

<b>Classification:</b> Open	<b>Decision Type:</b> Key
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<b>Report to:</b>	Cabinet	<b>Date:</b> 16 February 2022
<b>Subject:</b>	APPOINTMENT OF A DEVELOPMENT PARTNER FOR PHASE 2 OF CHAMBERHALL BUSINESS PARK, BURY (Part A)	
<b>Report of</b>	Leader and Cabinet Member for Finance and Growth	

### Summary

1. Approval is sought to approve the results of the recent tender exercise to bring forward the development of Phase 2 of Chamberhall Business Park.
2. The site forms part of the larger Chamberhall business park. Phase 1 which consisted of 130,000 sqft has been successfully developed by St Modwen's. The phase 2 land comprises of circa 7 acres of serviced employment land.
3. The appointment of a development partner will ensure that a high-quality sustainable development is brought forward as well as ensuring best value is achieved for the site.

### Recommendations

#### That Cabinet:

4. Note the results of the tender exercise for the development of the Phase 2 land as set out within Part B of this report.
5. Approve the grant of a long lease of the Phase 2 site to the selected developer.
6. Delegate agreement to the final land price and the detailed terms of the long lease to the Director of Regeneration & Capital Growth in consultation with the Monitoring Officer, Section 151 Officer and the Executive Member for finance, the final price must have regard to the financial offers as set out in the part B report.
7. Delegate the signing of all contracts required to complete the sale to the Director of Law and Democratic Services.

#### Reasons for recommendation(s)

8. To bring the Chamberhall Phase 2 land forward for development.

## **Options considered and rejected**

### **Option 1 - Do Nothing**

- In this scenario the site will be left vacant.
- This option has been dismissed as the Council is prioritising its redevelopment so as to bring forward new employment land to meet the needs of businesses.
- There is also an opportunity cost for not seeking new development in that the ability to secure a sustainable income flow through new business rates will be lost.
- As such, this option has been discounted.

### **Option 2 - Accept tender from the highest ranked bidder**

- This option would see the Phase 2 site being brought forward for the development of a modern high-quality scheme within the next 12 months.
- Bring in a significant capital receipt to the Council in the 2022/23 financial year.
- Provide a sustainable income flow through new business rate revenue.
- Create new jobs and secure existing ones.

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### **Report Author and Contact Details:**

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### **Key considerations**

#### **9. Background**

- 9.1 In June 2021 Cabinet approved the sale via a competitive tender of the Phase 2 land at Chamberhall Business Park, as shown verged red on the plan in Appendix 1.

- 9.2 The site forms part of Chamberhall Business park. Phase 1 which consisted of 130,000 sqft has been successfully developed by St Modwen's. The phase 2 land comprises of circa 7 acres of serviced employment land.
- 9.3 It is proposed that the land disposal will follow the same process as phase 1, a 250-year lease alongside a development agreement.
- 9.4 Tender documents were issued via the Chest on 30<sup>th</sup> September 2021, with a return date of 22 November 2021.
- 9.5 5 compliant tenders were received and have been assessed by officers.

## **10. Current Position**

- 10.1 As noted above 5 compliant tenders were received. Details of the results of the tender exercise are within Part B of this report.

## **11. Proposed Scheme**

- 11.1 The submission of the highest ranked bid is proposing a total of 91,850sqft of accommodation in a range of sizes with the flexibility for subdivision. The masterplan is in accordance with planning policy and the Council's wider aspirations for the site.

## **12. Programme**

- 12.1 The programme submitted with the tender is as follows:

<b>Date</b>	<b>Activity</b>
March 22	Completion of legal agreements
May 22	Submission of planning application
July 22	Issue building contract tender
July 22	Approval of planning application
Nov 22	Expiry of planning Judicial Review period
Dec 22	Start on site (9 month building contract)
Sept 23	Practical Completion

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**Links with the Corporate Priorities:**

*Please summarise how this links to the Let's Do It Strategy.*

13. The proposal;

- Will bring a vacant site into employment use, therefore creating new job opportunities and safeguarding existing ones, and
- Provide training opportunities during the construction period.

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**Equality Impact and Considerations:**

*Please provide an explanation of the outcome(s) of an initial or full EIA.*

14. This proposal does not adversely affect equality.

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**Environmental Impact and Considerations:**

*Please provide an explanation of the carbon impact of this decision.*

15. Officers will work with the selected developer to minimise the carbon impact of the new buildings to be constructed and minimise waste from the construction process.

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**Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
The selected developer fails to enter into the legal agreements	Officers have reviewed the preferred developers track record and funding proposals, all of which are satisfactory. A dialogue will continue with the second placed bidder in the event that the preferred bidder withdraws.
The purchaser's masterplan fails to secure planning approval	The developer's masterplan is in accordance with planning policy for the site. Officers will work with the developer and planning colleagues to mitigate this risk
Future site investigations reveal unknown below ground conditions that result in a reduction in the land price	The developer has already identified an additional budget to cover this eventuality. Officers will also oversee the developers site investigations and challenge any proposed cost increases
Purchaser does not develop the property.	The legal documents will include positive obligations on the developer to ensure the units are constructed within a set timetable. Failure to achieve this

	will mean that the Council can take back control of the site.
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**Legal Implications:**

The Council has the power to dispose of the land under section 123 of the Local Government Act 1972, for the best consideration reasonably obtainable, or otherwise with the consent of the Secretary of State. There is no defined way for a local authority to meet the best consideration requirement. However, by tendering the proposal disposal the Council is able to be satisfied that through the competitive process, and by proceeding with the disposal to the highest bidder, it can demonstrate the attainment of best consideration for the disposal.

**Financial Implications:**

This land is currently held within Bury Councils asset register at £1.9m. The disposal of this land will see a capital receipt being recognised by the Council and following development revenue income from business rates and the creation of jobs within Bury.

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**Background papers:**

Appendix 1 – Chamberhall Phase 2 site Plan

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

Term	Meaning