

FALKIRK COUNCIL

**Subject: DENNY TOWN CENTRE REGENERATION:
UPDATE REPORT**
Meeting: EXECUTIVE
Date: 9 JUNE 2015
Author: DIRECTOR OF DEVELOPMENT SERVICES

1.0 INTRODUCTION

- 1.1 The purpose of this report is to provide an update on the status of the Denny town centre regeneration project including the result of the recent Phase 2 marketing process. Progress is outlined with regard to:
- Phase 1 Development
 - Phase 2 Development
 - War Memorial

2.0 BACKGROUND

- 2.1 The Executive considered reports providing updates on Denny town centre regeneration on 29 April, 17 June 2014 and 30 September 2014 covering issues including the development timescale, site assembly progress, relocation of the War Memorial and Regeneration Capital Grant Fund (RCGF) opportunity.
- 2.2 The Executive considered a further report on 24 February 2015 which confirmed the marketing process initiated in relation to the Phase 2 site, the results confirming two interests with the requirement to remarket given that none of the offers had taken into consideration the Denny Eastern Access Road (DEAR) contribution.

3.0 PHASE 1 DEVELOPMENT

- 3.1 Work has commenced on the first phase of the new town centre. The contractor, Clark Contracts Ltd, was appointed as the Phase 1 main contractor on Tuesday 24 March. The target dates previously identified below by the Council have been confirmed by Clark Contracts as matching their programme timescale. It is important to note that timescales can also be affected by factors outwith the control of the Council or contractor (e.g. utility issues).

Date	Description
April 2015	Construction phase commences for Phase 1
September 2016	Relocate retailers, Library staff from Portacabins to Phase 1 development. Relocate occupiers of the octagonal building.
July 2017	Completion of Phase 1 work including demolition of octagonal building and completion of town square.

- 3.2 Inevitably there will be a level of disruption over the course of the construction contract. Clark Contracts have indicated that they wish to keep this to a minimum and to keep the public informed of progress of their works. An information bulletin has been issued to the public summarising the arrangements during the programme of works. Communication will be maintained through:

- On-site signage
- regular briefings to the Community Council
- updates on the Denny Regeneration section of the Council website
- press releases
- periodic newsletters to all Denny households

In addition, the Denny Regeneration office will be available as a drop-in facility each Tuesday morning.

- 3.3 Clark Contracts have commenced their initial site set up with the installation of perimeter fencing. The Davies Row carpark has been closed as part of the construction site with signage installed at both ends of Davies Row. The information bulletin advises the community of alternative local parking. Davies Row has also been closed off for through traffic although retaining access to Broompark Community Centre and Carpark, the northern Davies Row carpark and pedestrian access on the west side of Davies Row. The new car park will open on completion of the Phase 1 development.

Taxi Rank Provision

- 3.4 Whilst there is no formal requirement to relocate the taxi rank during the town centre redevelopment programme, the Council has sought to establish an interim arrangement to support local taxi operators. Taxi operators have been consulted and suggestions have been put forward by them. A site behind the temporary retail units is considered a reasonable solution for the duration of the Phase 1 development. The Council's Roads Unit has been consulted on this and they are comfortable with this option. All taxi operators have been informed of the arrangement.

Public Conveniences

In February 2015 the Council took a decision as part of its budget process to review all toilet provision including closure of staffed public conveniences and Automated Public Conveniences (APC's) from 31 March 2016. Prior to the closure of the public conveniences and APC's the Council is examining proposals to develop a comfort scheme where members of the public can use alternative toilet provisions in shops/ businesses/ Council buildings.

- 3.6 As part of the regeneration process in Denny the manned public toilets were demolished leaving the existing APC on Stirling Street. The APC currently sits within the contractor's Phase 1 site boundaries and would require to be relocated to continue in operation. The initial intention was to relocate the APC outwith the Phase 1 site boundaries and replace this facility on completion of Phase 1. However given the recent Council decision, there will be no budget for a new APC or continued maintenance of the existing APC from 31 March 2016. It is therefore considered that funding the relocation of the APC at a cost of £20,000 for a period leading to its removal on 31 March 2016 does not represent best value. However, as mentioned above the Council will seek to provide a comfort scheme, in the town centre and will liaise with local businesses over this proposal.

4.0 PHASE 2 DEVELOPMENT

- 4.1 As outlined in the Executive report dated 24 February 2015, following a marketing exercise, two commercial interests in the Phase 2 site were identified however neither offer had taken into consideration a required contribution towards Denny Eastern Access Road (DEAR) and was based on the value of the land. The Council could not therefore progress either offer for Phase 2 on the basis of the purchaser meeting DEAR contributions over and above the purchase price.
- 4.2 The Executive approved the re-marketing of Phase 2 on the basis that the sale proceeds will be applied towards the relevant DEAR contribution. Should these not be sufficient to meet the total amount of the contribution then the Council will provide additional funds to meet any shortfall.
- 4.3 The Phase 2 site has now been remarketed by SGM, commercial agents. The marketing brochure was issued on the 25 March and a closing date for offers on 29 April 2015. Following the closing date one interest was submitted and their proposals assessed by SGM in liaison with Council officers. :
- 4.4 The offer received is from County Properties (Northern) Limited, a substantial privately owned investment and development company with a large and varied mixed portfolio throughout the UK. Details of the financial terms of the offer are contained in the confidential appendix to this report (Appendix 1). The company has been in existence for 40 years, successfully investing and developing in commercial property. Recent developments include an 80,000sqft retail park in Lanark. Consent for Tesco store in Kilmarnock and 50,000sqft Morrisons store in Paisley. The company's strategy is to carry out major speculative development with a particular focus on commercial property.
- 4.5 County Properties intend to build a 23,500 sqft single storey retail unit backing onto the existing car park with the main entrance off Stirling Street and some 35 car spaces to the rear of the building accessed off Davies Row. There is also the intention to build a further retail block extending to approximately 2,000sqft fronting onto Stirling Street. Architects drawings are provided as Appendix 2. While the receipt of this bid is positive there are concerns over the commercial terms to be establish with County Properties including the lack of a named retail operator and the failure of the design to adequately reflect the term of the guidance brief that was issued.

4.6 There are 3 options available for the Executive to consider:

- Option 1: Accept the offer submitted by County Properties
- Option 2: Request that the bidder review their offer through further consideration of the criteria within the Guidance Brief and re-submit their proposals.
- Option 3: Reject the offer and remarket the site on completion of Phase 1.

Option 1: Accept the Offer

4.7 A detailed assessment of the submission has been prepared by SGM and Council officers, scoring for each of the factors below (as set out in the guidance issued with the marketing – see Appendix 3).

- the expertise and technical capability of the developer
- the financial terms of the offer
- the deliverability of the scheme on-site
- roads and transport considerations
- design considerations

Expertise and technical capability

The developer is a well-established company with a track record of delivering projects of this type.

Financial terms

The offer by County Properties is considered by SGM to be a realistic offer. It is subject to confirmation of a lease with a retail operator. If once appointed, the lease terms are of a lesser value, the offer to purchase may be adjusted. The bidder will require to carry out site investigations which may affect the resultant price. Any additional costs of these works would require to be verified by the Council's Design Services.

Deliverability

County Properties' scheme requires an operator to be identified prior to concluding its terms. While no operator is named at present, it is understood that interest in the scheme has been identified and would be confirmed if County are selected as the appointed developer. The lease terms with the operator may affect the purchase price.

Roads & Transport

Further in-depth analysis of the preferred scheme will be required prior to formal consent. County Properties scheme is problematic in the initial design, with site servicing requiring articulated vehicles reversing onto Davies Row and formation of a Servicing Yard adjacent to the Davies Row car park. An additional 35 spaces are provided off Stirling Street resulting in three access points to the site.

Design

Further consideration of the design of the scheme would be required via the planning process if this option is chosen. County Properties scheme is dependent on commitment from an operator. The design does not cope well with the site levels (an acknowledged site constraint), and offers no frontage at the Davies Row car park level.

- 4.8 As a consequence of this appraisal, the SGM/Council officers assessment suggests that members may wish to consider the merits of the proposal in further depth prior to proceeding.

Option 2: Request that the bidder reviews their offer and re-submits their proposals

- 4.9 The submission provides limited information at this stage with no identified operator and a design which has some key limitations in that it does not integrate well with Phase 1 and has road design issues which would affect planning approvals. It is an option for the Council to proceed by confirming to the bidder that they are the only interest and invite a further submission requiring confirmation of the operator interest and a revised design. This would require that the scheme take into consideration the intended operator and be more in accordance with the guidance document.

Option 3: Reject the offer

- 4.10 The Council has the ability to reject the offer and delay re-marketing until Phase 1 is completed. The advantage of delaying the site development is that future offers may be improved upon in price, design or delivery as a consequence of the Phase 1 completion. However this is not guaranteed and the disadvantages are that:

- there may be less interest in the site and the option available currently may be lost.
- there is less opportunity to be flexible over design as Phase 1 would be in place and site levels unable to be adjusted
- the Phase 2 site would lie undeveloped for an extended period
- the opportunity to attract additional retailers to Phase 1 using Phase 2 commitment to promote this is lost
- the opportunity to integrate the design and development of Phase 1 and 2 is lost

Appraisal Summary

- 4.11 It is suggested that there is merit in proceeding with the delivery of the scheme at this point. However the submission by County Properties provides limited information at this stage with no identified operator and a design with key limitations which does not integrate well with Phase 1 and has road design issues. These issues require to be resolved in order to meet the planning requirements for the site and set out in the guidance issued..
- 4.12 In taking forward the bidder proposals, it is considered that Option 2 offers the preferred route. It is suggested that, following confirmation to County Properties that they are the only interest, the Council should invite the bidder to make a further submission, requiring confirmation of the operator interest. They should also provide a revised design taking into consideration both the intended operator and the Design Guidance document provided, seeking a better solution to the integration with Phase 1 and improved access provision. Securing a named operator would help provide a focus for the preferred design solution. In addition the sale would be conditional on the bidders commitment to a specific development timescale.
- 4.11 It is suggested that members consider the proposals submitted and the options outlined above with a view to determining a preferred approach to delivery of the Phase 2 project.

5.0 WAR MEMORIAL

- 5.1 The Council temporarily re-sited the existing town centre war memorial plaques during the regeneration project's demolition and construction phase to the cemetery at Broompark Community Centre adjacent to the existing town centre. A survey of all 6,443 residential and business properties was undertaken to consider and agree options for the permanent location of the war memorial. A total of 843 (13%) responses were received which highlights the interest in this issue. The outcome of the survey is as follows:

QUESTION	RESPONSE
I would like the Denny and Dunipace War Memorial plaques to stay in Broompark Memorial Garden.	479 (56.82%)
I would like the Denny and Dunipace War Memorial plaques to be relocated into the new town centre	333 (39.5%)
I would like the Denny and Dunipace War Memorial plaques to be placed in the following location	28 (3.32%) 15 Anderson Park 3 Macara Park, 3 Glasgow Road 2 Denny Cemetery 2 Parish Church, 1 opposite Demoreham Avenue 1 Railings 1 respondent's garden
Note: Surveys returned that did not fall into either category	3 (0.36%) 1 as majority wish 1 back to where it was 1 as a resident for only 18 months did not wish to put forward opinion.

- 5.2 As a consequence of the above it is recommended that the War Memorial plaques remain sited in the Memorial Garden at Broompark on a permanent basis.

6.0 IMPLICATIONS

Policy Implications

- 6.1 Town centre regeneration is a key priority of the Strategic Community Plan, *My Future's in Falkirk* and related policies.

Planning Implications

- 6.2 Town centre regeneration is a key tool in the delivery of the Council's Local Development Plan commitment to enhance the role of town centres and regenerate district centres.

Legal Implications

- 6.3 Delivery of the regeneration project is being progressed with the support of the Council's Legal Services and, where necessary, external legal advisors.

Financial Implications

- 6.4 The receipt expected from the Phase 2 bidder will help to offset the capital funding allocation required for the Denny town centre regeneration project. This receipt will be affected by any additional costs of works arising from site constraints. The price offered may also be affected by the lease terms established with a retail operator.
- 6.5 The approved General Services Capital Programme has sufficient provision together with the grant funding and anticipated receipts to allow Members to pursue any of the 3 options within the existing approved budget.

7.0 CONCLUSION

- 7.1 The Denny town centre regeneration project has reached an important stage with the construction phase underway. Inevitably there will be a level of disruption over the course of the construction contract and steps have been taken by the contractor, Clark Contracts, and the Council to minimize the disturbance as much as possible and advise the community of the works involved. Arrangements for the continued relocation of the local taxi rank to the rear of the temporary retail units have also been made.
- 7.2 The receipt of an offer for Phase 2 is welcome. However there are issues for the Council to consider:
- County Properties have submitted a realistic financial offer. They have the relevant experience however the design lacks sufficient integration with Phase 1, other than the ground floor entrance off Stirling Street. There is no named occupier although it is understood that there is interest. The offer is likely to be amended to reflect commercial and site constraints.
 - The third option of rejecting the offer and delaying marketing pending completion of Phase 1 would miss out on the opportunity to integrate the design and development of the two phases but may result in a better offer in future. Given the recent fluctuations in the market for this type of activity, this cannot be guaranteed.
- 7.3. The temporary relocation of the War Memorial is an essential part of the regeneration process and has been progressed through consultation with the Denny community. It is important to agree the final location and the survey results identified in item 6 above confirm support for the continued and permanent location as Broompark Memorial Garden.

8.0 RECOMMENDATIONS

It is recommended that the Executive:

- i) notes the above report on the progress of the Denny town centre regeneration project
- ii) agrees to the closure of the APC located on Stirling Street and that further proposals be developed for a comfort scheme for the town centre.
- iii) considers the proposals submitted by County Properties (Northern) Ltd for delivery of Phase 2 and, if minded to proceed considers the options listed:
 - (a) Option 1 – authorises the Director of Development Services to conclude contractual terms with County Properties for the disposal of the site on the basis of the scheme submitted
 - (b) Option 2 - authorises the Director of Development Services to invite County Properties to provide a further submission confirming operator interest and reviewing the masterplan on the basis of the Design Guidance document provided, reporting back to the Executive on the revised proposal.
 - (c) Option 3 – rejects the offer from County Properties and agrees to withhold marketing of the Phase 2 site until completion of Phase 1.
- iv) notes the outcome of the survey on the final location for the War Memorial plaques and agrees the continued and permanent siting in the Broompark Community Garden.

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Director of Development Services

Date: 28th May, 2015

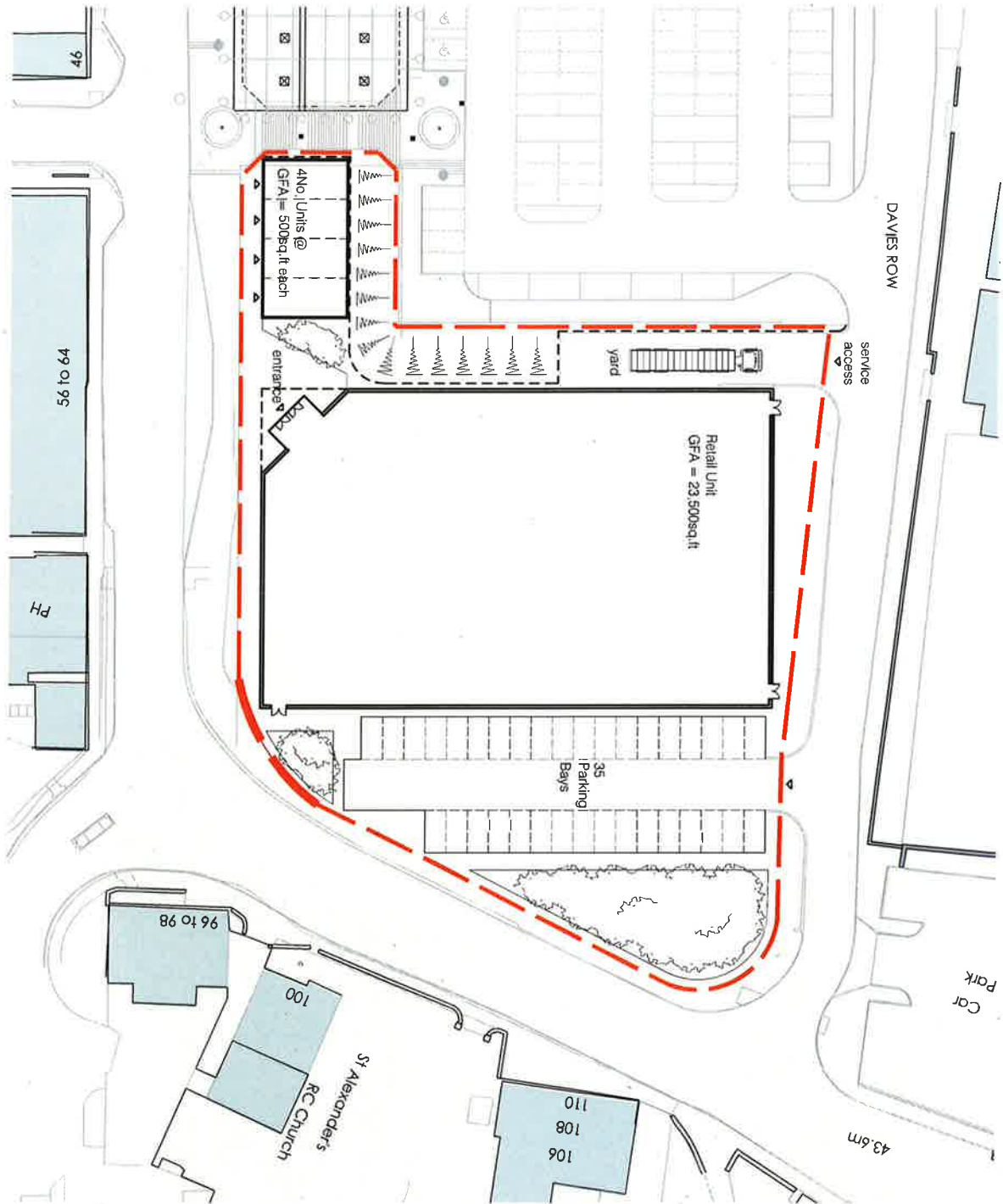
Contact Officers: Colin Frame/Douglas Duff. Ext: 0972/4952.

LIST OF BACKGROUND PAPERS

1. Denny Town Centre Regeneration Files.

Anyone wishing to inspect the background papers listed above should telephone 01324 590972 and ask for Colin Frame.

Appendix 2



Layout Plan

PHASE 2 DEVELOPMENT PROPOSALS



View 1



View 2



Street Elevation Phase 1 and 2

PHASE 2 DEVELOPMENT PROPOSALS



Elevation to Car Park



Elevation to Stirling Street

**DENNY TOWN CENTRE REGNERATION
PHASE 2 SITE SUBMISSIONS
PROJECT APPRAISAL**

COUNTY PROPERTIES:

Criteria	Score (%)	Comments
<i>SGM Scoring</i>		<i>SGM Comments</i>
Expertise & Technical Capability (out of 20%)	20	The company has extensive experience of mixed use commercial development
Financial Terms (out of 20%)	20	SGM consider offer to be realistic offer
Deliverability (out of 20%)		
Design terms (5%)	3	<ul style="list-style-type: none"> ▪ Design provides poor service and public access
Certainty of commitment (5%)	3	<ul style="list-style-type: none"> ▪ No operator signed up for this proposal – this is subject to appointment of County as developer
Financial ability to deliver (5%)	5	<ul style="list-style-type: none"> ▪ Project is internally financed
Delivery of financial offer (5%)	2	<ul style="list-style-type: none"> ▪ The offer will be subject to operator interest in the proposed design and may be adjusted to suit their interest.
<i>Council Scoring</i>		<i>Council Comments</i>
Roads/Transport (20%)	8	<ul style="list-style-type: none"> ▪ Service arrangement is poor with articulated vehicles requiring to reverse ▪ No servicing for the small units ▪ Service yard access is in close proximity to Davies Row car park ▪ The provision of 35 parking bays is positive but access arrangement is poor
Design (20%)	9	<ul style="list-style-type: none"> ▪ Floor space proposed exceeds what is being replaced ▪ Offer is unknown as no operator appointed ▪ Design ignores Davies Row carpark frontage with sole entrance on Stirling Street. ▪ Blank walls shown in operator carpark ▪ Large scale 'warehouse' building has limited presence although scale is appropriate ▪ Height of small units is inappropriate ▪ Limited glazing and no active frontage on Stirling Street ▪ Proposals take no account of topography of the site ▪ Poor and inappropriate use of materials
Total =	70	