

Disposal of Whitworth Mill and Adjacent Site
Councillor Peter Hiller, Cabinet Member for Strategic Planning and Commercial Strategy and Investments
April 2020
Deadline date: N/A

Cabinet portfolio holder: Responsible Director:	Councillor Peter Hiller – Cabinet Member for Strategic Planning and Commercial Strategy and Investments Steve Cox – Executive Director Place and Economy
Is this a Key Decision?	YES Forward Plan Reference – KEY/30MAR20/02
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES
Is this a project and if so has it been registered on Verto?	NO Verto number: N/A

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to consider exercising delegated authority under para 3.4.3 and 3.4.8 of part 3 of the constitution in accordance with the terms of their portfolios at q to:

1. Approve the disposal of the Whitworth Mill site (plot 7) and the adjacent site (plot 8) to Samsons Property Limited who made the highest unconditional bid for the sites which were marketed through an open bidding process, managed by local property agent Barker Storey Matthews;
2. Approve conditions attaching to the sale namely that a planning application is submitted within 18 months of exchange of the sale contract and construction is to be completed within 3 years of exchange.
3. Authorise the Director for Legal and Governance and the Executive Director Place and Economy to enter into the necessary legal documentation to ensure the satisfactory completion of the disposal of sites 7 and 8.

1. PURPOSE OF THIS REPORT

- 1.1 This report is for the Cabinet Member to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (q).
- 1.2 The attached Appendix 1 is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains commercially sensitive information relating to bids made by developers in response to the tendered opportunity. The public interest test has been applied to the information contained within the exempt appendix and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

2. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
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3. BACKGROUND AND KEY ISSUES

- 3.1 The purpose of this report is for the Cabinet Member to consider exercising delegated authority under paragraph 3.4.3 and 3.4.8 of part 3 of the constitution in accordance with the terms of their portfolio at paras (i) and (j).

The report concerns the regeneration and redevelopment of plot 7 (Whitworth Mill) and Plot 8 (the site immediately to its east). Both sites are Council owned and their redevelopment is critical to the completion of regeneration at Fletton Quays.

Whitworth Mill is a locally listed heritage building that is difficult to redevelop due to a combination of conservation, structural engineering and ecological constraints.

The Council had previously sought to develop the Mill as an Arts Centre. However, failure to secure the necessary grant funding from external sources rendered this option unviable.

As a result, in autumn 2019, Council officers commissioned a development brief for the mill and the adjacent site. The brief was prepared by architects Norr who are familiar with the Fletton Quays site. The resultant development opportunity was then advertised to the open market by local property agent Barker Storey Matthews in November 2019 with a detailed buyer information pack and a closing date for bids set for January 2020.

Following initial marketing there were over 50 inquiries about the sites leading to seven expressions of interest from prospective bidders and four formal bids. These are summarised in the exempt confidential annexe.

It is proposed that sites 7 & 8 would be sold to the new owners once the necessary legal agreements have been concluded once this Cabinet Member Decision Notice has been approved.

The decision to explore options for developing Whitworth Mill (site 7) and the adjacent plot (site 8) arose following the failure of previous efforts to develop the Mill as an Arts Centre to attract necessary external grant funding.

The development costs and constraints attaching to the Mill are such that selling it on its own was ruled out because the building was perceived to have a negative gross development value. The decision was therefore taken to market it as package with site 8.

In looking for a private sector solution that would avoid the need for further expenditure on the part of the Council, including exposure to planning, development, construction and operating risks it was decided to test market interest in the Mill site by combining it with site 8 with a view to forming a viable development opportunity that could be advertised within the private developer market.

The Mill itself is a difficult development opportunity as a result of building conservation constraints, floor levels that do not make residential conversion easy and ecological constraints including the use of void space under the building by nesting bat colonies. On the plus side, the Mill's location on the south embankment of the River Nene affords excellent views towards the river and cathedral making it a very attractive location.

The chosen developer will be required to part fund the cost of installing a new electricity substation and will also need to ensure that the public realm space around the building is of a good standard, complementing the investment that has already been made in the public realm space around Sand Martin House.

Following a marketing period of just under 3 months during which bidders were given access to the Mill building and relevant reports about the condition of both sites and specific constraints, Barker Storey Matthews set a deadline of 17 January for final bids.

Four bids were received. These are summarised in the exempt appendix 1.

Two bids were ruled out on the grounds that their offers fell well below the other two; one of which contained qualifications relating to planning and S106 contributions; the other being made without such conditions.

Necessary due diligence was carried out to ensure that the developer who submitted the highest unqualified bid had the funds necessary to complete the purchase as well as development finance available to deliver their proposed scheme.

The successful bidder Samsons Ltd is a Bedford based Property Development Company with a successful track record including recent residential conversion schemes in Bedford and Smethwick.

They propose to use part of the Mill building as a company office for up to 15 staff and to develop a Boutique Hotel on the upper floors. They are also interested in pursuing arts related uses on the ground floor and incorporating an external area for use as arts performance space. On site 8 they propose four blocks of a similar height to Whitworth Mill, with boutique hotel uses on the upper floors and A3 restaurant, food court space at ground floor level.

The extent of A3 food uses will depend upon demand. Control of alternative leisure or commercial uses on the ground floor units can be managed through the planning system.

4. CONSULTATION

- 4.1 This report seeks approval for the disposal of the council-owned assets sites 7&8 at Fletton Quays. The open marketing of these sites has ensured that the Council will achieve best value without the need for further expenditure at risk. The Mill is not a building that could viably be transferred for Community use and it is also important that the form of development enhances the wider Fletton Quays site. The forms of use proposed by the developer conform to the development brief and also to broad planning use classifications.

There will be community consultation on the proposals once the developer brings forward a detailed planning application.

5. ANTICIPATED OUTCOMES OR IMPACT

- 5.1 The Council will receive a capital receipt of £1.1m for sites 7 & 8 with a 10% initial deposit and the balance on exchange of contracts.

The developer will be required to commence development within 18 months and to complete construction of the proposed development within 3 years of completion of the sale.

The development of these sites will help complete the regeneration on the Fletton Quays site and add to the mix of development through uses including a boutique hotel; office space, restaurant and fast food units and spaces for arts and cultural activities. The completion of this development together with the proposed distillery on plot 4 and the construction of a 110 bed Hilton Garden Inn on plot 1 will enable Fletton Quays to become a vibrant mixed-use site with a range of dining and leisure offers contributing to Peterborough's visitor offer and evening economy.

6. REASON FOR THE RECOMMENDATION

- 6.1 The disposal of sites 7 & 8 for best considerations will help the Council realise a capital receipt and free it from further expense in maintaining Whitworth Mill relieving it from risk and expenditure that it would otherwise need to incur if it chose to develop these sites on its own. The recommendation will enable the Council to realise the development of two strategically important sites without further claims on public resources and will help to complete the regeneration of Fletton Quays.

7. ALTERNATIVE OPTIONS CONSIDERED

- 7.1 Several alternative options were considered including:
- The partial demolition of the Mill building, retaining only key facades;
 - The Council progressing an alternative scheme to the unviable Arts Centre proposal;
 - The potential to develop the site with a joint venture partner.

These options were discounted in favour of going out to the market with a clear development brief and inviting bids and proposals from developers.

8. IMPLICATIONS

Financial Implications

- 8.1 The recommended option will enable the Council to achieve a capital receipt of £1.1m and remove the ongoing revenue burden of property repairs and maintenance.

Legal Implications

- 8.2 By investing in the preparation of a development brief, going out to the open market and selecting the highest unconditional bid the Council has conformed to Government Guidance by ensuring that these sites are disposed of in a transparent way that conforms with planning policy objectives and achieves the best possible return.

Equalities Implications

- 8.3 There are no equalities implications associated directly with the disposal of these sites. The developer will be required to ensure appropriate provisions are made for access including DDA compliance once a planning application is submitted.

Carbon Impact Assessment

- 8.4 The proposed disposal of Whitworth Mill and the adjacent site will involve short term saving for the Council. New development proposed by the purchaser of the site will be subject to planning permission during which scope for carbon savings and other sustainability measures can be considered by Planning Officers to ensure that new development is environmentally sustainable. The proximity of the site to the city centre suggests that it will be easy to access using active travel options – walking and cycling.

9. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

- 9.1 None.

10. BACKGROUND DOCUMENTS

- 10.1 None.

11. APPENDICES

- 11.1 Commercially Exempt Annexe 1 - Summary of bids made in response to open tendering of the opportunity