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| Decision maker: | Director of Economy and Place |
| Decision date: | Tuesday, 29 January 2019 |
| Title of report: | Preparation of the land to the south of Station Approach (Essex Arms site) for development |
| Report by: | Growth Programmes Technical Manager |

Classification

Open

Decision type

Non-key

Wards affected

Widemarsh;

Purpose and summary

Approve works necessary for the preparation of the land to the south of Station Approach (Essex Arms site) for development.

The Essex Arms site (appendix 1) lies to the south of the Station Approach (City Link Road CLR) which forms the northern boundary of the site. The site has been opened up for development as a result of the construction of the CLR which has enabled access to the site.

However the site in its current form cannot be developed as it is subject to flooding due to its low laying topography, and throughout the master planning for the Edgar Street Grid (ESG) regeneration area, it was known that part of the site would need to be raised so the ground level was equal to its neighbours to allow it to be de redeveloped as part of the Urban Village.

Highways access to the site is achieved from Station Approach (the CLR), and a final phase of the CLR scheme will be the physical works required to realign Widemarsh Brook, and create an attenuation pond as part of the drainage strategy for the CLR. The scope of these works is limited to diverting the watercourse from the eastern boundary over to the west and includes constructing a new bank to retain and define the new route of the watercourse.

Therefore consideration now needs to be paid to the necessity to raise the net developable area in order to realise the economic benefits of the CLR. This report seeks approval for a package of

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survey work and technical design to inform the form of the ground raising works, to enable future development of the site. The proposal is that the works are brought forward promptly to enable an early start of the development of this site, to support the university or other potential occupiers.

The budget for these design and investigatory works are £45,000 which includes contingency to allow for additional survey work should initial investigations reveal issues around contamination and/or ecology beyond those already assumed and planned for.

A further report will be brought forward to seek approval for the physical ground raising works once these initial investigation and design works have been completed as they will define what is required including target costs.

Recommendation(s)

That:

- (a) Site investigations and design work for a scheme of flood alleviation works that would raise the ground level of part of the Essex Arms site to make it suitable for development be undertaken at a cost of not more than £45,000.**

Alternative options

1. The site preparation work is not commissioned now as a concurrent works package (as proposed in this report) and is instead commissioned later on in the overall programme for the development of the site. This is not recommended as it is unlikely to give the council the opportunity to use the site within the timescales which are currently required to support the development of the new university in line with the Cabinet decision of 21st July 2016.
2. The site preparation work is not done. This is not recommended as the site is not capable of development in its current state. The site if left undeveloped serves no useful purpose for the city, whereas, in view of its location along Station Approach, it could be developed to meet the objectives of the Council's Economic Vision.
3. The site could be sold outright to a developer for them to do the work. However, if sold, the site is only likely to realise a low price from a speculator willing to take the risk that a development can ultimately be brought forward and an end user for the site can be identified. To sell on that basis the Council would lose control of the timing of any development and would have to rely on the planning process to control future uses which may result in the site remaining in its current condition for a long time.

Key considerations

4. The Hereford City Centre Transport Package (HCCTP) is an integrated package of schemes for Hereford. The package consists of the following key elements:
 - a. a new link road between the A465 and A49(T), referred to as the City Link Road (CLR);
 - b. public transport, pedestrian and cycle infrastructure improvements;
 - c. public realm improvements; and
 - d. a new multi-modal Transport Hub at Hereford railway station.

5. The objectives of the HCCTP included:
 - a. support the delivery of the urban village (UV) regeneration area – including the Essex Arms site;
 - b. support delivery of housing, particularly affordable housing within the city; and
 - c. addressing the decline in Hereford's traditional role as a regional economic hub, and meeting the national agenda for economic growth.
6. The Essex Arms site (see appendix 1) has been made available for development by the acquisition of the UV (urban village / link road compulsory purchase order and associated side roads order; 14th March 2013) and the construction of Station Approach (CLR) along the northern boundary of the site. The land underneath the footprint of the road was needed for the scheme – the remainder of the land was for regeneration purposes.
7. There is a need to undertake site preparation works to make the site ready for development. These works would essentially raise the ground level of the net developable area to mitigate the risk of flooding, and could run concurrently with the other drainage works already scheduled to be undertaken on this site as a consequence of the construction of the CLR.
8. Once prepared by raising the ground level, then the Essex Arms site, as a developable site, could be sold to a developer or developed by the Council. It has a number of potential uses including development as part of the campus for the new university in Hereford.
9. During the CLR project a detailed ground investigation was conducted for the road extent, with some limited investigation on the remaining part of the site. The investigation identified the presence of a peat layer to the northern part of the site. The peat was removed in the vicinity of the new road prior to the embankment being built. The design of the ground raising will have to consider the potential for and impact of this peat layer.
10. In order to determine the most appropriate approach to the ground raising, more detailed investigations/surveys and design works need to be carried out. Once a preferred option for the works is identified, a detailed specification will be developed and target cost will be determined. This will be done in two stages:

Stage 1 will take approximately four weeks. It will consider the possible options for the filling to provide a stable platform that:

- a. Would be suitable for ground bearing slabs and raft / strip footings as well as external hardstandings and roads / paths;
- b. Would be suitable if the building were piled with suspended slabs, and the fill was only supporting external hardstandings and roads / paths.

Stage 2 will take a further four weeks from the agreement of the preferred option. It will provide the specification for the fill and prepare a budget estimate for the necessary groundworks. This specification and budget estimate will form the basis of the works contract which is then commissioned.

11. The cost the two stage options appraisal is expected to be not more than £30,000. A contingency of 50% is requested against this estimated cost to allow for additional survey work to ensure contamination and ecology issues are comprehensively covered should the initial surveys reveal any areas of concern.

12. Given that as part of the CLR major civil engineering works are proposed to be carried out to complete the CLR drainage, in the interests of minimising costs and not duplicating effort by mobilising two sets of contractors, or delaying the timetable for bringing the residual part of Essex Arms into economically productive use, this report recommends the design works are undertaken as part of an enhanced package of works undertaken by BBLP. This will also ensure the site as a whole properly fulfils the CLR drainage requirements and is ready for an economically productive use by the end of 2019.
13. If suitable commercial terms cannot be agreed for this project with BBLP, then another contractor will be appointed in compliance with procurement rules: this could be the Council's Developer Partner Engie Regeneration or another construction company.

Equality duty

14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

16. The Essex Arms site, in its current condition, cannot be developed. The ground levels need to be raised so that the footprint of any proposed buildings are above the flood plain. The specification and, therefore, exact cost to do this are not yet known.
17. Once the physical ground raising work is complete the net developable area will be circa 1.78 acres. The value of the developable site, assuming all works complete i.e. ground raising, brook crossing, utility services to site, and assuming no additional abnormal construction costs (e.g. pile foundations) and planning permission for residential development then the site value will be circa £1.3 - £1.5m.
18. If the site were sold in its current form, estates advice is that a site in this location is likely to get some speculator interest and achieve a price in the region of £200k - £300k, without the grounds work. To sell on that basis, however, the council would lose control of the timing of any development and have to rely on the planning process to control future uses. The site may remain in its current, undevelopable, condition for a significant length of time. It is not considered that this would represent a best value solution to the council, taking into consideration the council's ambitions for early redevelopment of this part of the city and the potential uses this site could have.

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Legal implications

19. The council has a duty to secure best value and continuous improvement in the performance of all of its functions, under s3 of the Local Government Act 1999. This duty extends to making appropriate investment decisions in respect of the council's own estate. In addition the council has a duty under s123 Local Government Act 1972 to secure best consideration – the best price which can reasonably be obtained in the market- if it was to decide to dispose of this site. This report explains why the proposal to undertake some initial enabling works will release further development and investment potential in the site.
20. The proposals set out in this report do not raise any significant legal implications. A contract for the construction works will either be awarded to BBLP through the council's existing contract, or if acceptable commercial terms cannot be agreed which provide the council with best value, then another construction partner will be selected in accordance with the principles of best value, through another procurement compliant route.

Risk management

21. The project will be commissioned via a service order from BBLP as part of the public realm contract, or failing that, under another industry standard form of construction contract between the council and a suitably appointed civils contractor. The risks will be managed in accordance with the procedures developed by the contract management team

| Risk / opportunity | Mitigation |
|---|---|
| There is a risk that the cost of site preparation is greater than expected | <p>The stage process will allow us to identify the best approach to site preparation and understand the costs and performance implications of each option before the preferred option is chosen.</p> <p>A further Cabinet member decision will be required before the works themselves are carried out. The risk is, therefore, limited to the cost of investigation and specification.</p> |
| There is a risk that technical resource is not available to meet the council's desired timescales | <p>BBLP have been engaged early in the process and are obliged to raise any issues that they identify via early warnings</p> <p>Another contractor could be appointed in the event that BBLP is not commissioned to undertake the works</p> <p>The project will be prioritised and managed in the context of the requirements of the university</p> |

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| The flood alleviation works may not be complete in time to allow the site preparation work to start | Both pieces of work will be programmed with the aim of having the site ready for development and/or sale as soon as possible. The nature of the works will support the future development of a wide range of uses of the site. |
| There is a risk that the Welsh Water assets identified on the site make the site undevelopable | <p>Identification and mapping of the Welsh Water assets will be done as part of the options appraisal.</p> <p>A further Cabinet member decision will be required before the works themselves are carried out. The risk is, therefore, limited to the cost of investigation and specification.</p> |
| There is a risk that the discovery of site abnormalities increases the cost of site preparation | <p>The stage process is intended to identify any abnormalities and understand their impact.</p> <p>A further Cabinet member decision will be required before the works themselves are carried out. The risk is, therefore, limited to the cost of investigation and specification.</p> |
| There is a risk that the discovery of site abnormalities reduces the net developable area of the upgraded site | Any significant change to the expected outcome will be subject to a further decision report describing the exception, its consequences, and any recommended actions |
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22. The risks will be managed in accordance with the council's performance risk and opportunity management framework.

Consultees

23. The local member has been consulted and is supportive of the proposals.

Appendices

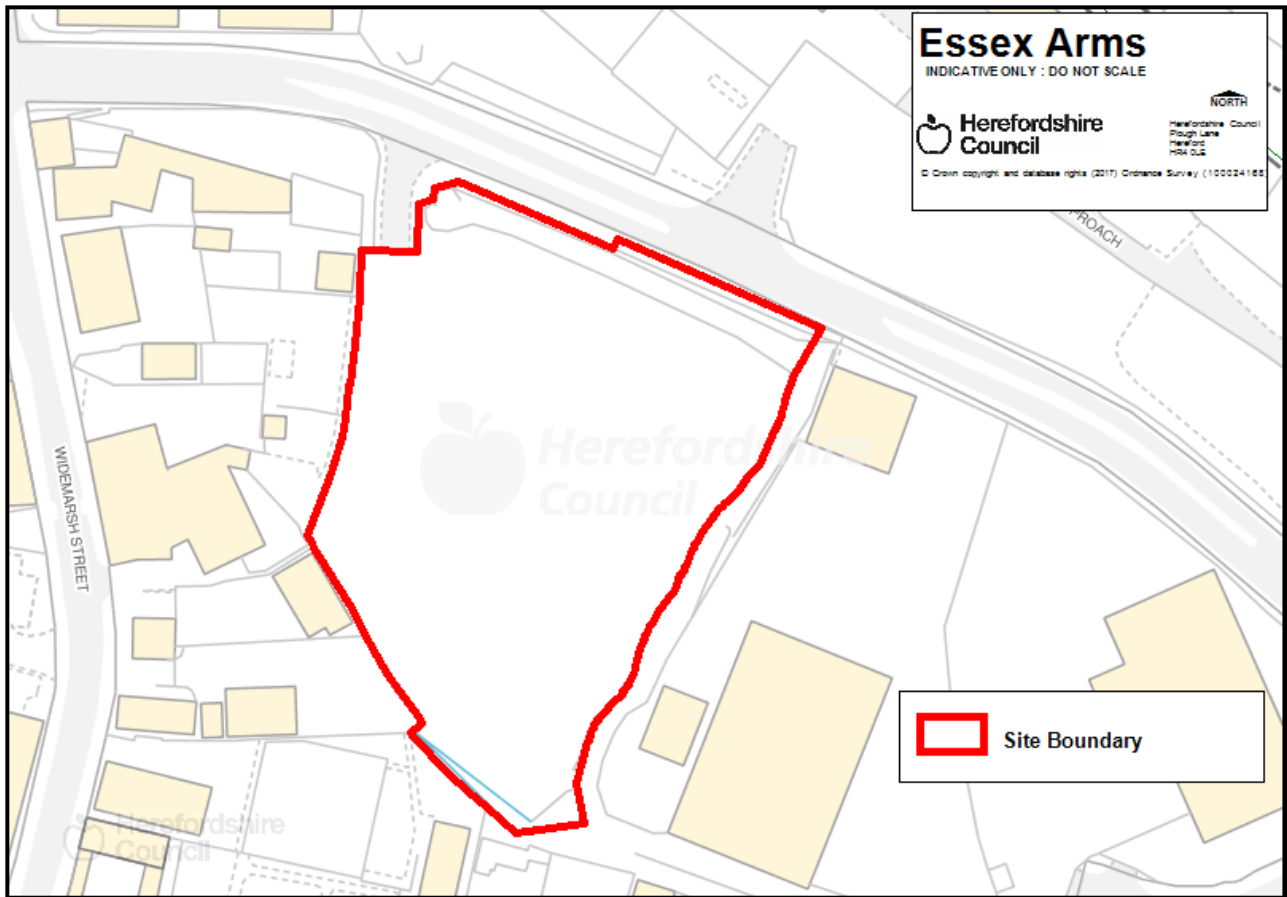
Appendix 1: Site Plan

Background papers

None Identified

Appendix 1:

Site Plan



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