. Subject to (2) above, Council is recommended to approve, under the provisions of the Limited Liability Partnership Act 2000, the creation of a limited liability partnership (LLP) between the Council and PSP Facilitating Ltd (PSPF) and to be called PSP Derbyshire Dales LLP.

WARDS AFFECTED - All

STRATEGIC LINK

The options of entering into an LLP provide a means of expanding the District Council’s aims and ambitions in relation to affordable housing, economic growth and regeneration.

1 BACKGROUND

1.1 At the 12th December 2018 Board meeting, Members resolved (Minute 281/18) that subject to the receipt of satisfactory credit and referencing checks, Council is recommended to approve, under the provisions of the Limited Liability Partnership Act 2000, the creation of a limited liability partnership (LLP) between the Council and PSP Facilitating Ltd (PSP) and to be called PSP Derbyshire Dales LLP.

1.2 At the same meeting, Members delegated authority to the Head of Corporate Services to agree two Partnership legal documents - a Members’ and a Procedure Agreement, in consultation with the Chief Executive, the Chairman and Vice-Chairman of the Commercial Board, following a satisfactory due diligence process.
1.3  Unfortunately, there was a delay in the Council receiving the documentation from PSP Facilitating Lid and documents were not received until 23rd January. Following receipt, an internal process of due diligence was undertaken which revealed a number of issues which required further clarification. In order to protect the Council’s interests, the Head of Corporate Services appointed external Solicitors to undertake a comprehensive review the partnership documents and advise accordingly.

1.4  The external review has now been completed. Whilst delegated authority has already been granted to the Head of Corporate Services, this authority has not been exercised. Following the election of a new council in May 2019, it is now considered appropriate that the Board receives an update report on this matter in order to determine whether it still wishes to proceed with the formation of PSP Derbyshire Dales LLP. The matter is therefore presented back to the Board for consideration.

2  PSP DERBYSHIRE DALES LLP

2.1  The Board first considered the concept of the Council entering into a joint venture with the private sector as a vehicle to better manage the Council’s property portfolio in July 2018. This approach would enable the Council to access a range of options to effectively exploit investment and regeneration opportunities that meets our corporate priorities.

2.2  There are a number of options available to the Council in managing its assets, namely:

(a) Managing assets in-house on an individual basis as part of the capital programme and seeking funding from public and private sources as required;
(b) Procuring a developer to undertake a development of a specific site or scheme;
(c) A specially established partnership (probably taking the form of a Limited Liability Partnership and known as an “asset-backed vehicle”) between the Council and a developer, under which arrangement the Council transfers a set of assets into the partnership in return for the developer committing to developing the assets and share the proceeds.
(d) Creating a partnership to look at asset management solutions, with no commitment at the outset to transfer Council assets

3.  PARTNERSHIP OPPORTUNITIES

3.1  A joint venture with the private sector is a model that, through the principles of insourcing, allows local authorities to access additional skills and expertise from the private sector while maintaining oversight of the project. It is based on the simple belief that relationships are fundamental to effective partnerships and that relationships should be formed before agreeing to any property specific contracts. This reverses the traditional procurement model and instils a culture of commitment to common goals, not compliance to contractual obligations. The model does not require any prior property commitment or exclusivity.

3.2  An Agreement would be required (similar to Articles of Association of a Company) to:
   • Set out rights and obligations of Members
Regulate the investment capital in the business
Regulate how profits or losses will be shared
Set out how the partnership will be run
How important decisions will be made, and
How and when the partnership may be wound up

4 ADVANTAGES OF A JOINT VENTURE APPROACH FOR THE COUNCIL

4.1 A joint venture with the private sector will be an additional option for the Council to use in dealing with its development opportunities, surplus assets and income generating properties. It is in effect, “another tool in the box” in property portfolio asset management. It is also advantageous for the Council to compare performance, delivery and financial benefits of this “tool” with other options available to the Council. This can provide the Council with commercial information to support informed decision making in the future.

4.2 Some of the anticipated benefits are:

- It will maximise the Council’s revenue and funding streams from its asset base through additional private sector funding, capacity and skills on development opportunities, increasing the return and reducing the risk associated with holding these assets.
- The partnership will provide up front private sector investment funds if needed.
- The partnership will be able to respond more quickly to market opportunities for the acquisition, development or disposal of Council assets.
- Provides increased capacity for the Council’s Estates and Facilities Management Team.

4.3 It is anticipated that the partnership approach would:

- Comprehensively review the potential of the Council’s Estate;
- Contribute to the District Council’s strategic aims relating to the delivery of affordable housing, economic and regeneration growth.
- Maxmise the potential of surplus land and building assets;
- Review existing lease agreements to maximise future rental income;
- Work in partnership to unlock strategic sites leading to economic income;
- Investigate the potential for strategic regeneration projects e.g. Bakewell Road, Matlock;
- Consider new partnership arrangements for the delivery of social housing development;
- Evaluate the potential for strategic investments outside the boundaries of Derbyshire Dales;

4.4 The Council could of course undertake any project itself, if it was prepared to take all of the risk, have all of the funding and resources to deliver a project, and consider it a priority for use of its resources. This could produce the best return for the Council. However, any projects taken forward, would have to demonstrate additional value, over and above any exclusively Council led scheme.

4.5 All options therefore remain available to the Council, if it enters into the partnership model. The final selection of a suitable option will be at the Council’s discretion.
4.6 At the December 2018 meeting, the Board also considered specific legal advice on powers to enable the District Council to join a Limited Liability Partnership (LLP) with a private sector partner. The advice confirmed that any such LLP would need to demonstrate that it was acting in a ‘commercial manner’ as opposed to a ‘commercial purpose’. Aims and objectives would need to be clearly stated in that it seeks purely to better manage the Council’s property portfolio and that any return on investment and use of the Council’s assets are ancillary to delivery of its objectives. The report was supported by results of a public consultation exercise and a draft Equalities Impact Assessment.

4.7 The creation of an LLP is only one of a number of options currently available to the Council and each is not mutually exclusive. For example, a project for pure commercial gain is within the Council’s legal powers but the appropriate and legal vehicle will require the setting up of a separate company. The Board, therefore, agreed that all potential projects will be critically assessed as part of a pre-application business case to be authorised by the Chief Executive, prior to consideration by the Board.

5. THE PSP BUSINESS MODEL

5.1 The Relational Partnering Model is based on the belief that relationships are fundamental to effective partnerships. This reverses the traditional procurement model and instils an ethos of common goals, not blind compliance, to contractual obligations. In fact, the Relational Partnering Model does not require any prior property commitment or exclusivity from the Council. Funding for an LLP Project is, in many cases, made available to it from PSPF through a “jointly owned” Project Process and which encompasses a step-by-step facilitation process, combined with strong and flexible Partnership governance decision making arrangements. This enables local authorities to ensure that they have met all of their statutory legal and financial obligations prior to committing to the delivery of a Project.

5.2 The purpose and advantages of a PSP Derbyshire Dales LLP approach are:-

- Potential to generate new additional income through working on property related projects to support the Council becoming financially self-reliant.
- Access to significant levels of financial investment.
- Resilience – complementing the Council’s existing resources by tapping into commercial expertise and resources.
- Citizen and Community Benefits i.e. fulfilling improvement in the local economy, job creation and broader socio-economic regeneration benefits.
- Making Revenue savings and generating Capital receipts.
- Utilising and enhancing the skills of Council employees in many cases.

5.3 The PSPF Relational Partnering Model works by establishing a jointly owned (50% the Council Partner and 50% the PSPF Partner) limited liability partnership set up between PSPF and the Council. Decisions are made collectively and must be unanimous. Once the relationship has been established and the Partnership incorporated at Companies House, the Partners then work through an agreed project by project process designed to ensure statutory compliances, e.g. any disposal of land is Section 123 of the Local Government Act 1972 compliant. Only when the
process of relationship building and due diligence is concluded will a project proceed on an agreed basis.

5.4 PSPF is a company that was originally formed in 2007 and since 2017 has been owned by Capital Square Capital LLP (Cabot) and the employees of PSPF. Cabot is a leading provider of investment capital for growth to small and mid-sized companies in the UK and Western Europe. It should be noted, however, that PSPF does not have the resources to work with all English Councils and, therefore, has specifically chosen to work with Derbyshire Dales.

5.5 The Relational Partnering Model is one which works by using a “conversation before contract” approach and requires no prior commitment or guarantee of project opportunities by the Council to the LLP. PSP is already operating in 19 local authority areas and at every different type of Council structure. Derbyshire County Council are also understood to be considering the potential for a partnership arrangement.

5.6 The Relational Partnering Model brings funding opportunities for the Council which are not traditionally available. The Relational Partnering Model recognises that land and property are valuable assets for a local authority, but are costly to run and maintain, and it seeks to increase the return on a Council’s property assets. Any additional revenues or savings from property assets can be used to reduce pressure on the District Council’s already limited budgets. Moreover, a PSP Council LLP - as part of its Project driven Partnership Business – will be required to demonstrate that a proposed project delivers best value to the Council before a project is agreed for delivery.

5.7 Through the partnership governance processes the Council has the assurance that it will receive the market value of its property assets, whether this is in terms of revenue income from improved asset management or capital receipt from a disposal of land with planning permission for development by a third party buyer. Any additional revenue income or capital value generated by the specific LLP project over and above the market value is shared between the Council and the PSPF Partners.

6. GOVERNANCE AND DUE DILIGENCE

6.1 A Limited Liability Partnership incorporated under the provisions of the 2000 Act is a distinct legal entity created when two or more Partners agree to go into Partnership with a view to making a profit. It is a hybrid between a common law partnership and a limited company formed under the Limited Liability Partnership Act 2000 and Regulations made under that Act.

6.2 Many provisions of the Companies Act (s) also apply to LLPs, for example, the LLP must file annual Partnership accounts and an annual compliance statement to Companies House.

6.3 It is created by registration at Companies House. There must be at least two members, but there is no upper limit. At least two of the members must be named as ‘designated members’ who accept responsibility for sending information to Companies House for incorporation as an LLP.
6.4 The PSP Derbyshire Dales LLP has two Partners - the Council and PSPF. In order for Partnership Board meetings to take place and for Partnership Business to be carried out, each Partner appoints up to 3 Corporate Representatives to attend and vote on its behalf at Partnership Board meetings. Similarly, each Partner appoints up to 5 representatives to be Operations Board Members to attend and vote on its behalf at Operations Board meetings.

6.5 A Limited Liability Partnership (LLP), like a limited company, is a separate legal entity conferring full limited liability on its members - this means protection from liability for any debts or claims made against PSP Derbyshire Dales LLP, provided that the Council and PSPF’s Corporate Representatives appointed to either the Partnership or the Operations Boards act within the powers set out in the Members’ Agreement and the Procedure Agreement.

6.6 The Act does not impose a structure for the management of an LLP. There are no statutory provisions for general meetings, directors, company secretary, share allotments, etc. As with a common law partnership, these are governance matters for the PSP Derbyshire Dales LLP and are to be found in the Members’ Agreement and Procedure Agreement.

6.7 To enter into the proposed PSP Derbyshire Dales LLP it will be necessary to enter into legally binding agreements with PSPF which set out the collaborative relationship between the two Partners of the PSP Derbyshire Dales LLP (the Council and PSPF), and the details of the management and decision making structures. These two documents are:-

- **The Members’ Agreement** - this document sets out how the Partners deal with each other and approve decisions made in pursuance of the Partnership Business using the 4e Process – the forum for this is the Partnership Board.

- **The Procedure Agreement** - this document sets out the role of the Operations Board, Projects Team and specifically governs the development of Projects through the Project Flow and Budget Processes and ensures Project financial and legal compliance and validation by using the 4e Process – the forum for this is the Operations Board.

6.8 Both these documents have been extensively reviewed by Geldards on behalf of the District Council. This review has identified a number of issues which require further negotiation and amendment before the District Council could formally enter into the LLP. However, before proceeding further it is considered that the Board reviews its position on this matter, having regard to the Councils available resources, its future priorities and approach.

**Draft Heads of Terms**

6.9 The proposed term of the PSP Derbyshire Dales LLP is 10 (ten) years, but there is provision for either Partner to terminate the Partnership by dissolution at any time with 12 (twelve) months written notice. The 10 year period of the Partnership reflects the medium term nature of land and property matters, the ethos and character of a functioning Partnership and the rigorous methodology followed to establish viable Project for consideration by the Partnership and for onward approval by the Council.
6.10 In respect of a legal power to enable the Council to enter into a PSP Council LLP arrangement, the judgement in the High Court case of Peters -v- London Borough of Haringey (2018) has confirmed that a limited liability partnership structure can lawfully be used by a local authority to create a joint venture with the private sector to promote regeneration objectives and that the enabling legal power (general power of competency), as set out at section 1 of the Localism Act 2011, may be used for this purpose. Moreover, since a PSP Council LLP is set up initially upon a no commitment basis, there is, therefore, nothing to procure and the Partnership can be established without engaging a procurement process.

6.11 Turning to the application of the EU Public Procurement regime to local authorities, the position is as follows. Councils are “contracting authorities” under the provisions of the Public Contracts Regulations 2015 and, therefore, any contracts the Council has with providers for services, supplies and works above specified thresholds are subject to the procurement rules.

6.12 However, a PSP Council LLP does not amount to a body that is governed by the Public Contracts Regulations 2015 and, therefore, it is not a “contracting authority” for the purposes of the Regulations. This means that, provided the Council Partner does not award any contracts for goods, works or services to the PSP Council LLP and thereby create a “public contract for goods/works/services” but instead enters into land transactions with the PSP Council LLP, the 2015 Regulations do not apply to a contract for disposal of land.

6.13 This is because the 2015 Regulations do not apply to contracts by the Council Partner “for the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property, or which concern interests in or rights over any of them” (Regulation 10 (1). This means that the Council can transfer land, or an interest in land, to the LLP without engaging a procurement process and the PSP Derbyshire Dales LLP does not need to tender for any interest in Council land. However, the Council still needs to consider value for money and compliance with other laws, specifically State Aid and Section 123 of the Local Government Act 1972.

7. INFRASTRUCTURE

7.1 As referred to above, the Relational Partnering Model includes the establishment of a Partnership Board which consists of representation from the District Council and PSPF representatives. There is one vote per Derbyshire Dales representative and PSP Partner and, for any decision to be approved, there needs to be unanimity between the Partners otherwise the matter cannot proceed further as it is not approved. Up to 3 Corporate Representatives may be appointed by the Council Partner and the PSPF Partner to the Board. The Council’s representatives may include Members and Officers.

7.2 For the first 6 months, the Chair would be appointed from the Council representation and for the successive 6 months the Chair would be appointed from the PSPF representation. Thereafter, the right to appoint would rotate between the Partners on a 6 month duration. There is no casting vote for the Chair. Any decision that can be made at a meeting of the Board can be made by way of a “Written Resolution” provided that it has been signed by one Council member and one PSPF member of the Partnership Board. The Board is anticipated to meet three to four times a year.
7.3 Reporting to the Partnership Board is the Operations Board. This Board is constituted of Council Officers and PSPF employees and will be required to meet at least quarterly. There is a representation of Council and PSPF employees known as Operations Board Members. There is one vote per the District Council and PSP Partner and, for any decision to be approved, there needs to be unanimity between the Operations Board Members otherwise the matter cannot proceed further as it is not approved. Up to 5 Operations Board Members may be appointed by the Council Partner and the PSPF Partner to the Board. There is also the facility for an Operations Board Member to appoint an Alternate Member to exercise that Operations Board Member’s responsibilities. Officer membership of the Operations Board will be determined by the District Council.

7.4 Prior to any report being presented to the Partnership Board for its approval, a report will be discussed by the Operations Board on the proposed Project. The report will be written by a PSPF, and Operations Board Members and it will follow the Relational Partnering Model 4 stage approval process which involves:-

- a preliminary review of the Council’s land and property assets to identify a potential Project;
- a more detailed business case appraisal;
- the Project is externally validated to ensure it is viable, demonstrates “added value” over and above that which traditional approaches followed by the Council could achieve and delivers a return on investment and is regulatory and legally compliant;
- the Project is recommended for approval and implementation to the Council Partner and the PSPF Partner and upon approval moves into the delivery phase.

7.5 Additionally, the financial elements of a project will require sign-off by the Council’s Section 151 Officer as part of the above process and both individually, but also in terms of the impact on the Council’s Medium-Term Financial Strategy.

8. PROPOSALS

8.1 The purpose of the PSP Derbyshire Dales LLP would be to facilitate the Partnership Business of land and property promotion development, asset management rationalisation and economic regeneration including the building of Private Rented Sector (PRS) housing on a project by project basis. This would be achieved by utilising private sector funding, resources and skills and resourced through the mechanism of the PSP Derbyshire Dales LLP.

8.2 Each Partner will contribute an initial capital of £1.00 and the Council and PSPF will have an equal stake in the PSP Derbyshire Dales LLP together with an equality of voting rights.

8.3 Projects are developed by the LLP using Council and PSPF resources and which includes access to a facility loan from PSPF to the LLP. The Profit Share on each Project is split 50% to the Council Partner and 50% to the PSPF Partner in recognition of the risk and reward contributed by both the Parties, unless the outcome of the validation exercise requires an alternative ratio. If any Project involves the disposal of Council land to a buyer as part of the development agreement, the Council will always receive the full market value of it as defined by
RICS VPS 4 (Valuation Professional Standards) 2014 and reflecting the value prior to the work of the Partnership commencing.

8.4 The proposed PSP Derbyshire Dales LLP is an additional option for maximising the value from property assets and the existence of the LLP does not remove the Council’s ability to consider alternative approaches and partnerships.

9. SUMMARY OF KEY ISSUES

9.1 Following the election of a new Council in May 2019, it is considered appropriate that before progressing with such a significant, long-term initiative such as this, that the Board reviews its position having regard to any new priorities that may have emerged since this matter was first considered.

9.2 The due diligence exercise that has been undertaken has revealed a number of issues that require further discussion and negotiation prior to the Council entering into either the Members Agreement or the Procedure Agreement. However, there is little value in expending further resources on this work if the Board is not minded to progress this initiative further.

9.3 The election of a new Council and the formulation of a new Corporate Plan (2019 – 2023) will determine the Council’s future priorities and alignment of organisational resources. Progressing a PSP Derbyshire Dales LLP will require the District Council to commit significant officer resources, most notably Estates and Facilities resources which are already limited and at capacity. This will inevitably have an impact upon the organisation’s ability to support the delivery of other projects e.g. climate change, Council house building programme etc. There is therefore, a need for clear priorities to be established having regard the availability of resources and other initiatives that the Board may wish to pursue.

9.4 The Board is therefore invited to consider whether, having regard to the above, this is still an initiative that it wishes to pursue.

10. RISK ASSESSMENT

10.1 Legal

The statutory powers to undertake the proposals set out in this report are provided by section 1 of the Localism Act 2011 (the general power of competence), and by section 111 of the Local Government Act, 1972.

Additionally, the establishment of PSP Derbyshire LLP is not a transaction nor is its Partnership Business caught by the provisions of the Public Contract Regulations as being a public contract for goods, services or works with the Council in its capacity as a public contracting authority and also because these rules do not apply to service contracts for the acquisition or rent of land, buildings or any interest or rights over them (regulation 10 (1)).

The LLP will be required to provide insurance and indemnity arrangements to cover any act or omission of elected member and officer representatives of the Council.
Statutory consultation and an Equality Impact Assessment on the proposals have been carried out.

The legal risk is, therefore, low.

10.2 Finance

The purpose of the LLP is to assist the Council to better manage its property portfolio and any return on investment and use of the Council’s assets would be ancillary to delivery of its objectives. Each Partner will contribute an initial capital of £1.00.

Financial risks will be limited to this £1.00 and the value of the investment that the Council chooses to make in individual projects that will be delivered by the LLP.

The creation of an LLP is only one of a number of options currently available to the Council. The Board, therefore, agreed that each potential project will be critically assessed as part of a pre-application business case to be authorised by the Chief Executive, prior to consideration by the Board.

Prior to any report being presented to the Partnership Board for its approval, a report will be discussed by the Operations Board on the proposed Project. This includes a detailed business case appraisal and external validation to ensure it is viable, demonstrates “added value” over and above that which traditional approaches followed by the Council could achieve and delivers a return on investment. The financial elements of a Project will require sign-off by the Council’s Section 151 Officer as part of the above process and both individually, but also in terms of the impact on the Council’s Medium Term Financial Strategy.

In conclusion, the financial risks of projects to be delivered by the LLP will be considered on a case by case basis, and will be mitigated by the due diligence and governance arrangements set out above. The financial risk of this report is, therefore, assessed as low.

11. OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

12. CONTACT INFORMATION

Paul Wilson – Chief Executive
telephone : 01629 761126
email : paul.wilson@derbyshiredales.gov.uk

13. BACKGROUND PAPERS

Commercial Board Report – 12th December 2018
Commercial Board Report – 25th October 2018
Commercial Board Report – 18th July 2018
COMMERCIAL INVESTMENT STRATEGY IMPLEMENTATION

PURPOSE OF REPORT

This report summarises the achievements of the Commercial Board to date and seeks to agree the areas of activity to be pursued during the next 12 months.

RECOMMENDATION

That the Board determines the areas of activity that it wishes to pursue during the next 12 months in order that organisational resources can be appropriately aligned.

WARDS AFFECTED

All Wards

STRATEGIC LINK

The ability of the Council to deliver on its priorities and targets and deliver the services important to residents' well-being is dependent on the future financial viability of the Council and the work undertaken to secure that position.

1 BACKGROUND

1.1 In March 2018, the Council resolved to establish a Member working group to explore the potential for the Council to operate on a more commercial basis in order to achieve a sustainable financial future.

1.2 To date the Council has:

- Established the Commercial Board to provide a clear governance framework for the consideration of commercial opportunities.
- Established a Commercial Investments Reserve of £564,000 to provide the ability to fund any initial projects that can be implemented quickly but also to help explore with relevant expertise larger longer-term projects.
- Initiated discussions with PSP Facilitating Ltd to establish the PSP Derbyshire Dales LLP.
- Initiated a review of surplus assets arising from the Public Conveniences Review.
- Prepared a Commercial Investment Strategy to establish a framework for the
identification of commercial investments which, if made, would provide the Authority with an income stream and potential business growth, regeneration, housing or other opportunities that align with Corporate Priorities.

- Committed resources to the implementation of a new Customer Relationship Management (CRM) system to drive business transformation and the digital agenda to create efficiencies and new revenue streams, e.g. automation, channel shift, digital by default.

1.3 It is considered that the above actions have established a firm foundation for progressing the Council’s future commercial ambitions. However, in order to further progress the work of the Commercial Board, it is necessary to define those projects that the Board wishes to pursue during the next 12 months.

2 COMMERCIALISATION OPPORTUNITIES

2.1 Commercialisation activities in the public sector are extremely diverse and may include:

- Trading directly with the community, e.g. chargeable discretionary services.
- Maximising the value of assets, e.g. purchasing of land and property, disposing of surplus assets, developing, sales and rental initiatives, making assets work harder.
- Sharing and selling services amongst peers, e.g. revenues and benefits services.
- Driving the business transformation / digital agenda to create efficiencies and new revenue streams, e.g. automation, channel shift, digital by default.
- Investing in commercial property opportunities that deliver a profitable rate of return on that investment.
- Delivering commercial events and activities.

2.2 Council has previously agreed that any future commercial opportunities should be assessed using the following criteria to ensure that projects:

- meet the Council’s Corporate Priorities;
- deliver community benefit;
- require minimum investment for maximum return;
- are primarily within the District boundaries - consideration will be given to opportunities outside these boundaries if the benefit to the Council or Derbyshire Dales is significant:
- grow the business base;
- deliver a diversified portfolio of projects that balance risk and return.

2.3 Commercialisation is effectively about adopting a broader approach to generating income to support service delivery and is not solely related to trading services or speculative property acquisition. The District Council is already engaged in a number of activities which are commercial in nature and generate financial returns, the most notable examples of which are:

- Matlock Bath Illuminations
- ABC ‘Cow Shed’ Beer Festival
- Gateway signage sponsorship programme
- Council website banner advertising
• Flowerbed and roundabout sponsorship
• Public conveniences advertising
• Pre-application planning advice service
• Rental of surplus Town Hall office accommodation
• Derbyshire Building Control Partnership

2.4 The Board has also considered an outline proposal on the potential for the District Council to embark upon a modest programme of future council house building which has the potential to generate a sustainable revenue return on investment. Future projects may also include the introduction of chargeable garden waste services and exploring the delivery of chargeable Environmental Services. However, in order to further progress the commercial ambitions of the authority, the Board are invited to outline the scope and areas of activity that it wishes to pursue during the next 12 months in order that the limited resources we have at our disposal (capital finance, revenue finance and staff) are used to maximum effect.

2.5 Delivering commercial projects clearly requires the deployment of the organisation’s resources, the management of internal work programmes and priorities. Whilst some organisations, such as the Peak District National Park Authority, have invested in the appointment of dedicated staff to explore commercial opportunities with a specific brief to increase income, primarily through marketing - given the type of opportunities the District Council is currently exploring, at the present time this is not considered to represent the best use of our scarce resources. The approach we have adopted to date, and subject to Board agreement propose to continue, is that where specific projects require external support or specialist input, the Commercial Investments Reserve would be utilised.

2.6 The priority focus to date has been on evaluating the potential of the Council’s own land and property assets, including the use of surplus assets arising from the public conveniences review. It is considered that the most viable opportunity for generating additional income and divesting the authority of future liabilities is the most appropriate strategy to pursue.

2.7 However, the board are invited to consider whether there are other commercial ventures (if any) that it wishes to pursue over and above those outlined in this report.

3. RISK ASSESSMENT

3.1 Legal

The proposals in the report seek to agree future work projects. There are no legal considerations at this point. The legal risk is therefore low and will be reviewed as part of the evaluation of individual projects.

3.2 Finance

The financial risks of the commercial activities will be considered as part of the assessment of each activity. The financial risk of this report is assessed as low.
4. OTHER CONSIDERATIONS

   In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5. CONTACT INFORMATION

   Paul Wilson – Chief Executive
   Telephone : 01629 761126
   email : paul.wilson@derbyshiredales.gov.uk

6. BACKGROUND PAPERS

   Commercial Board Reports  
   18th July 2018
   25th October 2018
   12th December 2018
ALTERNATIVE USE OF ASSETS – PUBLIC CONVENIENCES

PURPOSE OF REPORT

This report provides an update on progress of various schemes following the previous consideration of business cases outlining the viability of options to develop or dispose of assets formerly and currently used as public conveniences.

RECOMMENDATION

1. That the Board approves advertising for Expressions of Interest in establishing and operating a concession in the Bakewell Recreation Ground facility.
2. That the Board notes the outcome of the marketing of the waiting room at Matlock Bus Station and approves its continuation pending a report to a future Board meeting on the wider site including the recently vacated Station House.
3. That the Board notes the progress on developing a Planning Brief for the former public conveniences at Artists Corner, Matlock Bath and that the approach for a Community Asset Transfer of the facility is acknowledged pending further discussion at the next Board meeting once the Planning Brief has been prepared.
4. That the Board notes the current position following the redevelopment of the Children’s Play Area Public Conveniences at Hall Leys Park, Matlock following the leasehold transfer of the facility to Matlock Town Council.
5. That the Board notes the current position following receipt of Expressions of Interest in the Ranger Station and Putting Green in Hall Leys Park, Matlock.

WARDS AFFECTED

All Wards

STRATEGIC LINK

The ability of the Council to deliver on its priorities and targets and deliver the services important to residents’ well-being is dependent on the future financial viability of the Council and the work undertaken to secure that position.

1. BACKGROUND

1.1 At its meeting on 25th October 2018, the Board considered the findings of business cases outlining the viability of options to develop or dispose of assets formerly and currently used as public conveniences, as listed below:

- Former public convenience – Bakewell Recreation Ground.
- Former public convenience / waiting room – Matlock Bus Station.
1.2 In addition, the Board also considered the future use of facilities in Hall Leys Park including the Play Area Public Conveniences, Ranger Station, Ammo Store and Putting Green and resolved that formal expressions of interest were invited for a commercial lease of the Ranger Station Building, Putting Green and Ammo Store. Furthermore, it resolved that a decision on future use of the Ammo store as a potential welfare and store facility be deferred pending a decision on the use of the Ranger station.

1.3 Subsequently, at its meeting on 13 March 2019, the Board received an update on progress with each facility pending a further update which is the subject of this report.

An update on the current position regarding each site is provided below:-

2. BAKEWELL RECREATION GROUND

2.1 Following consideration of a business case for this facility, the Board agreed to pursue the option to investigate conversion of part of the building to form a park café and consolidation of the public convenience facilities into a smaller area.

2.2 It was agreed to provide an updated business case for this proposal to a future meeting of the Board once the actions below had been completed:-

- To consult with the Peak District National Park Planning Authority to establish acceptable parameters for the reuse of the existing building
- Preparation of a planning brief to be presented to a future meeting of the Board
- To conduct a structural survey and obtain structural advice on the building

2.3 The current position is as follows:-

- Pre-application advice has been received from the Peak District National Park Planning Authority which raises some concerns about a café use at this location due to a potential detrimental effect on trade within the town centre and impact on the amenity of neighbouring properties.
- DCC have now completed a structural survey and have provided advice on conversion costs of the building. This suggests an overall cost of just under £130K of which £18K relates to a kitchen fit-out. (A copy of the initial costings are included at Appendix 1 of this report)

2.4 The next stage would have been to select a team from the Council’s new Corporate Property Group (CPG) to produce a planning brief for this site. However, further consideration has taken place given the restrictive planning situation and the relatively high conversion costs. The concern is that should the Council decide to undertake the conversion itself and then let the facility as a concession, there are a number of risks. Alongside the concern that the facility may not attract a tenant quickly thereby tying up significant investment with no initial return, there is the risk that any reconfiguration of the building may need to be bespoke to the particular use proposed and may not therefore be cost efficient for the Council to undertake this work.
Given that a speculative enquiry has previously been received from a local business, it is considered that the best approach would be to advertise for Expressions of Interest in adapting the building and establishing a concession in the facility.

3. **BUS STATION, MATLOCK (Appendix 2)**

3.1 Following previous consideration of four potential options as below, the Board agreed to pursue Option 3.

   Option 1 - Remain as is;
   Option 2 - Pop up retail facility;
   Option 3 - Convert 50% to Retail space and retain remainder as waiting room;
   Option 4 - Convert 100% to Retail space

3.2 Following some initial preparation works the waiting room was placed on the market with Salloways of Derby in May 2019 offering either 30sq.m. or 60sq.m of retail space at an asking rent of £250 per sq. m. (approximately £15,000pa for a 60 sq.m.shop). In addition, contact was made with national operators to determine interest and advise them that the property would be available. A copy of the marketing particulars is included at Appendix 2 of this report.

3.3 The current position is that there has been little interest in the unit to date from the marketing exercise and the main national operators considered it to be in too quiet a location for their requirements.

3.4 Since this site was considered by the Board, the neighbouring Station House which was retained from the Housing Stock Transfer for residential use has now become vacant and it is considered that the future use and development of this site may have an effect on the viability of the waiting room. A plan showing the location of Station House and the waiting room is included at Appendix 3 of this report.

3.5 It is therefore proposed that a report is presented to the next meeting of the Commercial Board considering the site as a whole and in the meantime, the marketing of the waiting room continues in the hope that an operator may come forward.

4. **ARTISTS CORNER, MATLOCK BATH**

4.1 The business case for this facility outlined four potential options:

   Option 1 - Remain as is;
   Option 2 - Retail facility to lease (building only);
   Option 3 – Auction (building as is);
   Option 4 – Consider commercial development potential.

4.2 The Board agreed to pursue the option to consider the commercial development potential of this site. It was agreed that a report be presented to a future meeting of
the Commercial Board for consideration once a planning brief had been prepared and once the actions below had been completed:-

- To minimise the holding costs of the building.
- To convene a multi-disciplinary team of Council Officers to establish the parameters for the writing of a planning brief.

4.3 The current position is that a team of officers has been selected from the Council’s new Corporate Property Group (CPG) to produce a planning brief for this site. The group have met once and advice has been received from Legal and Planning. A further meeting is to take place shortly with the aim of reporting back to the next Board meeting.

4.4 A copy of a presentation outlining the main issues and challenges is included at Appendix 4 of this report.

4.5 Since the group met the Council has also received an expression of interest from a group of local residents in taking a Community Asset Transfer of the toilet block with a view to re-opening it. It is recommended that this be acknowledged at the current time pending further discussion once the outcome of the Planning Brief process is known.

5. CHILDRENS PLAY AREA, HALL LEYS PARK / KNOWLSTON PLACE, MATLOCK

5.1 As reported to the October 2018 Board meeting, Matlock Town Council had agreed to a Community Asset Transfer of this facility and had taken over responsibility on the basis of a Tenancy at Will, whilst the full legal documentation was being prepared.

5.2 The current position is that a 15 year full repairing lease of the section of the building containing the toilets is under negotiation with Matlock Town Council which on completion will include payment of a one off grant from the District Council in the sum of £8,275.

5.3 Following a full refurbishment of the play area toilets by Matlock Town Council earlier this year, an improved facility with an additional water bottle refill point was reopened on 15th April 2019 and has been well used over the busy summer period. In line with other District Council operated facilities in Matlock, the toilets operate with a 20p entry charge, the proceeds of which contribute to the Town Council’s cleaning and operating costs of the facility.

6. RANGERS STATION AND AMMO STORE, HALL LEYS PARK, MATLOCK

6.1 At the October 2018 Board meeting, it was proposed that Expressions of Interest be invited for alternative uses for both facilities with the outcome of this exercise being reported to a future meeting of the Board. In the meantime it was proposed that Community and Environmental Services staff be permitted to move back into the Ranger Station pending a final decision being made as to its future use.
6.2 The Community and Environmental Services staff moved back into the Ranger Station in November last year and following a period of marketing in December and January, a number of Expressions of Interest were received in the Ranger Station, Ammo Store and Putting Green site.

6.3 The current position is that following analysis of the bids received, interest from 2 parties in the Ranger Station and the Putting Green were selected for further consideration.

6.4 The operator interested in the putting green has a proposal to install a mini golf facility on part of the area in time for the 2020 school summer holidays. This will be a removable structure occupying approximately half of the existing putting green area which will be erected and maintained by the operator. They are proposing a trial in the first year during which a base rent will be payable to the District Council following which the area required and complimentary uses will be considered. Heads of Terms are currently being negotiated for an appropriate licence agreement for which the Council’s legal and surveyors fees will be payable by the operator.

6.5 The proposals for the Ranger Station are at an earlier stage with the potential occupier for an outdoor pursuits type use confirming their interest but with detailed terms including rent and environmental considerations still under discussion.

6.6 Until such time as terms are agreed for this potential re-use of the Ranger Station, it is recommended that the Ammo Store is kept unused pending possible future conversion to provide alternative staff welfare facilities in the Park once timescales are known. Should this be the case a business case would be prepared to include the £20K estimated conversion cost in the Council’s Capital Programme.

7. RISK ASSESSMENT

7.1 Legal

The powers available to the Council to dispose and develop land are contained in Section 123 of the Local Government Act 1972. Contract Standing Orders regulate the procurement and advertisement of opportunity to deliver best value.

The legal risk at this stage is therefore low.

7.2 Financial

The costs of surveys and marketing for these properties can be met from existing budgets.

The potential £20,000 investment in the Ammo Store would require a revision to the Capital programme before being undertaken. Funding for development of commercial business cases is currently available within the Commercial Investment Fund.

The preparation of business cases does not commit the Council to future expenditure so the financial risk is considered low.

8. OTHER CONSIDERATIONS
In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

9. CONTACT INFORMATION

Mike Galsworthy – Estates and Facilities Manager
telephone: 01629 761207
email: mike.galsworthy@derbyshiredales.gov.uk

10. BACKGROUND INFORMATION

Council Report – 8\textsuperscript{th} March 2018
Council Report – 30\textsuperscript{th} April 2018
Commercial Board Reports– 18\textsuperscript{th} July 2018 and 25\textsuperscript{th} October 2018

11. ATTACHMENTS

Appendix 1: Bakewell Recreation Ground Public Conveniences- Cost Schedule.
Appendix 2: Matlock Bus Station Waiting Room –Marketing Particulars.
Appendix 3: Matlock Bus Station and Station House- Site Plan.
Appendix 4: Artists Corner, Matlock Bath – Presentation re Planning Brief.
Appendix 1

Derbyshire County Council

Proposal

Bakewell Recreation Ground Public Toilets Remodelling

Lucy Pottinger
April 2019
Contents

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Brief

Derbyshire County Council (DCC) were approached by Derbyshire Dales District Council (DDDC) to provide advice and recommendations for the conversion of the Bakewell Recreation Ground Public Conveniences into a café.

Scope

Inspection

The building is currently used as a park office with female, male and disabled toilets and baby changing facilities. There is a sheltered area at the front of the building, with secure railings.
The stone building is set on a stone plinth. The raised floor level drops in the office by approx. 100mm. There are 6no windows with chamfered stone sills and 5no softwood, painted green doors.

The four WCs have ceramic tiled floors, and the shelter and office have a concrete floor. The WCs and office have painted brick walls, and the shelter’s walls are exposed stone.

The building is structurally sound, although there is an external crack between the disabled and male WCs, stretching from the ground to the fascia level, see figure 2. This may need further investigation from a structural engineer. There is also an area of damp on the lower external wall of the baby changing facilities, this could be related to the overgrown ivy and may need further investigation, see figure 3.
The building has a part pitched slate roof with a flat roof area to the rear. There is a painted timber fascia and black cast iron gutters and downpipes.

There are dressed stone quoins at the corners of the building and around the windows and doors. At the front of the shelter there is an opening with secure railings. There are two feature Doric columns, one at each side of the opening, supporting a feature stone lintel.

All main services are on site, gas is to be confirmed.

**Proposals / Feasibility**

It is proposed that the layout of the building generally stays the same, but with the loss of one WC block which allows the useable floor area to be extended.
Dining Area

An opening will be formed between the existing shelter and existing female WC, this will become the dining area. This will require refurbishment to full extent.

Unisex WC

A doorway will be formed between the dining area and the existing male WC, and this will become a unisex WC that is accessible from the dining area. This will involve refurbishment to full extent, and the existing door will be filled in to include a window to match existing.

Kitchen

The opening between the dining area and park office will be widened, and the office will become the kitchen/servery. The floor level in the kitchen will be raised so that it is level with the dining area. The room will be refurbished to full extent which will include catering equipment, and the installation of ventilation.

Disabled WC

The disabled WC will remain as existing.

Staff Entrance

A new door will be installed between the kitchen and the existing baby changing facilities. This room will become the staff room/entrance. It will be refurbished to include storage for staff's belongings.

Decoration

All rooms need redecoration. On the walls, plaster skim and paint will be required to full extent. All ceilings will require plasterboard, skim and paint, except the kitchen which will have hygienic ceiling tiles. The dining area will have carpet tiles, and all other rooms will have non-slip vinyl.

Raised Deck
The option of an external raised deck will provide space for extra seating. The deck will be accessible via a ramp to be in accordance with Approved Document Part M of the current building regulations. There will be handrails around the raised decking and it will be covered by an awning.

**Landscaping**

On both sides of the building ivy has overgrown to cover the downpipes, this should be cut back to ensure it doesn’t block the drains. The footpath should be realigned in order to account for the raised decking which would extend past the existing footpath.

**Drainage**

It is assumed that the existing foul drainage will suffice to serve the renovations. A drainage survey will be required in order to locate the existing pipework. The existing drainage will generally be retained, other than in the existing female WC where the foul drainage will be grubbed out and the floor will be replaced.

**Services**

All existing services will require revision to suit new layout/use.

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**Budget Costs**

<table>
<thead>
<tr>
<th>Building Work</th>
<th>Costs (ex VAT)</th>
<th>Sub Totals</th>
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</thead>
<tbody>
<tr>
<td><strong>DEMOLITIONS</strong></td>
<td></td>
<td></td>
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<tr>
<td>Removal of loose and fixed furniture</td>
<td>£300</td>
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</tr>
<tr>
<td>Removal of steps</td>
<td>£1200</td>
<td></td>
</tr>
<tr>
<td>Removal of security railing (R1)</td>
<td>£300</td>
<td></td>
</tr>
<tr>
<td>Open up wall between dining area and kitchen(D1)</td>
<td>£1200</td>
<td></td>
</tr>
<tr>
<td>Open up wall to suit door and frame (D2)</td>
<td>£600</td>
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<tr>
<td>Removal of door and frame (D5)</td>
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<td></td>
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<tr>
<td>Open up wall to suit door and frame (D7)</td>
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<td></td>
</tr>
<tr>
<td>Open up wall between shelter and female WC (L4)</td>
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<tr>
<td><strong>CONSTRUCTIONS</strong></td>
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<tr>
<td>Description</td>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Installation of failsafe fire rated roller shutter (D1)</td>
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<tr>
<td>Installation of door and frame to suit new opening (D2)</td>
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<td>Infill door to sill level and add new window to match existing (D5)</td>
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<tr>
<td>Installation of door and frame to suit new opening (D7)</td>
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<tr>
<td>Installation of new double door and screen to suit opening (D8)</td>
<td>£6000</td>
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<tr>
<td>Installation of lintels to suit new openings (L1, 2, 3, 4) Make good reveal with plaster to receive paint finish.</td>
<td>£960</td>
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<tr>
<td>Installation of raised deck – including canopy, handrails and ramp.</td>
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<td>Raise kitchen floor level (15m2)</td>
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<tr>
<td>New floor in existing female WC (13m2)</td>
<td>£1800</td>
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<tr>
<td>Make good damage to floors as a result of demolition works</td>
<td>£1200</td>
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<tr>
<td>New floor coverings to full extent – 36m2 carpet tiles, 36m2 non-slip vinyl.</td>
<td>£4000</td>
<td></td>
</tr>
<tr>
<td>Plaster skim to full extent of walls.</td>
<td>£4800</td>
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<tr>
<td>Decoration to full extent of walls.</td>
<td>£2400</td>
<td></td>
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<tr>
<td>Hygienic suspended ceiling tiles to full extent of kitchen</td>
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<td>Plasterboard and skim to full extent of remaining ceilings</td>
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<td>Decoration to full extent of ceilings.</td>
<td>£1200</td>
<td></td>
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<tr>
<td>Installation of 3no sinks, 3no toilets and 1no hand drier in unisex WC</td>
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<tr>
<td>Installation of catering equipment in kitchen</td>
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<tr>
<td>Landscaping</td>
<td>£4800</td>
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<tr>
<td>Lighting, power and heating</td>
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<td><strong>SUB TOTAL</strong></td>
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**Preliminaries**

Cabins and site manager: £13,400

**Contingencies**

10%: £10,746

**Professional Fees**

10%: £10,746

**Statutory Approvals**

TBC

**Total Budget Costs:** £128,952

To be read in conjunction with PBS18-1035-D01, D02, D03, D04, D05, D06 and D07
TO LET (MAY SPLIT)

Former Bus & Rail Interchange Waiting Room

Matlock Bus & Rail Interchange Building,
Matlock, Derbyshire DE4 3NN

Rent: £15,000 p.a.x

- Retail opportunity at Matlock Bus and Rail Interchange, on the fringe of the town centre with easy pedestrian access to Dale Road and Crown Square.

- The footfall for the year 2016/17 for Matlock station was recorded at approximately 222,000 (for East Midlands Train services only), with spikes in usage over Spring/Summer and for the Christmas markets.

- The property provides a total Net Internal Area of approximately 63.37m² / 682 sq. ft.

- Pre-application planning advice indicates that a change of use would be supported for Use Classes A1 to A5 (Shops, Financial & Professional Services, Restaurants & Cafés, Drinking Establishments and Hot Food Takeaways).
Location

Matlock is a popular Derbyshire Town situated in the historic Derwent Valley on the A6 trunk road. The town accommodates the administrative headquarters of Derbyshire County Council and Derbyshire Dales District Council. Additionally, Matlock is close to the Peak District National Park and the White Peak Trails + Cycle-Routes.

The premises is located at Matlock Bus and Rail Interchange, on the fringe of the town centre with easy pedestrian access to Dale Road and Crown Square.

The main town centre car park is immediately to the north of the site and the railway station (with East Midlands Trains [EMT] services to Derby and through to Nottingham and Peak Rail heritage railway services) is immediately to the west.

Description

The property was constructed as a bus and rail interchange waiting room in the mid 2000s. The accommodation was originally designed to complement the adjoining goods shed and surrounding period buildings but is now considered to be under used.

The property is of masonry construction with gritstone elevations and a fully glazed frontage comprising double glazed aluminium windows and automated sliding doors, surmounted by a flat roof with a large domed opaque skylight.

Internally, the property benefits from quarry tiled flooring, painted plastered, block and stone walls together with a painted plaster board ceiling and inset spot light fittings.

Accommodation

The subject property comprises:

| Net Internal Area: | 63.37m² / 682 sq. ft. |

Planning

Pre-application planning advice indicates that a change of use would be supported for Use Class A1 to A5 (Shops, Financial & Professional Services, Restaurants & Cafés, Drinking Establishments and Hot Food Takeaways).

Lease Terms

The premises are available by way of a new full repairing and insuring lease for a flexible term of years subject, where appropriate, to 3 or 5 yearly rent reviews.

Rent

The premises are available to rent at £15,000 per annum exclusive of business rates and all other outgoings.

Services

It is understood that mains electricity, water and drainage are connected to the property.

Rates

The property is yet to be assessed for rating purposes. Interested parties are advised to contact the marketing agents to gain an indicative figure.

VAT

VAT is applicable at the prevailing rate.

Legal Costs

Each party will be responsible for their own legal costs incurred in connection with this transaction.
Energy Performance Certificate

An EPC has been commissioned for the property and will be included within these particulars once received from the Registered Assessor.

Anti-Money Laundering Policy

In accordance with Anti-Money Laundering Regulations, two forms of ID and confirmation of the source of funding will be required from the successful Lessee.

Viewings

The available space can be viewed at any time. However, to discuss the opportunity further please contact sole agents, Salloway:—

Tel: 01332 298000
Email: hberesford@salloway.com / ehanel@salloway.com

This brochure is intended to be a guide only so please read these important notes:
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ARTISTS’ CORNER

THE PROJECT

PURPOSE OF MEETING

1. Explain project objectives and outcomes
2. Introduce Project Team members and skills
3. Identify information currently available
4. Next steps
1. PROJECT OBJECTIVE

Maximise the value of the site by developing to its highest use
- realistic and achievable
- compatible with Council policies

1. PROJECT OUTCOME

1. Produce a Planning/Development Brief
2. Presentation to Commercial Board in the Autumn
3. (Subject to Commercial Board approval) Gauge market interest
2. THE TEAM

Planning Policy
Mike Hase

Valuation Surveyor
Carolyn Lucas

Administrator – BSU
Lucy Prime

Community Development
Becky Bryant

Tourism – Regeneration
Gill Chapman

Property Law – Legal
Harry Shingleton

IDEAS – CONTACTS – MARKET INFORMATION – KNOWLEDGE

3. PROJECT INFORMATION

X / Partnership & Projects / Corporate Property Group / Working Group – Brief for Artists Corner

- AC Legal – title searches and plans, services available, access
- AC Tourism – cycleway, facilities needed
- AC Marketing – site history, interested parties
- AC Planning – relevant polices, options available
- AC Reports – Reports to Commercial Board, Draft Report
3. SITE INFORMATION

Report for Commercial Board
- Give overview of the site
- Options considered with cash flow results

Ownership & Title Information

SITE INFORMATION

Areas
Pink - must remain as POS
Blue – Possible for development scheme
Green – Possible for development scheme

Available Site for Consideration
3. SITE HISTORY

Early 1700 -1800s – Pleasure grounds – ‘Little Switzerland’

1890s – Rescued from housing developers

Currently car parking, closed public convenience, POS with play equipment

3. SITE HISTORY

Literary Visitors – Jane Austen, Mary Shelley, Lord Byron

Artists – JMW Turner, Joseph Wright, John Ruskin, John Crome ‘Romantic era’

Others – Princess Victoria, Charles Dickens, Sir Walter Scott, Sir Richard Arkwright and Jedediah Strutt, Gardening School
3. SITE FUTURE

National food operators are keen for a Matlock Bath Site
Cycle route expansion along the river – opportunities for a ‘Miller’s Dale’ or Hassop Station facility
To be moulded by the work we will do

4. NEXT STEPS

Structure
• Brief
• Structure
• Planning
• Legal

Collect
• Possibilities
• Market Info
• Financials

Compile
• Draft
• Review
• Refine
LAND AT BAKEWELL ROAD, MATLOCK

PURPOSE OF REPORT

To update Members on recent work, agree the forward work programme including seeking formal Expressions of Interest in the site, resourcing and approach to public consultation.

RECOMMENDATIONS

1. The further work being undertaken be noted and forward programme for progressing redevelopment proposals and consulting with stakeholders be approved;
2. The costs of further site surveys be met from the Commercial Investment Fund (costs to be confirmed at the meeting of the Commercial Board);
3. Formal market interest in the site be invited and proposals considered following the process identified within the report;
4. Discussions continue with Derbyshire County Council to pursue a solution regarding bus circulation and adequate bus bay provision;
5. The MCV Steering Group be engaged in shaping an indicative layout and draft development brief for the site and a representative be invited to be part of the assessment process at Stage 1: Expression of Interest stage;
6. The approach to resourcing the remaining project work at this stage be noted;
7. That a subsequent report and business case be brought back to the Commercial Board for consideration subject to the outcome of the Stage 1 process.

WARDS AFFECTED

Matlock All Saints and Matlock St Giles

STRATEGIC LINK

The redevelopment of the Bakewell Road site will positively contribute to the Corporate Plan priority of delivering a thriving district, in particular enhancing market towns and promoting business growth and job creation through the promotion of key development sites in / around towns.

1. BACKGROUND

1.1 The District Council owns the freehold interest in land at Bakewell Road, Matlock. The Bakewell Road site has previously been identified as a Key Development Opportunity with its redevelopment beneficial to the community of Matlock and the vitality and viability of Matlock town centre. The District Council and Matlock Community Vision (MCV) have identified the redevelopment of the site – a long recognised constraint to town centre renewal – as the catalyst for wider improvements and key to driving up footfall.
1.2 Previous reports to Committee (reports of 15 November 2018, 21 February 2019 and 26 June 2019 refer) detail work undertaken to bring forward viable uses on the site, including an initial feasibility study commissioned by MCV (funded by the District Council) into the potential redevelopment of the land in the District Council’s ownership i.e. the Market Hall and Former Bus Station, subsequent options assessment undertaken by the Council’s Commercial Advisor, Thomas Lister Ltd. and work undertaken since.

1.3 At its last meeting, Community & Environment Committee received an update on progress with identifying redevelopment proposals for the Bakewell Road site and approved further feasibility work to scope redevelopment opportunities to include a cinema development within the Market Hall (report of 21 August 2019 refers). At this stage it was agreed that the work programme would focus on what can feasibly be delivered within the site comprising the freehold ownership of the District Council.

1.4 The Committee noted engagement undertaken to date with key stakeholders comprising: Matlock Community Vision Steering Group; London Metric (who hold the lease of the building occupied by M&S and Boyes and lease the Market Hall back to the Council by way of an under lease on a peppercorn rent); M&S; Derbyshire County Council, regarding bus circulation and bus bay provision; the Council’s Development Management service regarding potential change of use and the three traders currently operating within the Market Hall.

1.5 The Committee also approved consideration of a further report by the Council’s Commercial Board to agree the forward work programme, resourcing and approach to consultation should feasibility work identify a workable scheme.

2. CURRENT WORK AND FORWARD PROGRAMME

2.1 Since preparing the last report, further work has been undertaken including:
- Preparation of a series of indicative layout options for the site;
- Preliminary cost estimates for conversion and redevelopment works;
- Initial development appraisal to consider viability issues;
- Submission of initial expression of interest in response to D2N2 call for pipeline projects should funding become available due to project slippage within the Local Growth Fund programme in the future.

2.2 Work in progress includes:
- Soft market testing of ancillary uses alongside a potential cinema use;
- Preparation of draft development brief for the site / planning statement (for inclusion within Expression of Interest documentation – see below);
- Seeking costed alternative lay-by options from the County Council.

2.3 To establish commercial interest in the site a two staged process is proposed:

STAGE 1 - advertising the opportunity for conversion and redevelopment of the site and inviting Expressions of Interest from the market – this will include the Market Hall building and covered bus bay area. Expressions of interest will be invited for the whole or part of the site.

Subject to receipt of formal proposals and assessment:
STAGE 2 - shortlisted parties will be invited to prepare detailed proposals for consideration.

Both stages of the process will include details of the method for assessing proposals.

2.4 A summary of the proposed forward work programme is as follows:

<table>
<thead>
<tr>
<th>Task</th>
<th>When</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission further site surveys (condition and services) to support Expression of Interest stage</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>Consult on indicative layout and draft development brief</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>Determine approach re: public transport provision with DCC Highways</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>Market Hall traders consultation</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>Review preliminary cost plan and phasing options</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>Review risk register</td>
<td>Oct 2019</td>
</tr>
<tr>
<td>Advertise opportunity (2 weeks prior)</td>
<td>Mid Oct 2019</td>
</tr>
<tr>
<td>Invite formal Expressions of Interest for whole or part of site (min 3 weeks)</td>
<td>End Oct 2019</td>
</tr>
<tr>
<td>Assessment of Expressions of Interest (inc. potential phasing)</td>
<td>Nov/Dec 2019</td>
</tr>
<tr>
<td>Brief Leaders / Chair of Commercial Board</td>
<td>Dec 2019</td>
</tr>
<tr>
<td>Stakeholder engagement inc. MCV Steering Group, London Metric / M&amp;S, DCC Public Transport and Market Hall traders</td>
<td>Dec 2019</td>
</tr>
<tr>
<td>Invite shortlisted parties to prepare detailed proposals (8 weeks) subject to Stage 1</td>
<td>Dec 19/Jan 20</td>
</tr>
<tr>
<td>Assessment of detailed proposals (subject to Stage 1)</td>
<td>Feb 2020</td>
</tr>
<tr>
<td>Report and Business Case inc. funding proposals to Commercial Board (subject to Stage 1)</td>
<td>Feb/March 2020</td>
</tr>
<tr>
<td>Selection of preferred tenant(s) and negotiations (subject to Stage 1)</td>
<td>March 2020</td>
</tr>
<tr>
<td>Public consultation as part of planning application(s) (subject to Stage 1)</td>
<td>April 2020</td>
</tr>
</tbody>
</table>

2.5 As indicated, the programme provides for Expressions of Interest at the end of October and, subject to the outcome of Stage 1, detailed proposals in the New Year. Senior officers with the support of the Council’s retained Commercial Advisor Thomas Ltd. will undertake the assessment of proposals, respecting commercial sensitivities. The programme will be updated as work progresses.

2.6 The potential costs of redevelopment and funding availability will need careful consideration based on the outcome of Stage 1. Initial development appraisals suggest a gap funding requirement, the level subject to the extent of redevelopment proposed and terms negotiated with potential future operators (subject to market interest determined through Stage 1). As highlighted in previous Committee reports, the primary benefits of a potential scheme are the wider regeneration impacts for the town centre / evening economy from the potential redevelopment of the site. It is anticipated that the capital costs of redevelopment would not be capable of being recouped in the short term but, subject to the outcome of the Stage 1 process and approach taken, longer term returns could potentially be gained.

2.7 A solution also needs to be agreed with the County Council regarding alternative bus lay-by provision and how this could be funded prior to any proposed redevelopment proposals comprising the covered bus bay area progressing. The issue of retaining bus circulation through the site remains a constraint and finding a solution a risk within the project.

2.8 Further consultation and engagement is proposed with the main project stakeholders during the process. Drawing on the experience of its members and as a ‘sounding board’ for the wider community, it is proposed that the MCV Steering Group be
engaged in shaping the indicative layout and draft development brief and a representative be invited to be part of the assessment process at Stage 1. Further meetings will also be held with London Metric / M&S and Market Hall traders and engagement with taxi operators should emerging proposals impact upon the neighbouring rank. Leaders and the Chairman of the Commercial Board will be kept informed of the outcome following Stage 1 of the process and next steps. Wider public consultation will be undertaken as part of the planning application process, including a requirement for a small exhibition display of proposals.

2.9 Regarding resources at this stage in the process, it is proposed that further site survey work required be funded by the Commercial Investment Fund and commissioned by the Estates Team (costs to be confirmed at the meeting of the Commercial Board). The remaining work will be undertaken by the Economic Development team with support from Thomas Lister Ltd., with consultancy support funded from the approved Economic Development Reserve.

2.10 Subject to the outcome of the process, a further report and business case will be brought to the Commercial Board with regard to potential project funding. This will include consideration of project management resources.

3. OTHER COMMERCIAL DEVELOPMENT SITES

3.1 In addition to the Bakewell Road site, work is continuing to establish the feasibility of bringing forward an initial phase of workspace at the allocated Middleton Road / Cromford Road site, Wirksworth. Subject to the conclusion of current work and consideration of the current planning application for the site, a separate report will be brought to the Commercial Board for consideration.

4. RISK ASSESSMENT

4.1 Legal

Legal advice is being provided to support engagement and negotiation with project stakeholders and will continue to inform the various legal processes required. As the Council is still investigating options and proposals the legal risk is low at this stage. When a formal decision is made as to the redevelopment of the site the legal risk will increase due to the potential for the decision to be challenged.

4.2 Financial

It is proposed that further site survey work required be funded by the Commercial Investment Fund and commissioned by the Estates Team (costs to be confirmed at the meeting of the Commercial Board). At the time of writing, the Commercial Investment Fund has a balance of £564,000.

At this stage remaining resources required can be met from within existing budgets. Subject to the outcome of the Stage 1 process a further report and business case with regard to potential capital investment requirements will be brought back to the Commercial Board for consideration at the appropriate time.

The financial risk is therefore considered low at this stage. Were the scheme to go ahead the financial risk would be higher. The risk will be reassessed and updated in subsequent reports.
4.3 Corporate

Whilst the regeneration benefits to Matlock from the potential redevelopment of the site could be significant, there is a reputational risk to the Council regarding the development and delivery of a potentially high profile scheme involving a number of interests. The corporate risk will be assessed during the process set out in the report and considered by the Commercial Board as the business case is developed.

5. OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

6. CONTACT INFORMATION

Giles Dann  Economic Development Manager
telephone : 01629 761211
e-mail:  giles.dann@derbyshiredales.gov.uk

7. BACKGROUND INFORMATION

<table>
<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Corporate Committee report</td>
<td>13 January 2014</td>
</tr>
<tr>
<td>Corporate Committee report</td>
<td>26 June 2014</td>
</tr>
<tr>
<td>Community &amp; Environment Committee report</td>
<td>15 November 2018</td>
</tr>
<tr>
<td>Community &amp; Environment Committee report</td>
<td>21 February 2019</td>
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<tr>
<td>Community &amp; Environment Committee report</td>
<td>26 June 2019</td>
</tr>
<tr>
<td>Community &amp; Environment Committee report</td>
<td>21 August 2019</td>
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</table>

8. ATTACHMENTS

None
BUILDING NEW COUNCIL HOUSING - BUSINESS CASE UPDATE

PURPOSE OF REPORT

This report provides an update on the previous report to the Commercial Board which set out a business case for potential investment in a modest programme of new Council housing. The initiative is designed to yield an ongoing rental stream and provide good quality social housing, whilst minimising risk to the Council. Management and maintenance services would be delivered by a third party such as housing associations or private agents.

RECOMMENDATION

1. That the Commercial Board notes the business case update,
2. The Commercial Board receives further reports as progress in developing Phase 2 continues
3. Reports to Community and Environment committee and full Council take place to ensure the appropriate approvals are given at key intervals over the course of the project.

WARDS AFFECTED

All

STRATEGIC LINK

Delivering council homes to local people will help to meet housing need in the district and generate rental income to support the Council’s wider strategic objectives.

1 BACKGROUND

1.1 The Council has a key corporate priority to identify and deliver new affordable housing sites and improve housing for vulnerable people (Corporate Plan 2015-2019). This report outlines an alternative delivery mechanism for the Council to help meet this objective through the direct delivery of new Council homes on available Council land, pursuing section 106 opportunities and purchasing and repairing empty homes in partnership with a local housing association.

1.2 The initial proposal would involve the Council identifying, developing and owning 50 Council homes for affordable rent (rents set at Local Housing Allowance (LHA) levels) and shared ownership. The first phase (2020/21)
would potentially deliver 7 units, with the full programme reaching 50 homes. These properties would sit outside the thresholds of a Housing Revenue Account.

1.3 Initially, schemes will be financed from s106 income and Right to Buy (RTB) receipts, combined with Homes England (HE) grant and sales receipts (from first tranche shared ownership sales) as appropriate. Borrowing additional capital could supplement / speed up the delivery of the programme further if required and supported by the business case. Such borrowing would be subject to Council approval.

1.4 The Community Housing Team submitted a successful bid for Local Government Association (LGA) funding to cover the cost of external consultants to develop a business case around this initiative. Funding of £14,000 was awarded by the LGA and Altair were selected by the LGA on behalf of the District Council. Altair is a housing and property consultancy bringing together sector experts with a wealth of experience. Its clients cover a range of organisations in the housing sector, including registered providers, local authorities, ALMOs, private developers, contractors, and representative bodies. Altair provides strategic advice across core services including HR and recruitment, strategy and governance, finance, development and regeneration.

1.5 At the Commercial Board meeting on the 13th March 2019, approval was given to further develop the business case, devise a project delivery plan and report back to the Commercial Board. Altair’s previous support came to an end in April 2019. Officers have been working on a proposal to re-engage Altair so the project can continue. Altair have provided a specification for the next phase of the project and officers in Legal and Housing are working on the procurement process. The LGA funding has moved towards a smaller number of more strategic projects and as such, a further bid from the Council to deliver the next phase is less likely to be successful.

2 THE CASE FOR BUILDING NEW COUNCIL HOMES

2.1 Market forces have slowed the demand for owner occupied housing and stimulated the demand for private renting, which has been growing in popularity for the last 20 years. The introduction of Universal Credit is making private landlords reluctant to let to people on benefits. Against this backdrop, many local authorities have sought new mechanisms for housing market interventions. New council house-building programmes are becoming increasingly common as local authorities recognise the opportunities to influence the provision of affordable housing addressing need locally, create a revenue stream for the council and take advantage of government grants where available.

2.2 The recent Housing White Paper made it clear that local authorities should be doing more to influence their housing markets and recent Government announcements clearly indicate there is no better time for councils to attract government investment for house building. The Council is performing well in the
delivery of affordable homes through housing associations, however additional units could be provided via the Council’s direct provision.

2.3 Direct provision by the Council would form a vital part of the approach to help shape Derbyshire Dales’ local housing market. Delivering its own homes will mean that the Council can specify and deliver exactly what is required to meet local need and to a standard that fully supports vulnerable households. In addition, the indicative development programme is estimated to generate a Net Present Value (NPV) to the Council of £6.9m. Year 1 rental yields across the programme range from 3.0% for empty home purchase and repair schemes to 5.9% for Council land led / s106 schemes. This equates to an additional net revenue stream for the Council of circa £200k per annum (assuming all 50 units are developed and based on the key development assumptions set out in the detailed business case). Over the medium to longer term, up to 200 homes could be delivered (without the need to establish a Housing Revenue Account) providing a new and substantial revenue stream to the Council.

2.4 Building new homes to higher energy efficiency standards is possible, particularly through a fabric first approach. Details of the potential energy efficiency of each development will be considered on a scheme by scheme basis.

3 BUILDING AND MANAGING THE HOMES

3.1 It is proposed that the Council will be the client and procure property development services from local housing associations or from private practice. This is a common approach to development, with larger housing associations providing development management for smaller associations and councils. Larger housing associations have the in house skills and capabilities to deliver not just their own housing programmes but those of others. The development service they provide brings income to the association and strengthens their partnership with local authorities.

3.2 Typically, a fee is charged per unit, payable 50% start on site and 50% on completion of the development. For a home delivered through the s106 process the fee would be between £1000 and £2000, while a home built for the Council outside the s106 process, the fee would be between £2000 and £3000 per home. The development service typically covers all aspects of the development process including site finding, acquisition and planning, financial modelling, consent to applying for Homes England (HE) grant, procuring tenders, management of the build contract, quality control, HE grant claims and handover of completed units. This initial fee could come from existing budgets, though more work is needed to develop this assumption.

4 FINANCIAL APPRAISALS

4.1 Altair have assessed the Council’s initial appraisals and have developed the business case further. Altair’s assessment clearly demonstrates the feasibility of the programme. The direct delivery approach through a development agent has several benefits:
• It is the least complex approach to set up and initiate development activity
• Governance arrangements can be established quicker than other types of delivery such as through a council owned company
• The entry costs are lower, than for example establishing a Joint Venture
• The approach is relatively simple and has the lowest overall level of risk when compared with other more complex options

4.2 There are some resource implications for the Council to consider:

• The assumptions in the financial appraisal are based on the use of S106 income and grant from Homes England. The pace of delivery will be governed by the availability of grant and/or the Council’s desire to borrow from the Public Works Loans Board (PWLB).
• Some services, such as Housing, Estates, Procurement, Legal and Finance, will need to provide support to the programme. It may be possible to buy in some external resource using a future bid to the LGA Housing Advisors Programme.

4.3 During the course of 2019, the Council has been approached by a solicitor acting for the estate of a former resident. The Council has been bequeathed a house in the district and capital funding (approx. £100,000) which will help to support the proposed development programme.

5 PHASE TWO 2019/20/21

5.1 Phase two of the Council House Business Case is proposed to take place over the next 12 months and comprise the following actions;

• the initial business plan will be reviewed and amended to reflect the bequeathed property and capital, as well as the assumptions used to build the initial business case
• support to produce a specification and tender documents for a development agent and a managing agent for the affordable homes
• procurement advice relating to a development agent and managing agent
• registration with Homes England and the Regulator of Social Housing as a registered provider and investment partner
• specific legal and financial advice concerning housing development
• procurement support in the selection of a suitable contractor to build and manage the council housing
• support officers at Committee to assist Members through the project

5.2 The cost of procuring support for Phase 2 of the business case (estimated to be £27,800) will come from the Community Led Housing fund, a grant already received from government. Much of the work involved mirrors that which would support community led housing schemes and so could be used to assist Community Land Trusts with their own development appraisals.
6 RISK ASSESSMENT

6.1 Legal

Local authorities have statutory powers to develop housing to meet housing need in their area. The two main powers available are Section 9 of the Housing Act 1985 (relating to general housing need) and Part VII of the Housing Act 1996 (relating to temporary homelessness).

6.2 Financial

While the work by Altair has indicated that the project is feasible, further work is required to fully develop the business case. Should the recommendations of this report be approved, the business case will be developed further; the financial risks will be identified and assessed and included in a future report to the Commercial Board. The financial risk of this report is assessed as low.

7 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

8 CONTACT INFORMATION

Robert Cogings, Head of Housing
01629 761354, email Robert.cogings@derbyshiredales.gov.uk

9 BACKGROUND PAPERS

None

10 ATTACHMENTS

Appendix 1: Altair Presentation Slides
Council Housing Development Programme

Derbyshire Dales District Council: Commercial Board

13 March 2019
Who are Altair?

- Specialist housing consultancy working across the UK, Ireland and recently Africa

- Clients include local authorities, housing associations, ALMOs and private sector developers

- Have undertaken a range of very well received research projects within the sector
Altair Property Team

- Specialist property development and project management team – extensive development strategy, operational and delivery experience

- Range of unique, flexible and robust financial toolkits known as Podplan

- Work widely across the sector:
  - LA clients (Tower Hamlets, Canterbury, Barking, Basildon, Thurrock, Medway, Merton, Stevenage)
  - HA clients (Peabody, Swan, Genesis, Optivo, Poplar HARCA)
National Context
Housing Need

- Government spending reduced since the 2008 recession
- Volume of lending reduced in financial sector and demands of mortgage lenders intensified
- Factors have contributed to trends away from owner-occupied housing and fuelled growth of market renting
- Increasing numbers of households in private rented sector reliant on HB to meet housing costs

Changing breakdown of housing tenure in the UK

(Proportion of all households %)
Shelter’s one-year commission on the future of social housing final report released January 2019 (led by a panel of advisors, including two former Conservative ministers, ex-Labour leader Ed Miliband and a Grenfell tower survivor, Edward Daffarn). More than 31,000 people took part in the research.

Renting
- Unaffordability of homeownership leaves many in insecure rental accommodation. Private renters with low incomes often cut back in other areas to afford rent, including food and clothing.
- Private rentals can be unsafe in tenure and unsafe in environment, and with little protection many tenants are afraid to make a complaint.

Decline in Social Housing
- PRS unable to fill the gap left by decline in social housing and rising housing benefit bill paying for private rent
- Many young people will privately rent for their whole life, and these people face risks relating to housing insecurity; some will be made homeless in their lifetime.

Recommendations
- Invest in reform with social housing at the core and extend social housing to more families and older people that would benefit from a lower-cost, secure tenancy by:
  - Creating a new regulator working across social and private renting with a new national tenants’ organisation or union to represent tenants
  - Reforming the PRS
  - Creating 3.1 million more social homes via a historic renewal of social housing
- Capital economics estimates the programme pays back in full over 39 years
In March 2018, 79% of HAs surveyed by IH said they planned to increase **development**.

In October, Communities Secretary announced consultation to reform leasehold practices. Proposals include moving the majority of new builds to freehold and reducing ground rents for new leaseholds will be capped at £10, down from an average of £300.

As of February 2018, LAs had set up 58 **housing companies** since 2012.

HAs using Build to Rent (PRS) with some government funding available.

More and more RPs and LAs looking at modern methods of construction, including off-site construction and BIM (Building Information Modelling) with aims to increase pace of delivery and improve quality of stock.
- £4.3bn of funding for affordable housing between 2016 and 2021 through Homes England
- £2.3bn of recoverable funding for Housing Infrastructure in form of loans
- Potential for funding package deals with LAs. For example, Homes England entered into a housing and growth deal with South Oxfordshire last year to deliver homes and infrastructure
Other Local Authority Responses

- Build new Council homes through the HRA
- Completed 96 new homes for rent in 2014
- Manages around 3,000 homes

- JV Company with Barnfield Ltd
- 30:70 split ownership
- Developer also works with other LAs (Pendle, Burnley, Rossendale)
- LA provides land, matched by company through equity
- Programme of 50 homes by 2020
Other Local Authority Responses
Derbyshire Dales Context

- Aging population
- Rural district / market towns
- House price growth (Rightmove - 2018 saw 4% price increase on 2017, 9% up on 2016)
- Corporate priority to deliver new affordable housing sites and improve housing for vulnerable people (Corporate Plan 2015-2019)
- High cost of homes with relatively low incomes of local employees
- Local Plan identifies approximately 100 new affordable homes required each year to meet need
- Recent delivery varies: 76 new homes in 2017/18, 113 homes in 2018/19 and 51 new homes anticipated in 2019/20
- RPs active in the area – but DDDC in competition with other local authorities to secure RP investment in the area
DDDC Proposal
Development Programme: Proposal

- Develop and own 50 new affordable council homes
- Delivered through building on council owned land, pursuing s106 opportunities and the purchase and repair of empty homes
- Council may also be able to secure ‘free’ units on s106 sites where it negotiates a smaller number of units but a nil cost
- Properties to be delivered across the district, according to need and land availability
- Focus on rented homes (with rent set at LHA levels)
- Small element of affordable shared ownership homes (diversifies programme, affordable ‘sale’ option, sale receipts funds delivery)
- No private sale or private rented homes
- Mainly two bed homes and bungalows are developed with some two bed flats (final unit mixes will be site / need specific)
- Direct delivery outside of the Housing Revenue Account (HRA) – informed by supporting Options Appraisal

<table>
<thead>
<tr>
<th></th>
<th>Affordable Rent</th>
<th>Shared Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empty Homes</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>S106 Schemes</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>DDDC Land Led Schemes</td>
<td>16</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>
Development Agent

- Council Departments: Planning, Housing, Legal, Finance
- Solicitor
- Build Contractor
- Architect
- Surveyors
- Employers Agent
- Clerk of Works
- Homes England
- RP taking on management

Client: DDDC
Procured: Development Agent Services
Example Workstreams
Programme Key Assumptions

- Property values – £160k purchase & repair unit, £165k 2 bed house, £175k for 2 bed bungalow
- Indicative build costs £1,500m2 – consistent with recent cost consultant estimates
- s106 package prices capped at percentage of open market values
- Other related fees and long-term operating costs informed by a bottom up desktop exercise and comparison to Altair’s benchmark dataset
- Assumed to be fully funded through Council s106 and housing capital receipts
- Programme assumes all homes developed by 2023 – indicative and schemes would be profiled according to the appropriate funding being secured
- No loan finance assumed – but this could be used to speed up delivery / extend programme depending on appetite

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Unit Details</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Affordable Rent</td>
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<tr>
<td>1 DDDC Site 1</td>
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<td>3 Empty Homes (2019-20)</td>
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<tr>
<td>4 s106 Site (x8 SO)</td>
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<tr>
<td>5 Empty Homes (2020-21)</td>
<td>1</td>
</tr>
<tr>
<td>6 DDDC Site 3</td>
<td>4</td>
</tr>
<tr>
<td>7 S106 Site (x2 Rent, x2 SO)</td>
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<td>9 DDDC Site 4</td>
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<td>12 S106 Site (x2 Rent, x2 SO) (b)</td>
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<tr>
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<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
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Key Benefits: ‘Triple Dividend’

Address Local Need
- Directly addressing key Corporate Priority: deliver new affordable homes
- Providing social housing of a type and quality to meet local housing need

Greater Place-Shaping Role
- Taking a greater role in influencing and shaping the local housing market
- Helping to reduce the number of long-term empty homes in the district

Financial / Economic Return
- Generating additional income for the Council from housing activity
- Providing additional capacity in the area to take on s106 units
- Reducing liability in relation to surplus Council land
- Generating income for the Building Control service
## Indicative Programme: Schemes

### Current Scheme Summary Report

<table>
<thead>
<tr>
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<td>£684,728</td>
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<td>4 Empty Homes (2020-21)</td>
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<td>7 S106 Site (x2 Rent, x2 SO)</td>
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<td>8 S106 Site (x2 Rent, x2 SO)</td>
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<td>£343,411</td>
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<tr>
<td>9 Empty Homes (2021-22)</td>
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<td>£343,411</td>
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<tr>
<td>10 Empty Homes (2022-23)</td>
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<td>£343,411</td>
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<td>12 S106 Site (x4 Rent, x2 SO) ©</td>
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<td>£513,356</td>
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<tr>
<td>13 S106 Site (x4 Rent, x2 SO) ©</td>
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<td>£513,356</td>
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<tr>
<td>Total</td>
<td>£1,548,540</td>
<td>£4,427,922</td>
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### Indicative Programme: Performance

- **Net Present Value (NPV)** to the Council of c£5.9m
- **Year 1 rental yields range from c3.0% to c6.0%**
- **Rental yields more challenging for empty properties (purchased on open market)**
- **Council could look for schemes to deliver a minimum rental yield before progressing**

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Unit Details</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Affordable Rent</td>
<td>Shared Ownership</td>
</tr>
<tr>
<td>1 DDDC Site 1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>2 DDDC Site 2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>3 Empty Homes (2019-20)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>4 s106 Site (x8 SO)</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>5 Empty Homes (2020-21)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>6 DDDC Site 3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>7 S106 Site (x2 Rent, x2 SO)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>8 Empty Homes (2021-22)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>9 DDDC Site 4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>10 DDDC Site 5</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>11 Empty Homes (2022-23)</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>12 S106 Site (x2 Rent, x2 SO) (b)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>13 S106 Site (x6 Rent) (b)</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>14 S106 Site (x4 Rent, x2 SO) ©</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>8</strong></td>
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</tbody>
</table>
## DDDC Development Programme: Indicative LT Revenue and Costs

<table>
<thead>
<tr>
<th>Total Units</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voids &amp; Bad Debt</td>
<td>-£776</td>
<td>-£3,053</td>
<td>-£5,086</td>
<td>-£6,620</td>
<td>-£7,756</td>
<td>-£7,989</td>
<td>-£8,228</td>
<td>-£8,475</td>
<td>-£8,730</td>
<td>-£8,991</td>
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<tr>
<td>Rent (Net Voids)</td>
<td>£31,265</td>
<td>£105,083</td>
<td>£176,676</td>
<td>£234,764</td>
<td>£275,444</td>
<td>£283,708</td>
<td>£292,219</td>
<td>£300,986</td>
<td>£310,015</td>
<td>£319,316</td>
</tr>
<tr>
<td>Maintenance</td>
<td>-£3,550</td>
<td>-£12,869</td>
<td>-£21,000</td>
<td>-£26,495</td>
<td>-£31,418</td>
<td>-£32,203</td>
<td>-£33,008</td>
<td>-£33,834</td>
<td>-£34,679</td>
<td>-£35,546</td>
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<tr>
<td>Major Repairs</td>
<td>£3,656</td>
<td>£17,051</td>
<td>£29,223</td>
<td>£37,058</td>
<td>£45,089</td>
<td>£46,217</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Costs</td>
<td>-£6,400</td>
<td>-£22,680</td>
<td>-£37,087</td>
<td>-£47,094</td>
<td>-£59,367</td>
<td>-£74,155</td>
<td>-£87,755</td>
<td>-£97,053</td>
<td>-£106,584</td>
<td>-£109,249</td>
</tr>
<tr>
<td>Net Surplus/Deficit</td>
<td>£24,865</td>
<td>£82,403</td>
<td>£139,589</td>
<td>£187,670</td>
<td>£216,077</td>
<td>£209,553</td>
<td>£204,464</td>
<td>£203,932</td>
<td>£203,431</td>
<td>£210,067</td>
</tr>
<tr>
<td>Units Completed (Cuml)</td>
<td>7</td>
<td>20</td>
<td>33</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>
Key Risks
<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
</table>
| Unable to procure appropriate Development Agent services / poor performance of Development Agent | • Initial soft market testing - identify those with suitable resource / skills  
• Procurement setup to be attractive to the market (appropriate risk allocations)  
• The procurement and contract scope will include specific performance criteria  
• On-going reporting and monitoring of DA performance                 |
| Legislation changes / shift in government policy may impact on delivery | • Continuous monitoring of relevant legislation / government policy – includes requirements to operate a Housing Revenue Account (HRA)  
• Where appropriate, changes passed onto third parties  
• Government remains committed to Council housing development         |
| Market fluctuations - works cost / fees during programme             | • Market fluctuations will be carefully monitored during the planning phase and revised costs and values will be financially modelled as appropriate  
• Programme viability monitored on an on-going basis                   |
| Insufficient funding secured / council officer resources available to deliver the programme | • Proposed programme is indicative - only be commenced once adequate funding has been identified and secured (e.g. HE grant, Council s106 monies)  
• Housing Department will lead programme and resourcing arrangements have been identified. Services procured as appropriate (e.g. DA role)  
• Arrangements monitored closely as the development programme is implemented |
Questions?