

COUNCIL CABINET
13 March 2019



Report sponsor: Christine Durrant
Strategic Director of Communities and Place
Report author: Catherine Williams, Head of
Regeneration & Major Projects

ITEM 15

Becketwell Regeneration

Purpose

- 1.1 To update Cabinet on progress with delivering the comprehensive regeneration of the Becketwell area of the city centre and to seek the necessary approvals to deliver further work.

Recommendations

- 2.1 To approve the overall vision for Becketwell Regeneration and the proposed delivery mechanism.
- 2.2 To approve the extension of the current exclusivity agreement with St James' Securities Ltd as described in paragraph 4.10.
- 2.3 To approve the disposal of Council owned land at Becketwell to St James' Securities and delegate authority to the Strategic Director of Corporate Resources, following consultation with the Cabinet Member for Regeneration and Public Protection, the Cabinet Member for Finance and Procurement and the Strategic Director for Communities and Place, to negotiate and enter into the extended exclusivity agreement with St James' Securities and all necessary legal documentation to facilitate the disposal of Council owned land at Becketwell to St James' Securities on terms outlined within this paper.
- 2.4 To approve the acquisition of further land within the Becketwell area and to delegate authority to the Strategic Director of Corporate Resources, following consultation with the Cabinet Member for Regeneration and Public Protection, the Cabinet Member for Finance and Procurement and the Strategic Director for Communities and Place, to seek to negotiate and enter into all necessary legal documentation to facilitate the acquisitions.
- 2.5 To approve the demolition of the Colyear Street premises and to delegate authority to the Strategic Director for Communities and Place following consultation with the Cabinet Member for Regeneration and Public Protection to enter into such legal agreements as necessary for the demolition of the Colyear Street (subject to any planning approval required).

- 2.6 To note the recommendation in the Contract and Financial Procedure Matters Report to this Cabinet relating to submission of a bid to the Future High Street Fund.
- 2.7 To approve a departure from the corporate capital receipts policy to earmark the receipts from the sale of land for the use on the Becketwell regeneration project as detailed in paragraphs

Reasons

- 3.1 To deliver the comprehensive regeneration of the Becketwell area of the city centre in line with the City Centre Masterplan 2030.
- 3.2 To enable the Council to:-
 - a. meet its commitments to D2N2 Local Enterprise Partnership under the terms of its Local Growth Fund funding agreements;
 - b. deliver the sale of the Debenhams building within the timeframe of the existing Exclusivity Agreement with St James' Securities; and
 - c. maintain momentum on Becketwell regeneration – a long term, high priority scheme for the Council.

Supporting information

- 4.1 The area known as 'Becketwell' is a 1.3ha brownfield site in the heart of Derby City Centre (see land edged green in Appendix 1).
- 4.2 After decades of market failure, the Becketwell area of the city centre has experienced a progressive decline, and regeneration here is a key priority in Derby's City Centre Masterplan 2030. In March 2017, Cabinet approved an interventionist strategy for the regeneration of Becketwell involving: land assembly; site de-risking; leverage of private and public investment and the redevelopment of the area by the private sector.

Progress with delivery of the Becketwell Strategy

- 4.3 The Council acquired Duckworth Square in 2014, the former Debenhams building in 2017 (together with miscellaneous properties on Green Lane and Macklin Street) and in October 2018, properties on Colyear Street were acquired by the Council from Clowes Developments Ltd.

Colyear Street Properties

- 4.4 The buildings are currently being managed in line with the Council's Estate Management policies. Vacant areas are now decanted in preparation for demolition, of the former Pennine Hotel in line with the strategy for the properties approved by Cabinet in September 2018.

Former Debenhams site, Victoria Street

- 4.5 Demolition surveys have been carried out to the former Debenhams building which take into account the complex 'party walls'. A contractor is being procured by Property Services to demolish the building in 2019. Delegated authority is in place to progress this demolition.
- 4.6 Following a marketing process in June 2017, St James Securities Ltd (SJS) were selected in March 2018 as preferred bidder for the former Debenhams building. SJS have extensive experience of working with the public sector to regenerate difficult brownfield urban sites.
- 4.7 Negotiations with SJS have progressed to the extent that, subject to the exercise of the delegated authority approved by Cabinet in March 2017, the Council and SJS are now working towards a conditional sale and purchase agreement for the Debenhams site being agreed in March 2019.

Becketwell Regeneration: Vision and Delivery Mechanism

- 4.8 In parallel with negotiations for the disposal of the former Debenhams site to SJS, an exciting masterplan and vision for the wider Becketwell area is being developed. The vision is based on:-
- Creating a bold new look and feel for the area, a new identity for Becketwell and a "destination" within the city centre to attract footfall, new residents, economic activity, and vibrancy.
 - Creating a mixed-use development reflecting market demand and development opportunities.
- 4.9 It is proposed to deliver this vision in partnership with SJS. The Council will sell the land within its ownership on a phased basis to SJS, at a commercial value, as SJS bring forward deliverable schemes within the overall masterplan for Becketwell. Site valuations will be tested through external valuations and will be subject to legal and commercial due diligence.
- 4.10 To facilitate the above it will be necessary to extend the existing exclusivity agreement with SJS by 18mths, from March 2019 to October 2021.
- 4.11 The redevelopment of the former Debenhams building will be this first phase of the Becketwell regeneration. Further phases will be market driven.

- 4.12 SJS are to prepare and submit to the Local Planning Authority, within an agreed timescale, an Outline Application for the Becketwell vision and masterplan, with reserved matters detailed for Phase. Public consultation on these applications is likely to commence in early March.

Public/stakeholder engagement

- 5.1 Engagement regarding Becketwell regeneration has been ongoing with local stakeholders and land owners.
- 5.2 Public consultation is being undertaken by SJS in March as part of their preparation of planning applications for Becketwell.

Other options

- 6.1 Do Nothing –

This is not an option as in reality the site is identified as a key regeneration priority within the City Centre Masterplan 2030. The area has witnessed continued social, economic, and physical decline over the past two decades as various attempts by the private sector have failed to come to fruition owing to viability issues. The site is therefore the subject of market failure.

Financial

- 7.1 Financial information is contained within the confidential Cabinet Report.

Legal implications

- 8.1 The Council has powers to undertake land and property acquisitions under section 1 of the Localism Act 2011.
- 8.2 Legal Services will provide advice (or where necessary procure external legal support) in relation to the drafting of contractual documentation associated with acquisitions and disposals.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal		
Finance		
Service Director(s)	Greg Jennings	4/3/2019
Report sponsor	Catherine Williams	4/3/2019

Other(s)

Jayne Sowerby-Warrington

4/3/2019

Background papers:
List of appendices:
Appendix 1 Site Plan