

Cherwell District Council

Executive

3 February 2014

<p>Graven Hill Potential Acquisition and Redevelopment Update</p>
--

Report of Director (Bicester)

This report is public

Purpose of report

The purpose of this report is to update on the due diligence process for the potential acquisition and redevelopment of Graven Hill.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the progress to date on due diligence.
- 1.2 To note the procurement process and timetable in relation to the proposed Fulfilment Centre.

2.0 Introduction

- 2.1 Since Autumn 2012 Officers have been in negotiation with the MOD to acquire Graven Hill, Bicester. There has been significant support and input from Government Ministers resulting in a Statement of Intent being signed by both organisations. The reason why Government has been so supportive is that it delivers against a number of national policy objectives including release of public land, growth, off site manufacturing and the delivery of large scale self-build housing opportunities.

3.0 Report Details

- 3.1 Due diligence is continuing with good progress being made on the various work streams and both parties (CDC and MOD) are working towards the end of the financial year as target date to achieve exchange of contracts

- 3.2 Trowers & Hamblins have been appointed as the legal firm to undertake this work alongside EC Harris who are undertaking technical due diligence and supporting CDC officers with financial due diligence.
- 3.3 A project team and project board has been set up to ensure a prudent approach to the due diligence and formation of the business case. As stated in the July 2013 report to the Executive, the due diligence includes:
- a) **Financial due diligence**, supported by EC Harris and Capita whose roles include the financial modelling for acquisition and development and the necessary assessment of the risks and opportunities of prudential borrowing through the Public Works Loans Board and how this could work alongside the use of existing council capital. The Council's Regeneration and Housing Team are continuing with their work on a delivery plan to optimise the Council's chances of securing inward investment for the site from the public and private sector.
 - b) **Legal due diligence** supported by Trowers and Hamblins Solicitors whose role includes to work with the MOD's legal team on the contractual elements of the site disposal and the appropriate legal structure for acquisition.
 - c) **Planning due diligence** which also includes early work on master planning and implications of a large scale self- build housing scheme.
 - d) **Technical due diligence, supported by EC Harris, Watermans and Hoarlea**, which includes site investigations, assessment of services and constraints to development
- 3.4 Three Member Workshops have been delivered with a third workshop planned to take all members through the business case and the proposals for the delivery of Graven Hill, the proposed financial model for acquisition and structure required for delivery.
- 3.5 As part of the outline planning application and to facilitate the exit from the site of MOD activities 'resolution to grant planning permission' was given in May 2013 for the construction of a Fulfilment centre on C site.
- 3.6 As reported since then the MOD is undertaking a procurement process to evaluate whether their logistics can be delivered by the private sector and as a result they are in a tender process with private sector bidders. As part of this process the bidder will need to determine where they want to base their operation with Bicester being one potential location.
- 3.7 On 21 January 2014 the Council was informed of who the bidders were and as part of the tender process will have meetings with the 2 bidders to promote and recommend the Bicester location for their logistics operation bid. The bidders have until August 2014 to submit their proposals – Dates in table below;

<p>MOD Contract Bidders Notice Logistic Commodities and Services (Transformation) Project Proposed/Estimated ITT Issue Date: 20/12/2013 Proposed/Estimated ITT Return Date: 22/08/2014 Proposed Issue Date of Contract: 19/12/2014 Proposed Completion Date of Contract: 16/03/2028</p>
--

- 3.8 At the October 2013 meeting Council gave approval for the potential acquisition and redevelopment of Graven Hill to be added into the Policy Framework and subject to an approved business case make available the capital sums required to purchase and develop the site.
- 3.9 Subject to the completion of the due diligence providing necessary assurance and subject to a strong and detailed business case, a further report will be taken to the Executive recommending the potential acquisition and redevelopment of Graven Hill. We are currently working to a timetable that if the business case is approved will enable exchange of contracts by the end of the financial year.
- 3.10 The potential acquisition will be funded through a mix of capital reserves and prudential borrowing. The ability to prudentially borrow is already covered in Cherwell District Councils; Treasury Management Strategy, Annual Investment Statement 2013/14, Section 2.4, Page 6.
- 3.11 It was necessary for Council to approve the potential acquisition and redevelopment of Graven Hill to be added into the Policy Framework ahead of the business case being completed and presented to the Executive for consideration.

4.0 Conclusion and Reasons for Recommendations

- 4.1 In order to further the potential acquisition and redevelopment of Graven Hill it is recommended that Council approve the recommendations as set out in this report.

5.0 Consultation

<p>Government Department for Communities and Local Government (CLG)</p>	<p>CLG have been very involved in supporting Cherwell’s potential acquisition and negotiations with the MOD in recognition of its support to national agendas on growth and release of public land assets.</p>
<p>Homes and Communities Agency (HCA)</p>	<p>HCA recognise the significant contribution this site will make to housing delivery and as an exemplar of new forms of delivery such as custom build and self build housing</p>
<p>National Association of Self Builders (NASB)</p>	<p>NASB recognise the opportunities for individuals and the local economy through large scale self build and custom build housing</p>
<p>Build Off Site</p>	<p>Build Off Site recognise the potential for off site Manufacturing in both the commercial elements and residential elements of the site</p>

Forestry Commission	The regional office of the Forestry Commission have given advice and confirmed that this site provides an opportunity for local people to enjoy the extensive woodland and the benefits to the environment
Government Department for Business, Innovation and Skills (BIS)	BIS have been involved in discussions about the commercial elements of the site and optimising benefits and value
Local residents	Over 200 potential residents of Graven Hill have been made contact with to gather views on self build, design etc. This has provided Officers with a sample of over 10% of potential residents from a range of household sizes and incomes and tenures.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To approve the recommendation

Option 2: To reject the recommendation

7.0 Implications

Financial and Resource Implications

7.1 There are no financial implications for this report. There will be detailed financial due diligence completed as part of a wider business case for acquisition. The ability to prudentially borrow is already covered in Cherwell District Council's; Treasury Management Strategy, Annual Investment Statement 2013/14, Section 2.4, Page 6.

Comments checked by:

Tim Madden, Interim Head of Finance and Procurement, 0300 0030106
tim.madden@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no legal implications for this information report. Detailed legal due diligence is underway covering issues relating to title, contract as well as governance issues for the council in acquiring and developing Graven Hill.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107
kevin.lane.@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision No

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All Bicester wards

Links to Corporate Plan and Policy Framework

District of Opportunity

Lead Councillor

Councillor Barry Wood, Leader of the Council

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Karen Curtin Director (Bicester)
Contact Information	karen.curtin@cherwell-dc.gov.uk 0300 0030102 Helen.town@cherwell-dc.gov.uk 07816 542464