

FALKIRK COUNCIL

**Subject: DENNY TOWN CENTRE REGENERATION:
PHASE TWO DEVELOPMENT**
Meeting: EXECUTIVE
Date: 23 FEBRUARY 2016
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 Phase 2 marketing process.

2.0 BACKGROUND & PROJECT UPDATE

- 2.1 The Executive considered reports providing updates on the project on 29 April, 17 June 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 in relation to the marketing process for the Phase 2 site. This had identified two interests and advised of a requirement to remarket given that neither of the offers had taken into consideration the requirement for a Denny Eastern Access Road (DEAR) contribution. A further report for the 9 June Executive confirmed that one interest had responded to the remarketing exercise. The Executive agreed that further detail be provided on this proposal in relation to a commitment from an operator and further work on the design.
- 2.3 Work is well under way on the first phase of the new town centre with the contractor, Clark Contracts Ltd, proceeding to programme. In the course of this work the Council has worked in collaboration with BT Public Services Network to deliver a public wi-fi scheme as part of the phase 1 plans. BT has agreed to this element and this will be included in the town square development.

3.0 PHASE 2 DEVELOPMENT

- 3.1 The Phase 2 site was remarketed by SGM, commercial agents and a report was submitted to the Council's Executive on the 9 June 2015 on the results of the marketing exercise. One offer was received, from County Properties (Northern) Limited, a privately owned investment and development company with a large, mixed portfolio throughout the UK.
- 3.2 The Executive agreed that County Properties should be approached requesting that they review their submission for the scheme to better fit the requirements of the brief and, on the basis they are identified as the preferred bidder, seek commitment from a store operator.

3.3 County Properties have now advanced their discussions with B & M Retail Ltd. who are interested in a new 15,000sqft single storey retail unit. B&M has grown quickly in recent years with over 140 stores across the UK selling a range of food and household products. The revised design identifies the unit facing Stirling Street with the main entrance off a public space adjacent to Phase 1 and some 55 car spaces to the side of the building accessed off Stirling Street. A drawing, showing County Properties proposals is provided as Appendix 1. They have confirmed that, as the B & M requirement is for a store size of 15,000sqft as against the original anticipated store size of 23,500sqft, their original offer of £650,000 is reduced to £433,227 for the Phase 2 site.

3.4 There are 2 options available for the Executive to consider:

- Option 1: Accept the offer submitted by County Properties
- Option 2: Reject the offer and remarket the site on completion of Phase 1.

Option 1: Accept the Offer

3.5 A detailed assessment of the submission has been prepared by SGM and Council officers, including a scoring for each of the factors set out in the guidance issued with the marketing (see Appendix 2).

- 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. 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 unit.

Deliverability

County Properties have identified B & M as the operator subject to conclusion of a legal agreement. Confirmation has been given by County that B&M are keen to proceed with delivery of the project as soon as the Council's agreement is in place (subject to all necessary consents).

Roads & Transport

County Properties scheme does present some traffic related issues in the initial design, with site servicing accessed from Davies Row. An additional 55 spaces are provided off Stirling Street. Further in-depth analysis of the proposed scheme will be required prior to formal planning consent being secured.

Design

The design does present issues with the site levels (an acknowledged site constraint), and offers no frontage to the Davies Row car park level. Further consideration of the design of the scheme will be required via the planning process if this option is chosen.

- 3.6 As a consequence of this appraisal, the SGM/Council officers assessment suggests that the County Properties scheme is deliverable within a timeframe that aligns well with the programme for Phase 1. The scheme design has been discussed and amended through discussion with the Council's planning and transport staff. Any remaining design related issues would require to be resolved via the planning process if the Council were minded to proceed with this scheme.

Option 2: Reject the offer

- 3.7 The Council has the ability to reject the offer and delay re-marketing until Phase 1 is completed. Delaying the site development acknowledges 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 presents disadvantages in that:
- equally there may be less interest in the site and the option available currently may be lost.
 - there is less opportunity to be flexible over the 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 concurrently is lost.

Appraisal Summary

- 3.8 It is suggested that there is merit in proceeding with the delivery of the scheme at this point. The financial offer is considered by SGM to propose a realistic value for the site and although the design lacks the level of integration with the Phase 1 proposals that might have been preferred, this has to be balanced against a requirement to see development progressing on Phase 2 to assist the market interest in Phase 1 and avoid a neighbouring derelict site. Further, more detailed consideration of the scheme will take place through the planning process to achieve any necessary alterations to the design. In addition it is suggested that the sale would be conditional on the bidders commitment to a specific development timescale.

- 3.9 It is suggested that Members consider the proposals submitted and the options outlined above for a decision to be reached on the Phase 2 scheme.

4.0 IMPLICATIONS

Policy Implications

- 4.1 Town centre regeneration is a key priority of the Strategic Community Plan, *Growth, Investment & Inclusion*, the Council's economic strategy and related policies.

Planning Implications

- 4.2 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

- 4.3 Delivery of the regeneration project is being progressed with the support of the Council's Governance Services and, where necessary, external legal advisors. Should the Executive agree to accept the offer from County Properties, authority is requested to conclude the necessary missives in appropriate terms.

Financial Implications

- 4.4 The £433,227 receipt expected from the Phase 2 bidder will contribute towards the capital funding allocation for the Denny town centre regeneration project. The level of receipt may be affected by any additional costs of works arising from site constraints as verified by Design Services staff.
- 4.5 The approved General Services Capital Programme has sufficient provision together with the grant funding and anticipated receipts to allow Members to pursue either of the 2 options within the existing approved budget.

5.0 CONCLUSION

- 5.1 The Denny town centre regeneration project has reached an important stage with the construction of phase 1 underway and currently on programme.
- 5.2 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 to deliver the scheme. County Properties have identified an occupier as B & M Retail Ltd. who have indicated an intention to proceed with the scheme, giving more certainty over delivery. They have amended their design to address issues relating to integration with Phase 1 and traffic concerns. Any remaining design issues would require to be resolved via the planning process. The offer may be amended to reflect confirmed site constraints.

- The second option of rejecting the offer would allow a further round of marketing, pending completion of Phase 1. However it would miss out on the opportunity to integrate the design and development of the two phases. Given the recent fluctuations in the market for this type of activity, this cannot be guaranteed.

6.0 RECOMMENDATIONS

It is recommended that the Executive:

- i) notes the above report on the progress of the Denny town centre regeneration project
- ii) considers the proposals submitted by County Properties (Northern) Ltd for delivery of Phase 2 and the options identified in this report:
 - (a) Option 1 – if minded to proceed, 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 – to reject the offer from County Properties and agree to withhold marketing of the Phase 2 site until completion of Phase 1.

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Director of Development Services

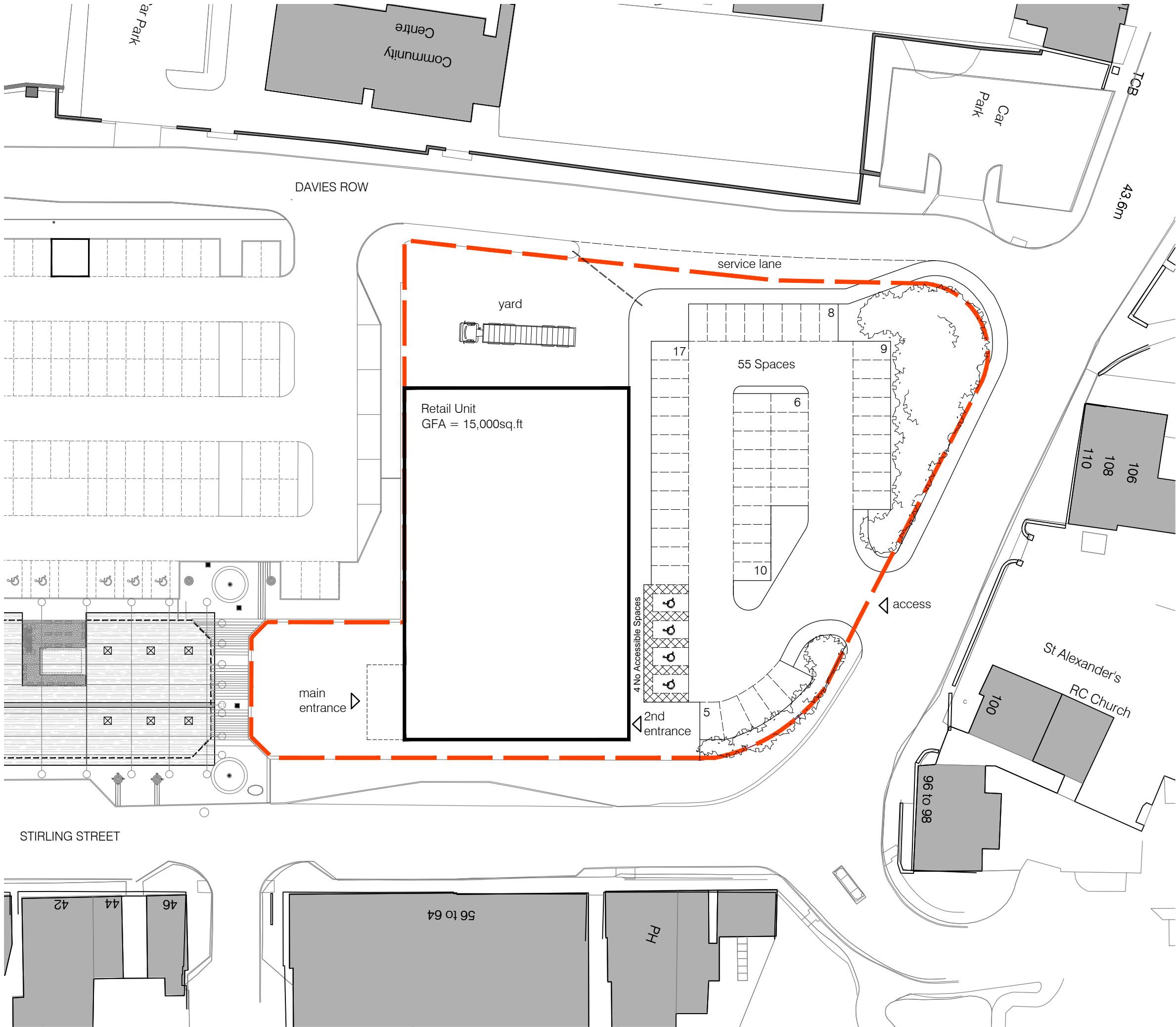
Date: 10 February 2016

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

LIST OF BACKGROUND PAPERS

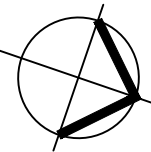
1. Denny Town Centre Regeneration Files.

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



Note
The contractor will be held to have examined the site and checked all dimensions and levels before commencing construction work. No assumption should be made without reference to the architect. No dimensions should be scaled from this drawing.

Rev	Description	Date	By
A	Layout revised as per client comments	20.10.15	PM
B	Layout revised as per client request.	27.01.16	PM



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SKETCH

Client
County Properties

Project Title
Proposed Retail Development
Denny

Drawing Title
Proposed Site Plan

Scale 1:500 @ A3	Date 09.10.14
Drawn by CM	Checked by SC

Job No 14048G	Drawing No AL(0)100	Revision B
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**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"> • Limited integration with Phase 1 • Operator identified but legal commitment to be confirmed • Project is internally financed
Certainty of commitment (5%)	4	
Financial ability to deliver (5%)	5	
Delivery of financial offer (5%)	4	<ul style="list-style-type: none"> • The offer is based on an operator interest although subject to site investigations and approvals through the planning process.
<i>Council Scoring</i>		<i>Council Comments</i>
Roads/Transport (20%)	8	<ul style="list-style-type: none"> • Service arrangement affects use of Davies Row. • The provision of 55 parking bays is positive
Design (20%)	9	<ul style="list-style-type: none"> • No direct connection to Davies Row carpark frontage • Two entrances on Stirling Street. • Blank walls shown in operator carpark • “Warehouse” type building has limited presence although scale is appropriate • Limited glazing / active frontage on Stirling Street • Limited account of topography of the site • Poor and inappropriate use of materials
Total =	73	