



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
9 July 2019
Agenda Item 15

Key Decision [Yes/~~No~~]

Ward(s) Affected:

Delivering new employment opportunities at Decoy Farm - a proposed development partnership approach

Report by the Director for the Economy

1. Purpose

- To update Members of the Committee on progress towards the remediation of Decoy Farm funded by the LEP;
- To confirm the intention to procure for a Developer to assist and inform the remediation process to maximise best use of LEP funding;
- To inform Members that the procured Developer will also assist the Council with a design for the site and with an application for Planning Permission. This will enable the Council to maximise the market value of the site. In consideration of the Developer's consultancy work, the Developer will be granted an Option to purchase the site (for the purposes of the Development) at full market value on terms to be set out in the procurement process.

2. Recommendations

- 2.1** To authorise the Director of Economy to undertake a procurement process to identify a preferred Developer for Decoy Farm as set out in section 4.5 of this report;

2.2 To note the progress of the work to date set out in section 4.1 - 4.3 of this report;

2.3 To note the Coast to Capital Local Enterprise Partnership Board's approval of the business case to release £4.84million for decontamination and development of the Decoy Farm site;

2.4 To approve the inclusion of the Decoy Farm project £4.84m in the capital programme fully funded from LEP funding and to

2.5 To receive a further report following the conclusion of the procurement process, to consider awarding a contract to the preferred bidder and disposal of the site.

3. Context

3.1 At over 7ha, Decoy Farm is the most significant opportunity to deliver new employment floorspace for Worthing. Our planning framework has always highlighted Decoy Farm's potential as an opportunity for economic growth, but has been equally clear on the need to address some key constraints:

"The land was formerly a landfill area and there is clear evidence of existing contamination and flooding problems. Due to these constraints, and poor accessibility, this site has remained undeveloped and is in need of significant investment to realise its full potential." (pg 70, Adopted Core Strategy, April 2011).

Mindful of these constraints, the Council has sought to attract funding to help unlock the development potential of this strategically important site

4. Issues for consideration

4.1 Resolving historic contamination

4.1.1 It was recognised at an early stage that in order to progress there needed to be greater clarity on the condition of the site, the nature of the waste and the condition of the underlying aquifer and nearby watercourse. The exact nature of the materials on the site, the quantity

of waste and its condition given that the materials will have decomposed to varying degrees over the intervening years, were unknown.

4.1.2 A study was therefore commissioned to gather the relevant information needed to inform a remediation strategy. This study identified a variety of waste material spread across the site to a depth of around 11m, the majority of which is below ground.

4.1.3 Based on the data gathered an appraisal was carried out to identify the most appropriate methods of dealing with the contamination on the site. A combination of approaches has been identified as the preferred option which involves:

- re-profiling of the upper landfill;
- developing an engineered cap from reclaimed materials
- ongoing gas management.

4.2 How best to support the local economy

4.2.1 To better understand the demand for employment space, a market analysis was carried out which identified strong demand for mid-sized employment uses to support our growing businesses. This work identified the potential for buildings with a typical floorspace of 150m². An example layout has been prepared and this is reproduced as Appendix 1.

4.2.2 This work indicated that Decoy Farm was well placed to meet this demand and to attract occupiers from other parts of the sub-region where such opportunities are similarly scarce.

“in considering the; location, low vacancy rates, and the current demand for light industrial units within the Worthing market, we would anticipate the strongest demand for the final scheme to be from industrial occupiers”.

4.2.3 The resultant report suggested a phased approach to building out the site, to demonstrate to the market that the new employment floorspace is deliverable and reduce the level of speculative development and associated risk.

4.3 Securing funding to support remediation

4.3.1 The site investigations and remediation options work provided the information needed to support a bid for grant funding to finance the remediation work.

4.3.2 An Outline Business Case to the Local Enterprise Partnership (LEP) originally sought £8 million to fund the remediation of the site. The Council were provisionally allocated 60% of the request, £4,844,400 Local Growth Funding (LGF) in July 2016. The Council's business case to support the use of these funds was formally signed off by the LEP in January this year.

4.4 The need for Developer Consultancy

4.4.1 Decoy Farm is a complex site and will require expertise to resolve the technical issues of remediation and land stabilisation. It is located above an aquifer and is adjacent to a watercourse.

4.4.2 The Council team has undertaken an extensive exercise in soft market testing the options for development and have drawn upon the experience of those who have faced similar challenges on sites in other parts of the country. The feedback has been that the challenges presented by the sites condition should not be underestimated and that procuring a developer with the right skills and experience would be of considerable benefit to ensuring delivery.

4.4.3 The funding available to the Council is insufficient for the Council to develop out the site itself; accordingly, a developer (with the benefit of an Option to purchase) should be secured to take a direct interest in the land and oversee its development to achieve the Council's aspiration.

4.5 Securing a Developer

4.5.1 Perhaps not surprisingly in view of the market conditions, there has been significant interest in Decoy Farm from a number of potential developers in the coastal west sussex area, including those who can offer direct experience of delivering complex brownfield sites where the ground, access and/or hydrological conditions have been challenging.

4.5.2 Having established that there is an appetite, a formal procurement exercise is needed to secure a developer who will offer the necessary skills and experience.. Mindful of the financial and legal implications, the proposed way forward envisages the publication of an OJEU compliant Prior Information Notice (PIN) which seeks expressions of interest from all interested parties (and shall be published for a minimum of 35 days).

4.5.3 The PIN will outline the following information;

- the current condition of the site;
- the needs for specific consultancy services in relation to decontamination and other environmental matters;
- The requirement for the developer to assist the Council (or appointed expert) with the decontamination; develop a design and assist with the Council's application for planning permission;
- that the developer can either be paid for its consultancy work as it proceeds or may have the financial value of its consultancy work deducted from the final market value of the site;
- details on the Option to be granted to the developer to purchase the land (whether or not in phases with staged payments) for the purposes of building out the light industrial units.

Any developer expressing an interest would then be issued with the tender documentation providing access to the research and information that has been carried out to date. There will be initial pass and fail criteria to narrow down the potential bids.

4.5.4 Following the conclusion of the procurement exercise, officers would assess the tender submissions received to determine the preferred developer. This would be reported to the Committee in a paper setting out the agreement and providing detailed information on the process and selection of the preferred developer (this would be expected to come before members in Autumn 2019).

4.6 Once the preferred developer has been secured, work will commence on preparing a masterplan for the site which will be formalised in a planning application to include a strategy for site remediation. A land sale will follow planning approval and, as part of a contractual obligation, the developer will be required to secure the development of the wider site in a series of phases.

5. Engagement and Communication

- 5.1** Engagement has been undertaken with potential developers, particularly those with significant experience in delivering complex sites; mindful that working with the constraints of the geology and hydrogeology of the site will be critical to the success of any development.
- 5.2** Engagement with local businesses and potential occupants of the site has been ongoing and the data used to inform our Economic Strategy illustrates that there is increasing demand for employment units locally as well as in the wider coastal west sussex sub-region.

6. Financial Implications

- 6.1** The improvements to the site is estimated to cost £4.84m funded through a grant from the Local Growth Fund. The current expected spend profile is as follows:

	2019/20 £'000	2020/21 £'000	Total £'000
Decoy farm project	3,000	1,844	4,844

Following the procurement exercise, members will updated on the final cost of the scheme and provided with a full breakdown of the anticipated spend.

- 6.2** This project does not currently feature in the Council's capital programme and consequently the Committee need to approve it's addition to the programme.
- 6.3** In line with previous Local Growth Fund grants, the Council will claim monies in arrears, providing the LEP with proof of expenditure. If spend is in any way delayed, there may be the option to exercise a 'capital flexibility' whereby the funding is utilised to finance the Council's own capital programme in-year, with the Council using its own resources to fund the project at a later date although this will need to be with the approval of the LEP.

7. Legal Implications

- 7.1 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.
- 7.2 S1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.
- 7.3 The Council must ensure that any authorised use and development of the site at Decoy Farm is compliant with any obligation imposed on the Council by the Coast to Capital Grant funding terms and conditions.
- 7.4 The Grant Funding must also be spent by the Council in a way that does not breach the funding terms and conditions or create any unlawful state aid to any commercial undertaking.
- 7.6 In procuring for a preferred developer, the Council is required to follow a lawful process as required by its Contract Standing Orders and have regard to the Public Contract Regulations 2015 and the Concession Contracts Regulations 2016. All the terms of the proposed arrangement are to be set out in a fair and transparent manner to all potential bidders.
- 7.7 Any disposal of the site to be authorised by the Members at the end of a procurement process is to be compliant with s123 Local Government Act 1972, ensuring the land is not disposed for a consideration which is less than can be reasonably be obtained.

Background Papers

Worthing Core Strategy, 2011

Officer Contact Details:-

Lara Southam

Acting Head of Major Projects & Investment

07824 343857

lara.southam@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

Through the actions of the Council undertaking the remediation of the site and bringing it back into use, the Council is increasing the supply of land available for employment use. It is making best use of Council assets and bringing brownfield land back into use.

2. Social

2.1 Social Value

Improving the condition of the site and bringing it back in to use for employment use will provide new jobs for the local area.

2.2 Equality Issues

Matters considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matters considered and no issues identified

2.4 Human Rights Issues

Matters considered and no issues identified

3. Environmental

The planned remediation of the site will improve the overall condition of the site removing contaminants and hazards from the site.

4. Governance

The decontamination and development of Decoy Farm are identified in the Councils corporate plan and Core Strategies as priorities for the Council.

“1.5.7 DECOY FARM (WORTHING) Secure Local Growth Funding to remediate the site to secure private sector investment necessary to deliver new employment opportunities, and first phase of investigative work to determine site conditions”

Appendix 1 - Decoy Farm Capacity Study - Block Plan

