
CENTRAL PARK – NEXT STEPS AND UPDATE

Responsible Cabinet Member
Councillor Chris McEwan – Economy and Regeneration Portfolio
Councillor Stephen Harker – Efficiency and Resources Portfolio

Responsible Director
Ian Williams – Director of Economic Growth

SUMMARY REPORT

Purpose of the Report

1. To provide Members with an update on the development and delivery of Central Park and the next steps for Central Park South.

Summary

2. Central Park is one of the regeneration flagship projects for Darlington and the Tees Valley. It is in an excellent location due its connectivity with Bank Top Station and the East Coast Main Line (ECML).
3. The current masterplan, adopted in May 2012 (**Appendix 1**), seeks to deliver a mixed use development of new homes and commercial development set around a high quality, linear park from Haughton Road to Yarm Road. Significant progress has been made since 2012, including the delivery of over 120 new homes, Business Central and Centre for Process Innovation's (CPI) National Biologics Manufacturing Centre (NBMC). The Council also has commenced construction of the new Yarm Road Junction and Spine Road (known as the Enabling Road Infrastructure) at Central Park funded by Local Growth Fund. The objective of which is to support new businesses and open Central Park South for further development.
4. There are two further commercial projects that both CPI and Teesside University are progressing, with funding identified through Tees Valley Combined Authority (TVCA) that could see developments on site in the next couple of years. Once completed, there will be four commercial developments at Central Park and when set against the existing masterplan that would leave only two development plots remaining for commercial development.
5. Whilst the current masterplan principles remain, it is considered that the proposed mix of uses on site will not enable us to fulfil the full economic and commercial

potential of Central Park in the wider Tees Valley and regional economies. In the future there is significant potential for more commercial development at Central Park South than was originally envisaged in the 2012 masterplan. In order to maximise the commercial opportunity presented at Central Park further work has been undertaken to refresh the masterplan for Central Park, with the purpose of increasing the number of commercial development plots available. The revised draft development framework resulting from this exercise is set out in **Appendix 2**.

6. Work is also underway with key stakeholders to consider a refreshed overarching vision for Central Park and its potential as a Science and Innovation Park that benefits from Enterprise Zone status. The details of this vision are still being worked up and will be reported to Cabinet at a later date.
7. The increase in commercial plots would see a reduction in the number of houses delivered at Central Park. The change in outputs at Central Park will require a variation to the Collaboration Agreement, which is the governing document between the Council and its public sector delivery partner the Homes and Communities Agency (HCA) to ensure that both parties can achieve the outputs they require and associated changes.
8. The delivery of the Enabling Road Infrastructure (ie Yarm Road Junction and Spine Road) at Central Park South is well underway but it has not been without challenge. There are a number of factors placing a potential financial pressure on the project however these can be met, if required, through a contribution from the existing Local Transport Plan allocation in the event that the pressures outlined in the main report do materialise and cannot be delivered within the remainder of the construction budget funded through Local Growth Fund.
9. This report also outlines additional but nevertheless key infrastructure measures required now to facilitate the delivery of the commercial development plots which would ensure the site can more readily fulfil this growth potential, which can be funded from the existing Economic Growth: Site Infrastructure Fund and deliver these additional infrastructure requirements in a timely, cost effective manner.
10. As part of the land sale to Centre for Process Innovation (CPI) the Council entered in to an obligation to deliver a 104 space car park for CPI in return for an annual rent charge to cover the associated costs. The Council has developed a business case, which includes the delivery of c50 additional spaces that could serve an additional development at Central Park South on the Yarm Road gateway. This report seeks approvals to release the necessary capital funding to deliver this car park, as well as seeking the necessary approvals to vary and enter into the associated legal agreements.
11. The Council is also obligated to acquire the remaining third party land interests at Central Park under the terms of the Collaboration.
12. The most significant being that in Network Rail ownership, commonly referred to as the 'Shark's Tooth'. The Council has now agreed terms in principle with Network Rail, which includes the delivery of accommodation works to ensure they can retain appropriate access to their operational land along the East Coast Mail Line

(ECML), and to ensure that it is secure. These terms are set out in a **Part III Appendix to this report (Appendix 3)** as they are commercially sensitive.

13. The acquisition of this Network Rail land will see the Council and HCA holding the freehold interests for all the land required to deliver Central Park. Members are recommended to approve the principle of the acquisition of the Network Rail land and delegate authority to the Director of Economic Growth in consultation with the portfolio holder for Resources and Efficiency for the negotiation and completion of the legal agreements.

Recommendation

14. It is recommended that Cabinet:-

- (a) Delegates authority to the Director of Economic Growth to vary the Collaboration Agreement with the HCA;
- (b) Delegates authority to the Director of Economic Growth to negotiate the legal agreements with CPI relating to the provision of a new car park;
- (c) Approve the business case and financing model as set out in **Appendix 4 (PART III)** of this report for the delivery of the car park at Central Park and release the required capital funds;
- (d) Approve the principle of the acquisition of the Network Rail land and delegate authority to the Director of Economic Growth in consultation with the Portfolio Holder for Resources and Efficiency to conclude negotiations and complete the legal agreements in line with the terms set out in Appendix 3;
- (e) The Assistant Director, Law and Governance, be authorised to complete all associated legal agreements.

Reasons

15. The recommendations are supported by the following reasons :-

- (a) In the interests of ensuring the comprehensive development at Central Park;
- (b) To maximise the economic growth potential of Central Park;
- (c) In the interest of achieving efficient and effective use of land;
- (d) To comply with the Council's obligations under the Collaboration Agreement.

Ian Williams, Director of Economic Growth

Background Papers

No background papers were used in the preparation of this report

Jill Thwaite : Extension 6312

S17 Crime and Disorder	The Council has considered crime and disorder in the design of the car park and infrastructure delivered to help to prevent crime and disorder in this locality.
Health and Well Being	The content of this report does not have any implication for the health and wellbeing of the people in the Borough
Carbon Impact	There are no carbon impact implications in this report
Diversity	The design of the car park and infrastructure delivered has considered diversity; of particular importance is accessibility and appropriate measures have been incorporated into the design to ensure access for all.
Wards Affected	Stephenson Ward
Groups Affected	None.
Budget and Policy Framework	The content of this report does not represent a change to the budget and policy framework.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	The continuing development of Central Park will help in moving forward the Councils community strategy aspirations
Efficiency	There are no efficiency considerations as a result of this report.

MAIN REPORT

Background

16. The Council and the Homes and Communities Agency (HCA) are working in partnership to bring forward the mixed use development. The scheme represents a tremendous opportunity to revitalise a key strategic site near the centre of Darlington, bringing investment and jobs, which will be beneficial to both Darlington and the surrounding sub-region.
17. Central Park is in an excellent location due to its connectivity with Bank Top Station and the East Coast main Line (ECML). The existing masterplan adopted in May 2012, seeks to deliver a mixed use development of up to 500 new homes and 25,000sqm commercial development set around a high quality, linear park from Haughton Road to Yarm Road. It is one of the regeneration flagship projects for Darlington and the Tees Valley.
18. The Council and HCA worked closely with TVCA to ensure that Central Park formed part of the Tees Valley Enterprise Zone offer; securing initially locally funded Enterprise Zone status in April 2012. Subsequently the Council and TVCA have successfully secured national Enterprise Zone status for Central Park South,

extending the period within which businesses operating on the site can apply for and receive financial incentives.

19. Central Park is one of the TVCA's flagship regeneration schemes and is a joint priority of the Council and TVCA. Substantial progress has been made to date in partnership with both the HCA and TVCA but more development investment, in line with the revised masterplan is required, which coupled with private investment over the next 5-10 years will allow the site to fulfil its potential as a Science and Innovation Park. TVCA await the outcome from the Government of the next LGF Programme bid and ongoing devolution discussions and will also work with the Council on accelerating and maximising the benefit of the Enterprise Zone status to Central Park.
20. The Council and HCA have used resources and land in their control and secured additional funding from TVCA to secure the delivery of the first two commercial buildings on site; Business Central and the Centre for Process Innovation's (CPI), National Biologics Manufacturing Centre (NBMC). Both CPI and Teesside University are progressing projects to see two additional developments on site in the next couple of years.
 - (a) Teesside University are developing their proposals for the National Horizons Centre which will offer specialist teaching space targeted at the growth sectors of life sciences, advanced engineering and digital; and
 - (b) The Centre for Process Innovation (CPI) are progressing their Factories for the Future development on the plot to the north of their existing National Biologics Manufacturing Centre building (NBMC).
21. Both of these projects benefit from indicative Local Growth Fund (LGF) allocations and progressing towards funding confirmation in 2016/17 with a target completion and opening by the end of 2018.
22. In addition, Keepmoat Homes have delivered a third of the 356 new homes at Central Park North and made a significant start on the open space at the heart of their development.
23. The Council are presently delivering the necessary enabling road infrastructure for Central Park South consisting of a new junction at Yarm Road and the spine road through Central Park South.

Masterplan Review and Implications

24. The development of the site has generated significant interest, in particular on Central Park South given its location, connectivity and the development that has already happened. The original vision for Central Park has been revisited given its prime location for inward investment of a commercial nature.
25. The presence of both the University and CPI on-site, together with the services provided by Business Central are additional attractors to the site. The current masterplan would see 150 new homes delivered between the University and the

existing buildings at Yarm Road, leaving only two plots available for development once the pipeline projects by the University and CPI have been delivered. In addition, Central Park has been successful in securing national Enterprise Zone status. This allocation covers all of Central Park South from Yarm Road to the University. This is an additional attractor for the site.

26. An options exercise has been undertaken to look at how the land uses on site could be refined to make additional land available for commercial development. The result was a flexible framework plan, which could come forward for a range of development uses such as commercial or residential with a strong preference in favour of commercial development. This framework plan (as set out in **Appendix 2**) increases the number of plots remaining on Central Park available for commercial development from two to nine plots.
27. Keepmoat Homes have now surrendered their option at Central Park South.
28. The Council is currently working with key stakeholders to consider the overarching vision for Central Park and its potential as a site focussed on science and innovation across the key growth sectors of life sciences, advanced engineering and digital. The details and implementation of this vision are still being worked up and will be reported to a future Cabinet meeting.
29. To facilitate these changes and to ensure HCA can secure their intended outputs, there is a need to revise the Collaboration Agreement between the two parties.

Land Assembly Update

30. Under the Collaboration Agreement the Council is responsible for the acquisition of the remaining interests at Central Park. To meet the costs of this obligation, the Council can utilise up to £2.271million of the land receipts generated at Central Park on acquiring interests in line with their market value and/or potential compensation cost through a Compulsory Purchase route.
31. There are three remaining land interests at Central Park, the most significant of which is the land known as the 'Shark's Tooth' in Network Rail's ownership. Network Rail has agreed in principle (and subject to consent from the Organisation of Rail Regulation) to dispose of the majority of this land to the Council; as the details of this acquisition are considered commercially sensitive they are set out in **PART III Appendix 3** of this report.
32. Cabinet are recommended to approve the principle of the acquisition of the Network Rail land, including the delivery of the accommodation works, subject to the detail set out in **PART III Appendix 3** of this report.
33. The remaining two interests are leasehold interests which will remain on site but lease boundaries will require variation. These changes are required to ensure the scheme can be delivered. Any associated costs can be funded from the land receipt in line with the Collaboration Agreement. Cabinet resolutions will be sought as required once the variations are agreed.

Car Park and Business Case

34. As part of National Biologics Manufacturing Centre (NBMC) project in 2013, the Council agreed to provide CPI a car park to provide 100 spaces plus 4 blue badge spaces on the eastern gateway plot at Central Park, in return for an annual rent.
35. An options appraisal and design works identified that there was a more suitable plot, which is capable of delivering car parking spaces to fulfil the Council's obligation to CPI but also provide additional spaces to serve the next commercial development plot on site, which would make this site more commercially attractive.
36. A business case has been developed which demonstrates the car park is fundable over a 20 year period. This report therefore seeks the release of the necessary funding and the approvals required to vary and complete the legal agreements to reflect this change of location.

Enabling Road Infrastructure (Yarm Road Junction and Spine Road)

37. Economic Growth is a priority for the Council and the next stages of Central Park's development are progressing. The National Horizons Centre and Factories for the Future are the next two significant projects and these rely on the Enabling Infrastructure being in place. The Council is making good progress in relation to delivering the Enabling Road Infrastructure works at Central Park and is scheduled to be completed this financial year.
38. The delivery of the works on site however has been challenging due to the operational nature of the site which has required a phased approach to the delivery of the scheme coupled with the ground conditions being poorer than anticipated. To overcome these poor ground conditions an unusual road design was developed to achieve the foundation strength for the road and traffic loading. The design involves a number of layers of geotextile membrane within the layers of road construction.
39. The site constraints and the phased delivery programme have been extremely challenging and as such there is a risk that as a result the outturn costs of the project are in excess of the funding previously secured. Work continues to investigate further opportunities for cost reductions, it is proposed that a provisional amount of £250,000 is held in reserve from the current Local Transport Plan allocation to cover this pressure if further savings cannot be achieved. This equates to approximately an additional 12% of the original budget.

Additional Plot Infrastructure Works

40. As a result of the site conditions and the unusual design of the road, as described above, and to ensure appropriate infrastructure is available for any new developments coming forward a number of decisions have been taken in the detailed design phases to help manage the issues and facilitate the delivery of commercial developments in the future.
41. The construction details for the road it was necessary to ensure as much of the utility and drainage apparatus was installed beneath these layers to avoid the

geotextile membranes being severed in the future by retrospective installation of apparatus. To reduce the risk, there is a need to provide drainage infrastructure and utility ducting as part of the road construction. In addition, the delivery of the access points which will serve the development plots will also reduce the risk of the membrane being severed by development at a later date.

42. These elements were not built into the original costs for the project but are considered essential site infrastructure which are key to delivering a comprehensive site ready for development and facilitating the pipeline projects already being developed. These additional works are priced at £460,000 and are fundable via existing budgets in the form of the Economic Growth Site Infrastructure Capital Fund.

Financial Implications

43. The Business Model for the Car Park is set out in **PART III Appendix 4** for Members' consideration. It shows that the car park is fundable over its 20 year life span on the basis that the Council prudentially borrows the capital costs of the car park, and utilises the income generated from the charges for spaces, with annual maintenance costs funded from existing car park maintenance budget. In addition a contribution from the business rates retained at Central Park through its Enterprise Zone status is required to fund the provision of the additional 50 spaces until the associated development plot comes forward in approximately three years. This contribution is in the region of £55,000 over the life of the project, but may decrease if additional income is generated through the sale of these spaces to other site users within this period.
44. Funding has been secured through the Collaboration Agreement for Land Acquisitions which the Council is now in receipt of. There is sufficient monies available to fund the costs associated with the acquisition of the Network Rail land and associated accommodation works.
45. Once the Council is in ownership of the Network Rail land, it will be responsible for the associated holding and maintenance costs as with the previous acquisitions at Central Park. These costs are not eligible for funding through the terms of the Collaboration Agreement and as such have to be borne by the Council through alternative sources. These holding costs are not expected to be significant and can be met from within existing resources.
46. Over the next 5-10 years we anticipate that further public investment in site infrastructure and public realm will be required. This will be phased in line with securing future private sector investment and will recognise the revised masterplan. TVCA and the Council will work together to deliver available public finance options, including future Local Growth Fund, devolution monies and Enterprise Zone Status benefits to deliver the joint vision of a Tees Valley Science and Innovation Park.

Asset Management Advice

47. It is considered that the recommendations in this paper provide the best way forward for the Council in terms of asset management for Central Park.

Legal and Procurement Considerations

48. There are no procurement risks associated with the delivery of the car park and additional infrastructure at Central Park; these works will be delivered in house and any works outsourced will be procured in line with the Council's Contract Procedure Rules. These works will not exceed OJEU limits.
49. Under the provisions of the Local Government Act 1999 the Council is subject to a general duty to obtain best value in the exercise of its functions. Cabinet should consider in making the recommendations of this report whether the terms of **Appendix 3 (Part III)** represent value for money having regard also to the wider beneficial economic impacts enabled by the purchase.

Consultation

50. No external consultation has been carried out in preparing this report. The internal Council consultation process has raised no objections in principle to the proposal to acquire the properties other than those comments detailed in this report.
51. Initial discussions with on-site stakeholders as to the proposed change of uses at central park has been undertaken; all parties are in favour of the proposed change.
52. The construction of the car park will be subject to the usual Planning Approval processes, which includes consultation with stakeholders and people in the immediate vicinity.