

STOCKPORT COUNCIL
REPORT TO EXECUTIVE MEETING – SUMMARY SHEET

Subject: Dialstone Centre and Blackstone Fields Redevelopment

Report to Executive Meeting

Date: 2 April 2013

Report of: Executive Councillors (Governance & Corporate Services) and (Economic Development & Regeneration)

Key Decision: ***NO / YES*** (Please circle)

Forward Plan General Exception Special Urgency (Tick box)

Summary:

As part of the Dialstone Centre and Blackstone Fields redevelopment, a revised agreement has been reached with THi Riverside Limited (with GB Buildings Solution as the guarantor) to facilitate the delivery of a revised regeneration and development proposal to meet Council and community objectives on the Dialstone Centre and Blackstone Fields sites. The attached report sets out the background and new proposed agreement and estimated costings.

Comments/Views of the Executive Councillor:

Following THi/GB's significant concerns over the viability of the original proposals, detailed work has been carried out mainly with GB Building Group who is now leading on this project. This has resulted in an alternative scheme being brought forward. This alternative proposal is set out in the report and should ensure that the Council and local Community can realise the benefits of the original regeneration objectives.

Recommendation(s) of Executive Councillor:

The Executive is recommended:

- To note the progress to date and the detailed work involved in bringing forward these revised proposals,
- To approve the principles as outlined within these proposals submitted by THi/GB, and delegate authorisation to the Service Director (Place Development) and the Corporate Director of Corporate & Support Services to produce and enter into a revised Development Agreement for the Dialstone and Blackstone Fields sites,
- To include a provision in the Council's capital programme to meet the additional net costs associated with the delivery of the revised proposals, currently estimated at £0.750m.

Relevant Scrutiny Committee (if decision called in):
Corporate Resource Management & Governance Scrutiny Committee

Background Papers (if report for publication):

There are none

Contact person for accessing
background papers and discussing the report

Officer: Andy Kippax
Tel: 0161 474 4319

'Urgent Business': ~~YES~~ / NO (please circle)

Certification (if applicable)

This report should be considered as 'urgent business' and the decision exempted from 'call-in' for the following reason(s):

The written consent of Councillor _____ and the Chief Executive/Monitoring Officer/Corporate Director for Corporate and Support Services for the decision to be treated as 'urgent business' was obtained on _____ /will be obtained before the decision is implemented.

DIALSTONE CENTRE AND BLACKSTONE FIELDS REDEVELOPMENT

Report of the Corporate Director for Corporate and Support Services and the Service Director (Place Development)

1.0 Purpose of Report

- 1.1 The purpose of this report is to seek Executive approval to endorse the revised agreement reached with THi Riverside Limited (with GB Buildings Solutions as the guarantor) to facilitate the delivery of a revised regeneration and development proposal to meet Council and Community objectives on the Dialstone Centre and Blackstone Fields sites.

2.0 Background

- 2.1 The Executive at its meeting on 18 May 2011 approved the principles behind the comprehensive redevelopment of the Dialstone Centre and Blackstone Fields sites, and delegated the finalisation of the terms of the Development Agreement to the then two Corporate Directors of Corporate and Support Services and Place, in consultation with the relevant Executive Portfolio holders. The Development Agreement was formally signed on 14 July 2011 with THi Riverside Ltd (guaranteed by GB Building Solutions Group) as the preferred developer. Although the financial offer from this company was not the highest for the sites, the Executive agreed it represented the best approach towards a comprehensive regeneration scheme.
- 2.2 The anticipated outcomes for the Council and local community, through the delivery of this Development Agreement included new family housing (incorporating affordable housing in accordance with approved policy), a new Community Facility (library/leisure centre), remediated land and enabling development. The Development Agreement included the payment of a capital sum to the Council, which in turn would then be utilised for the construction of the new Community Facility. In order to achieve the comprehensive approach, the Development Agreement made provision for the developer to secure three end users for the Blackstone site by May 2012 before progress on site could be made, one of which would be the Council's new Community Facility.
- 2.3 The second end user would be Borough Care. The new Borough Care facility is part of a wider strategic approach, which would include the closure of two out dated schemes at Belmont Court (now closed) and Lisburn Court. The new facility would be a new 80 bed care home incorporating EMI (Elderly Mentally Infirm) nursing. The developer also had contractual agreements in place with Bellway for the development of family housing on the Dialstone site (a proportion of which would be provided as affordable housing through Equity, in accordance with approved policy).
- 2.4 The Executive, at its meeting on 19 June 2012, approved an extension to the Development Agreement to 21 November 2012 to enable THi to complete work to secure a third end user. At that time, detailed work was progressing with a local housing provider to develop a mixed tenure 'extra care' retirement scheme, incorporating approximately 55 apartments. THi Riverside Ltd confirmed on 21 November 2012 that board approval to enter into a contract had been secured, thereby delivering the third end user in accordance with the Development Agreement.

2.5 In late November 2012, the developer, THi Riverside Ltd, raised significant concerns over the viability of the previous proposals. Detailed work carried out since then mainly with GB Building Group who is now leading on this project has resulted in an alternative scheme being brought forward, which is the subject of this report.

3.0 Proposed Development Changes

3.1 All aspects of the revised proposal have now been examined and investigated in detail, with a view to ensuring that the Council and local community can realise the benefits of the original regeneration objectives. In particular, the provision of the new Community Facility, the new Borough Care scheme, enabling the family housing on the Dialstone site and the remediation of Blackstone Fields were considered highest priorities.

3.2 Following detailed discussion and negotiation with GB Building, a provisional proposal has now been suggested which includes:

- The redevelopment of the Dialstone Site by Bellway to deliver 61 market housing units, with 33 affordable houses through Equity, in accordance with existing planning approvals.
- The provision of a new library/leisure centre (to be called the 'Alan Newton' Centre).
- The provision of a new EMI Care Home facility for Borough Care.
- An additional site for housing in the south west corner of Blackstone Fields (subject to planning).
- A 1 acre plot for potential future development.
- Appropriate remediation of the remaining open space.

3.3 The 'Alan Newton' Centre, and new Borough Care facility would be located in revised and improved locations within the Blackstone Fields site, and will therefore require the submission of revised planning applications. Details can be seen on the plan at Appendix 1.

3.4 The financial implications of this proposal are summarised in confidential Appendix 2, which also sets out a possible alternative development scenario where the Council terminates the agreement with THi/GB and undertakes the development directly.

3.5 In summary, the financial implications to the Council are as follows:

- Revised proposal from THi/GB leads to an additional cost of c£0.750m
- The Council to undertake the revised proposal itself leads to an additional cost of c£0.600m.

3.6 Although the first option (entering into a revised agreement) shows a higher net cost to the Council of c£0.150m, there are risks associated with the second option approach, including:

- Costs associated with terminating the existing agreement;
- The cost of constructing the Borough Care unit may be greater than anticipated;
- There would be a significant time delay in the Council developing, procuring and taking forward these proposals, which would leave the Dialstone site in particular, undeveloped and create significant problems for Borough Care in managing its care provision, and leave the local community waiting for the new proposed Community Facility.

3.7 Having considered the increased and unknown level of risks, the recommended approach is to enter into a revised agreement with THi/GB Buildings, as described. Although the developer has not made the anticipated progress to date, this new approach would enable progress to be made. Key conditions of any revised agreement would be:

- cost certainty on the construction of the Alan Newton Centre to be agreed in advance, with any cost overrun falling to the developer for this building;
- an open book approach with any “overage” being shared between the Council and developer;
- the proposed remediation works at Blackstone Fields to be subject to approval by the Council. The current costings are in line with the requirements of the Environmental Health Officer.

3.8 THi/GB Buildings revised proposals include an additional residential development in the south west corner of the site (subject to planning approval) as indicated on the plan in Appendix 1.

3.9 As indicated in 3.2, THi/GB has suggested a further one acre plot for development, shown hatched on the plan (appendix 1), should be held for future development and appropriate provision for this should be made in a revised development agreement. This may result in a further capital receipt for the Council, which could be used to offset the additional costs indicated above.

4.0 Recommendations

4.1 To note the progress to date and the detailed work involved in bringing forward these revised proposals

4.2 To approve the principles as outlined within these proposals submitted by THi/GB, and delegate authorisation to the Service Director (Place Development) and the Corporate Director of Corporate & Support Services to produce and enter into a revised Development Agreement for the Dialstone and Blackstone Fields sites

4.3 To include a provision in the Council’s capital programme to meet the additional net costs associated with the delivery of the revised proposals, currently estimated at £0.750m.

Further information: To discuss this report or for further information please contact Andy Kippax telephone number 0161 474 4319 or by e-mail on andy.kippax@stockport.gov.uk

Appendix 1 – Map of Proposed Blackstone Field Development
Confidential Appendix 2 – Financial Analysis

APPENDIX 1

Map of the Proposed Blackstone Field Development

