

Open

Cabinet

Agenda

**6pm
Thursday 30 June 2022
Council Chamber
Wyre Forest House
Finepoint Way
Kidderminster**



Wyre Forest District Council



Cabinet

The Cabinet Members and their responsibilities:-

Councillor H Dyke	Leader of the Council & Economic Regeneration, Planning & Localism
Councillor G Ballinger	Deputy Leader & Culture, Leisure & Community Safety
Councillor N Martin	Housing, Health, Well-being & Democratic Services
Councillor M Rayner	Finance & Capital Portfolio
Councillor J Thomas	Operational Services

Scrutiny of Decisions of the Cabinet

The Council has one Scrutiny Committee that has power to investigate policy issues and question members of the Cabinet who have special responsibility for a particular area of the Council's activities. The Cabinet also considers recommendations from this Committee.

In accordance with Section 10 of the Council's Constitution, Overview and Scrutiny Procedure Rules, and Standing Order 2.4 of Section 7, any item on this agenda may be scrutinised by the Scrutiny Committee if it is "called in" by the Chairman or Vice-Chairman of the Overview & Scrutiny Committee and any other three non-Cabinet members.

The deadline for "calling in" Cabinet decisions is 5pm on Tuesday 12 July 2022.

Councillors wishing to "call in" a decision on this agenda should contact Louisa Bright, Principal Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster. Telephone: 01562 732763 or email louisa.bright@wyreforestdc.gov.uk

Urgent Key Decisions

If the Cabinet needs to take an urgent key decision, the consent of the Scrutiny Committee Chairman must be obtained. If the Scrutiny Committee Chairman is unable to act the Chairman of the Council or in his/her absence the Vice-Chairman of the Council, must give consent. Such decisions will not be the subject to the call in procedure.

Declaration of Interests by Members – interests of members in contracts and other matters

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of the Council's constitution for full details.

Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

For further information

If you have any queries about this Agenda or require any details of background papers, further documents or information you should contact Louisa Bright, Principal Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732763 or email louisa.bright@wyreforestdc.gov.uk

Documents referred to in this agenda may be viewed on the Council's website - www.wyreforestdc.gov.uk/council/meetings/main.htm

Wyre Forest District Council

Cabinet

Thursday, 30 June 2022

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1

Open to the press and public

Agenda item	Subject	Page Number
1.	Apologies for Absence	
2.	Declarations of Interests by Members In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered. Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
3.	Public Participation In accordance with the Council's Scheme for Public Speaking at Meetings of Full Council/Cabinet, to allow members of the public to present petitions, ask questions, or make statements, details of which have been received by 12 noon on Monday 20 June 2022. (See front cover for contact details).	
4.		
4.1	Councillor H Dyke Revised Development Proposals for Lionfields, Parcel One To consider a report from the Head of North Worcestershire Economic Development and Regeneration (NWEDR) to agree the approach for a future development of the Lionfields Parcel One site.	6
5.	Exclusion of the Press and Public To consider passing the following resolution: "That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of "exempt information" as defined in paragraph 3 of Part 1 of Schedule 12A to the Act".	

Part 2

Not open to the Press and Public

6.		
6.1	Councillor M Rayner Acquisition of Property in Kidderminster To consider a report from the Head of NWedR to consider a proposal to proceed with a purchase of a property in Kidderminster. To also consider recommendations from the Overview and Scrutiny Sub-Committee from its meeting on 30 June 2022.	

WYRE FOREST DISTRICT COUNCIL

CABINET
30TH JUNE 2022

REVISED DEVELOPMENT PROPOSALS FOR LIONFIELDS, PARCEL ONE

OPEN	
CABINET MEMBER:	Councillor Helen Dyke, Leader of the Council and Cabinet Member for for Economic Regeneration, Planning and Localism
RESPONSIBLE OFFICER:	Ostap Paparega, Head of North Worcestershire Economic Development and Regeneration (NWEDR)
CONTACT OFFICER:	Ostap Paparega, Head of North Worcestershire Economic Development and Regeneration (NWEDR)
APPENDICES:	Appendix 1 – map of site

1. PURPOSE OF REPORT

- 1.1 To agree the approach for a future development of the Lionfields Parcel One site in light of the termination of the development agreement with Peveril Securities Limited.

2. RECOMMENDATION

- 2.1 The Cabinet is asked to **APPROVE** the preparation of a preferred development option to RIBA Stage 2 for Lionfields Parcel One;
- 2.2 The Cabinet is asked to **DELEGATE** to the Head of NWEDR (acting jointly with the Solicitor to the Council and Head of Resources), in consultation with the Cabinet Member for Economic Regeneration, Planning and Localism, authority to procure a professional multi-disciplinary team to prepare the following documents: feasibility study; site options appraisal; financial viability appraisal; delivery mechanisms options; route to market/procurement strategy; funding strategy and undertake soft market testing to enable the design of a preferred development scheme to RIBA Stage 2 for Lionfields Parcel One;

- 2.3 The Cabinet is asked to DELEGATE to the Head of NWEDR, in consultation with the Cabinet Member for Economic Regeneration, Planning and Localism, Solicitor to the Council and Head of Resources authority to settle the terms of any agreement between the Council and Worcestershire County Council in respect of developing Parcel One. This delegation includes, but is not limited to, such matters as sharing of costs between both parties to bring Parcel One to the market for development.**

3. BACKGROUND

- 3.1 There is a long history to the Council's attempts to secure development of this site following the demolition of the Glades leisure centre. At its meeting on 12th July 2016, Cabinet approved a new vision and preferred development option for the Kidderminster Eastern Gateway area as part of an overall Development Framework (produced with the assistance of Savills). The Development Framework was intended to guide and inform the comprehensive regeneration of the Eastern Gateway, branded for marketing purposes as Lionfields and provide a route map for the Council and other public sector land owners to realise the value of their land assets. The Development Framework splits the site up into six development parcels which could come forward to the market in phases and independently of each other, yet complementing each other to achieve the comprehensive redevelopment of the area as a whole. Cabinet agreed that the preferred development option for Lionfields should be a mixed use scheme, anchored by a multi-screen cinema complex, with restaurant/café units and a multi-storey car park with the remainder of the scheme including residential accommodation, retail units and a conversion of the former Magistrates Court into creative workspace. Many of these plans are now being advanced through the £40m Government-funded schemes under the Future High Street Fund and Levelling Up Fund.
- 3.2 As part of the Framework report, Savills identified the former Leisure Centre and the adjoining open land owned by Worcestershire County Council as Parcel 1 of Lionfields. The Development Framework set out the Council's ambition for Parcel 1 and the preferred option was to develop a cinema and leisure hub. Following initial marketing by Savills, on 7 February 2017 Cabinet agreed delegated authority to the then Corporate Director to procure a developer and enter a development agreement for this parcel.
- 3.3 A consortium comprising Cordwell Property Group (CPG), Peveril Securities Ltd and Bowmer and Kirkland was announced as the preferred developer in December 2017. On 25th October 2019, WFDC signed a conditional development agreement after lengthy negotiation. The agreement is with Worcestershire County Council, as it also owns part of the development site, and Peveril Securities Limited which is the vehicle that would be responsible for the proposed development on behalf of the consortium. The agreement stipulated the purchase price for the site to deliver a cinema led development, composed of a cinema operator as the anchor tenant and at least two food & beverage units.
- 3.4 The draft Heads of Terms between CPG and the cinema operator were agreed in principle and ready to be signed when the pandemic struck in March 2020. As a result, everything was put on hold for the best part of the last two years with the negotiations

with the cinema operator resuming at the start of 2022, albeit in very different market conditions including a significant increase in construction costs.

- 3.5 During 2021, WFDC agreed to amend the development agreement timetable (target dates / key milestones) at CPG's request to enable CPG to resume the negotiations with the cinema operator. The amended target date for the submission of the planning application was 25 April 2022 and was not met.
- 3.6 The cinema operator submitted a refreshed cost plan to CPG in March 2022, which generated a significant impact on the development appraisal. The details are set out in a recent confidential report which was approved by the Leader on 17 June 2022 and which involves the Council (working in concert with the County Council) to issue notice of termination of the development agreement. The reasons for terminating the agreement are that the new financing proposals put forward by the developer are fundamentally different to the original offer and neither is financially viable. The first would require the Council to forego the capital receipt and pay a substantial amount to the developer to enable the project to proceed. The second would require the Council to sign up to an 'income strip' lease with an institutional investor for a period of up to 35 years that guarantees an agreed annual rent to the investor for the lease duration, and would expose the Council to the risk of having to pay the rent regardless of whether or not there were any sub-tenants.
- 3.7 It is regrettable that the envisaged development for this site is no longer financially viable as a result of changed market conditions and increased construction costs. It may be possible for the Council to secure a cinema development on other sites in the town that are becoming available for re-development on sites acquired to enable the Future High Streets Fund projects. Location wise, this might be better suited to a cinema-led scheme, given proximity to the town centre, although there will still be significant financial and commercial challenges to address. Therefore no commitment can be given that such a scheme will come forward. If it appears to be a viable option, a report will be brought forward at the appropriate time to seek any decisions or authorisation that may be necessary.

4. KEY ISSUES

- 4.1 The Council now needs to move forward with an alternative approach for Parcel One of Lionfields. Given the current economic, political, environmental and social factors, a comprehensive study is required to enable the Council to formulate a preferred development option for the site. This should explore the range of innovative options for future uses, including housing, and should not focus only on whatever option would deliver the highest capital receipt. Equally, the preferred development option that emerges should not involve any net cost for the Council.
- 4.2 The study will include the following documents:
 - 4.2.1 Feasibility study
 - 4.2.2 Site options appraisal
 - 4.2.3 Financial viability appraisal
 - 4.2.4 Delivery mechanisms / vehicles, including the potential role of Council owned trading companies

- 4.2.5 Route to market / procurement strategy
- 4.2.6 Funding strategy
- 4.2.7 Investment prospectus
- 4.2.8 Soft market testing to gauge initial investor / developer interest

- 4.3 The study will also explore synergies with the other key town centre development sites, such as the former Crown House site and the sites resulting from the demolition of the former Woolworths and Megavalue buildings. It will also explore alignment with the current town centre regeneration proposals being delivered through the Future High Streets Fund and Levelling Up Fund.

- 4.4 The role of Worcestershire County Council in any development will also need to be determined. Part of Parcel One is owned by the County Council and the intention is to continue to work with WCC on a development that would encompass its landholding as well, subject to feasibility and viability. The recommendation includes an appropriate delegation to the Head of NWEDR to reach an agreement with the County Council in that respect.

- 4.5 The study will include a comprehensive stakeholder engagement exercise with local businesses, residents and town centre key stakeholders.

- 4.6 The study will also need to consider planning policy implications. The Wyre Forest district local plan 2016-2036 was adopted on 26 April. Policy SA.K4 - Land at Bromsgrove Street (Lionfields) specifically relates to the wider site of which Parcel One forms only part. The overall policy is that “this site is allocated for a mix of residential and commercial development”. Among many other things, it is “expected” to deliver “on the former Glades site - a cinema and leisure complex with ancillary food and drink together with car parking”. It will be recalled that the bulk of the local plan was prepared at a point in time and accurately reflected aspirations at that time, in particular in February 2020 when the Council agreed to submit the plan for inspection. It was simply not possible for the plan to take account of later shifts in the position of the development partner, including those that occurred after the Planning Inspector’s report was received: indeed CPG’s final proposals for alternative financing arrangements were provided only in May 2022. National planning policy is strongly supportive of reusing brownfield land, including for housing. Any alternative development will need to demonstrate how it complies with the National Planning Policy Framework and relevant policies in the local plan, including policy SA.K4, and the decision on an application will fall to the Council’s Planning Committee.

- 4.6 It is envisaged that the report will be completed by March 2023.

5. FINANCIAL IMPLICATIONS

- 5.1 It is not possible at this stage to quantify the financial implications of a new development. However, the study will include financial viability appraisals to establish the residual land value of different options as well as their potential to generate income streams for the council.

- 5.2 There will be a cost estimated at up to £100k for undertaking the study and it may be possible to seek funding for it from the UK Shared Prosperity Fund, as part of the investment plan that is coming forward for Cabinet approval in July. If UKSPF funds are not sufficient, officers will identify other internal or external sources of funding to cover the cost.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Council has wide powers in the Local Government Act 1972 and in other legislation to acquire and dispose of land.
- 6.2 Any planning application will need to demonstrate how the development is appropriate in the context of the recently adopted local plan for Wyre Forest, 2016-2036.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 This report is about the redevelopment of a site – no equality impact needs assessment is required. Accessibility and other relevant issues would have to be addressed in the design of a development and its associated planning application.

8. RISK MANAGEMENT

- 8.1 The risks associated with a preferred development option will be detailed in the study including the proposed mitigation measures. The analysis will assess a wide range of risks including financial, legal, commercial, delivery, planning and technical.

9. CONCLUSION

- 9.1 This report seeks approval to move forward with the preparation of a preferred development option for Lionfields Parcel One, now that the previous development agreement has been terminated.

10. CONSULTEES

- 10.1 Cabinet
10.2 Corporate Leadership Team

11. BACKGROUND PAPERS

- 11.1 Cabinet report, 7 February 2017 Lionfields, Kidderminster – development proposals
- 11.2 Strong Leader report, 16 June 2022 (exempt from disclosure) – Lionfields, Parcel One – Termination of Development Agreement

