

16/03/2014

Dr Susan Priest
Corporate Director, Economic Regeneration
Shepway District Council,
Civic Centre,
Castle Hill Avenue,
Folkestone, Kent.
CT20 2QY

21 March 2014

BY E-MAIL

Dear Susan

Shepway - Strategic Land and Property Capacity

We are writing with our updated proposals in response to the brief you sent us on the 12 March and following the workshop held at your offices on Monday 17 March.

In this letter we have focussed principally on our approach, resource allocation and budget. We have previously provided details of our company and individuals relevant experience so we have not repeated this, although we would be very happy to provide further details if these were needed.

The approach we have proposed is governed by a number of key factors.

1. The approach should be evidence based and supported by the Council's existing and emerging policy. It should be informed by a review of **demand and supply** for both housing and employment uses it also needs to be based on commercial reality and a very clear understanding of the deliverability of projects.
2. Whilst there are clear strategic objectives and specific targets, within a broad working framework there will need to be **flexibility on the approach** to resource allocation to respond to issues and opportunities and changing circumstances which are difficult to predict but will inevitably arise over the two year assignment.
3. We think it will be important to put **significant effort in over the early months** of the assignment to help frame the priorities and actions moving forward.
4. We will need to have effective day to day working arrangements and strong communication lines (both within our team and with Shepway personnel) to ensure our inputs **complement and add value** to your own team.
5. Due the volume of work, in particular the number of sites and projects which need to be considered, we have proposed a small team of experts who would closely together with you.

SUMMARY OF APPROACH

There is a broad range of inputs which have been described some of which you are looking for our team to lead on, some where we will need to contribute to the work of others, and some where you are looking for our team to provide a 'critical friend' role.

For the tasks we are leading on, we want to take a structured approach in order that resources are committed against a set of priorities and activities agreed with you. We have therefore suggested three key stages.

- The first is about reviewing and prioritising
- The second is preparing a strategy and an action plan
- The third is implementing the action plan

Stage 1 would be undertaken over 4 months from April 14 to August 14. **Stage 2** over 2 months from September 14 to October 14 and **Stage 3** would start in November 14 running though to March 2016. Although.....

Where there are clear and obvious priorities, both in terms of our direct responsibilities and also in relation to the critical friend role, we would intend to hit the ground running and help achieve quick wins.

In the sections which follow, we have described the overriding objectives against each work stream and the role we will perform at each stage.

A: DEMAND REVIEW, DEVELOPMENT SITES, POTENTIAL DEVELOPMENT OPPORTUNITIES AND CRITICAL INFRASTRUCTURE (LEAD ROLE)

The aim of these work streams is in essence to improve the supply of development land and the delivery of development opportunities in Shepway. The approach should be underpinned by a comprehensive analysis of demand and supply, building on/refreshing the Employment Land Review, SHLAA, and other research which has been undertaken over recent months. It should also support the aims and objectives and provide an evidence base for the emerging Economic Development Strategy.

We have described a series of tasks identifying, assessing and appraising both existing proposals and other opportunities, as well as advising on implementation. Specifically we will identify the role the Council should play (corporately) and the nature of interventions which will help deliver and accelerate delivery of major development sites, either Council owned or under the control of third parties.

Our work will also involve looking at a wide range of employment, housing and mixed use sites and identifying those suitable for the HRA funded council house building programme (300 unit programme); potential opportunities for the Regeneration and Housing Company and other sites to be brought forward through normal market channels.

We also propose to examine critical infrastructure requirements required to support specific development sites and serve the area more widely together with related funding opportunities.

Stage 1

Demand Side Review

This work is an essential step to enable an assessment of the supply side – matching demand and supply
Review of market for employment land/property, in particular taking a forward look at demand and values for different types of employment space, consistent with market trends and the emerging economic development strategy
Review of current and emerging market demand for different forms of housing, including a detailed understanding of values, types and locations

Key Development Sites

Agree 'major' development sites for review
Identify key contacts and documents
Desktop review
Meetings with project leads (Council or external)
Analysis, further research and consultations, and appraisals
Identify potential council (and other) interventions and high level risk analysis
Completion of standardised project proformas for each site / proposal

Critical Infrastructure

Examine critical infrastructure and investment requirements required to serve individual sites and wider areas and explore related funding opportunities
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Other Potential Development Opportunities

Review of both 'known' and 'unknown' sites (windfalls or identified through searches)
Review Call for Sites responses with Planning and identify a "short list"
Support the assessment of the Call for Sites - providing an "external challenge" to proposals
Undertake supply side review of potential pipeline sites
Analysis, further research and consultations, and high level appraisals
Identify potential council (and other) interventions and high level risk analysis
Provide standardised information on "short listed" opportunities

Stage 2

Prepare a land acquisition strategy which is aligned to Policy including measures to support the councils programme for HRA funded housing and the Regeneration and Housing Company

Set out a broader strategy to bring forward / deliver the range of third party sites and development opportunities – highlighted as priorities in Stage 1
Prepare an action plan to bring forward the above
Prepare investment cases for projects or portfolios of projects
Clearly set out the route to market for all of the above
Further consultations, research and analysis

Stage 3

A range of ongoing tasks to progress implementation - including liaising with stakeholders, negotiations with third parties, obtaining technical inputs, financial appraisals, preparing business cases, recommending support and funding initiatives, and reporting. Throughout supporting the council in policy/strategy formulation and making sure implementation is aligned with policy/strategy
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B: ECONOMIC DEVELOPMENT STRATEGY (ADVISORY AND CRITICAL FRIEND ROLE)

Contribute towards the emerging and updated economic development strategy, including contributions in terms of sectoral information, market knowledge on demand and supply etc.

Stage 1

Provide information and data on demand and supply for land and property. Contribute to thinking on specific approaches to sectors and the site / property requirements for these Identify critical success factors and other business critical infrastructure

C: ASSET MANAGEMENT (ADVISORY AND CRITICAL FRIEND ROLE)

The CIPFA Property Review has recommended a series of operational changes and it is planned to appoint a Strategic Asset Manager as soon as possible. In the interim there is a need to prepare a route map for implementing the recommendations. Thereafter the role is more of a “critical friend”, challenging strategies behind / decisions on asset management, as well as identifying opportunities for assembly, development or disposal, as part of our wider work on development sites and opportunities (above).

Stage 1

Prepare route map to take forward CIPFA Property review
Highlight particular priorities, legal or property issues to be addressed – particularly where these are creating costs for the council or immediate liabilities
Undertake initial reviews of the portfolio identifying assets for disposal or development and commence actions where benefits can be delivered in the short term

Stage 2&3 inputs

Act as critical friend and challenge on going work on asset management
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D: REGENERATION AND HOUSING COMPANY (ADVISORY AND CRITICAL FRIEND ROLE)

The Business Plan and set up of the company is in hand with council funding through prudential borrowings. Initial tasks we understand will involve the acquisition of 60 plus properties for subsequent letting on affordable rents. This will require acquisitions through normal market channels, auctions and other routes, together with all support functions such as survey and other investigatory works and the planning / implementation of physical conversion/improvement works.

The Company will also be considering, the potential opportunities to deliver specific employment space through direct development or joint ventures. We will therefore look to examine the business plan for the above activities, and identify the early actions and priorities that will be required to begin to establish the company infrastructure and particularly to achieve some early wins. In the medium term however, we assume that the Company will require dedicated resources for property acquisitions and supporting technical work, which will be put in place as the agenda develops.

We have therefore proposed that our inputs will be around help and assistance in setting up the Company resources, together with some direct support to start the acquisitions process and develop the ongoing "critical friend" role.

Stage 1

Helping to identify immediate priorities and deliver on first phase activities, including generally helping to get the company up and running

Helping to set up delivery team (acquisitions and surveying)
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Initial work on acquisitions and other development opportunities - identifying and progressing early wins where possible
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Stage 2&3 inputs

Ongoing critical friend role, including identifying opportunities for housing from our wider work on this commission
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Identifying and appraising opportunities for employment space – particularly drawing on information and market knowledge gained from other work streams

E: OTHER MATTERS (ADVISORY AND CRITICAL FRIEND ROLE)

A range of other inputs are required on an as and when needed basis, throughout the commission.

Empty housing - critical friend role to accelerate programme working through the No Use Empty programme and any other funding or other initiatives, which can be identified or developed as part of this work stream
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We also believe there is the potential to identify / develop other initiatives for empty commercial premises, through our work on / inputs to town centres / high streets and other work streams
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Shorncliffe Site - property advice to support plans for improved FE and other development opportunities – (we believe that this and other similar opportunities will be picked up under Work stream A above)

Marketing and Inward Investment - contribute towards approaches for attracting both new business investment and joint working with existing businesses, through initiatives with LiK, UKTI and other bodies

Finance - generally provide support on financial mechanisms, securing external finance and investment, and the establishment of JVs etc. – (also picked up under Work stream A)

RESOURCES AND BUDGET

We have prepared a work programme and resource schedule which assumes a budget of £140,000 (as per our original proposal) excluding VAT, but including travel expenses (charged at cost). We have then allocated resources against the main works streams and across the three stages. Broadly speaking we have allocated time/cost across the stages as follows:

Stage 1: 25%

Stage 2: 15%

Stage 3: 60%

Against the work streams, broadly we have allocated time/costs as follows. Clearly this is an initial suggestion and we are very happy to discuss the mix and balance of inputs:

WORKSTREAM	% OF BUDGET
LAND SUPPLY / DEVELOPMENT OPPORTUNITIES <i>Demand Side Review</i> <i>Key Development Sites</i> <i>Potential Development Opportunities</i> <i>Infrastructure and other requirements</i>	65%
INPUTS INTO ECONOMIC DEVELOPMENT STRATEGY	3%
ASSET MANAGEMENT	9%
REGENERATION AND HOUSING COMPANY	9%
OTHER MATTERS	9%
TOTAL (EXCLUDING PROJECT MANAGEMENT)	100%

This should be treated as rough guide as we recognise there is some overlap across the work streams.

We have then allocated resources across our team, as follows:

- Land Supply / Development Opportunities: Stephen Pritchard, Rob Bennett and Stephen Sadler
- Employment Land and Associated Matters: Rob Bennett and Ricky Thakrar
- Asset Management: Martin Howard and Ricky Thakrar
- Regeneration and Housing Company: Stephen Sadler and Ricky Thakrar

- Other Matters: Stephen Pritchard, Rob Bennett and Stephen Sadler

The table attached as Annex 1 provides a breakdown of the provisional allocation of resources between team members and against each task.

COMMUNICATIONS AND MANAGEMENT

For this arrangement to be effective it will be critical to establish clear reporting lines and effective communications. It will work best if we are effectively an integrated part of the council's management team.

The overall co-ordination of BBP inputs and resource allocation will be managed by Stephen Pritchard. An early step would be to agree communication protocols under which our team members will liaise with Officers who have responsibilities for particular projects. We would seek to match these responsibilities with personnel within our own team, to maximise communication and working relationships.

We will hold a weekly telephone conference or meeting which will be to review progress, which you would be very welcome to join. Alternatively we can hold a weekly progress call with yourselves or such as other arrangement which would suit you best.

We would also then look to hold more detailed review / progress sessions, every 2 months (possibly monthly during the initial 6 months).

TERMS AND CONDITIONS

The budget and resource allocation provided should be regarded as a guide. We will update this at monthly intervals based upon time committed in the previous period and adjusting resourcing for future periods to maintain the overall budget.

We would invoice monthly in arrears based on time committed providing supporting time sheets. We will be happy to consider your form of contract or alternatively we can forward to you our standard terms and conditions.

We hope this letter provides you with the information you need, but please do not hesitate to get back to me if you have any queries.

Kind regards



Stephen Pritchard
Partner

Annex 1: Resource Allocation

	SP	RB	SS	MH	RT	Totals
Day rates (£)						
A: DEMAND REVIEW, DEVELOPMENT SITES, POTENTIAL DEVELOPMENT OPPORTUNITIES						
Stage 1						
<i>Demand Side Review</i>						
Days	2	0	0	0	6	8
Fees (£)		0	0	0		
<i>Development Sites</i>						
<i>Potential Development Opportunities and Critical Infrastructure</i>						
Days	14	14	14	0	0	42
Fees (£)				0	0	
Stage 2						
Days	5	5	5	0	0	15
Fees (£)				0	0	
Stage 3						
Days	15	15	30	0	0	60
Fees (£)				0	0	
B: INPUTS INTO ECONOMIC DEVELOPMENT STRATEGY						
Days	0	5	0	0	0	5
Fees (£)	0		0	0	0	
C: ASSET MANAGEMENT						
Days	2	0	0	10	10	22
Fees (£)		0	0			
D: REGENERATION AND HOUSING COMPANY						
Days	2	0	9		12	23
Fees (£)		0		0		
E: OTHER MATTERS						
Days	4	4	4		10	22
Fees (£)				0		
PROGRESS MEETINGS						
	4	4	3	1		12
	0				0	
PROJECT MANAGEMENT/CO-ORDINATION						
Days	3	0	0	0	10	13
Fees (£)		0	0	0		
Total Days	51	46	63	10	60	222
Total Fees						
Expenses						
Total Fees and Expenses						£140,000