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**Democratic Services Section
Chief Executive's Department
Belfast City Council
City Hall
Belfast
BT1 5GS**

23rd November, 2017

MEETING OF STRATEGIC POLICY AND RESOURCES COMMITTEE

Dear Alderman/Councillor,

As previously notified to you, I enclose a copy of the report for the following item to be considered at the meeting to be held at 9.30 am on Friday, 24th November, 2017.

Yours faithfully,

SUZANNE WYLIE

Chief Executive

AGENDA:

8. Operational Issues

- (g) Minutes of the North Foreshore Steering Group (Pages 1 - 8)

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NORTH FORESHORE MEMBERS' STEERING GROUP

Minutes of Meeting of 20th November, 2017

Members Present: Alderman Convery (Chairperson);
The Deputy Lord Mayor, Councillor Copeland;
Alderman L. Patterson and
Councillor Hutchinson.

In Attendance: Mr. G. Millar, Director of Property and Projects;
Mrs. C. Reynolds, Estates Manager;
Mr. C. McCabrey, Economic Development Manager; and
Mr. G. Graham. Democratic Services Assistant.

Apologies

Apologies were reported on behalf of Aldermen Browne and Spence and Councillor M.E. Campbell.

Minutes

The minutes of the meeting of 16th October, 2017 were taken as read and signed as correct.

Declarations of Interest

No declarations of Interest were reported.

Update on North Foreshore Giant's Park

The Director submitted the undernoted report in respect of developments pertaining to the North Foreshore Giant's Park.

"1 Commercial Leisure Led / Mixed Use Development Brief

1.1 Members will recall that by the closing date for Stage 1 of the Expressions of Interest / Marketing Prospectus for the proposed commercial leisure led and mixed use development, nine submissions were received and following SP&R approval on 23 June 2017 eight proposals were endorsed as suitable to progress to Stage 2 of the selection process.

1.2 Stage 1 required high-level detail of development proposals to be submitted and evaluated and all submissions were required to score a minimum mark in order to qualify for Stage 2 of the process. An outline of the more comprehensive information required to be submitted at Stage 2 of the selection process was set out in the Expressions of Interest / Marketing Prospectus in order to provide the scope of detail expected to be provided as the process progresses. A summary of this information was also included in the Steering Group report of 21 August 2017.

- 1.3** Due to the sheer scale and complexity of delivery of the development proposals for this 200-acre site, significant work has subsequently been undertaken in the preparation of the Stage 2 documentation and design of the optimal measures to be incorporated both as part of the submission requirements and the subsequent Development Agreement in order to enhance the prospects of actual delivery. The development of these lands is not simply a land disposal but will be managed by way of a Development Agreement between the Council and the developer i.e. a similar model of delivery to that used by the Council at the Gasworks. A Development Agreement model for delivery typically sets out agreed 'conditions precedent' around the nature of development, together with timescales for obtaining planning, funding, completion of development, phasing, payment of premium /rent etc.
- 1.4** The approach taken has been to structure the Stage 2 submission requirements in such a way that not only assists in the evaluation and selection process but will also subsequently inform any Development Agreement phase and provide for the incorporation of appropriate measures in legal agreements. This approach is aimed at ensuring, as far as possible, that development is delivered within an agreed timeframe, whilst delivering on the wider economic, regeneration and social benefits as envisaged within the developer's submission.
- 1.5** The Stage 2 submission requirements have been drafted to try and ensure that all submissions are provided on a consistent basis in order to assist with the subsequent evaluation process in a transparent manner. The various evaluation categories will be weighted to ensure appropriate emphasis is given to a programme for delivery of development that best aligns with Member's wishes in terms of the Belfast Agenda; economic development and securing a return from this property asset. The key elements of the Stage 2 submission focus on requirements for detailed development proposals; financial and funding information; proposed economic, regeneration and social benefits and the proposed return to the Council
- 1.6** In relation to the development proposals much more detailed information is being sought in terms of the actual proposals including development appraisals; proposed timescales and phasing; access and infrastructure; proposed management and operational proposals; demand etc. In addition, detailed technical developers' guidance notes have been prepared to inform development on this former landfill site, which will have a range of complex and technical issues to be addressed when developing.
- 1.7** In order to allow the Council to verify that the financial and economic standing of the developer is sufficiently strong to indicate that the project can be delivered, developers are being asked to provide financial statements; financial forecasts for the project; details of the delivery vehicle; working capital and existing credit/financing arrangements etc. Further, in order to demonstrate that the proposals are sufficiently developed

and have attracted sufficient funder support and commitment, detailed information is being requested in respect of development costs; sources of funding; revenue projections; operating costs and evidence of longer term commercial sustainability.

- 1.8 In terms of assessing the economic and social benefits arising from any development proposals the Council's Economic Development Unit have prepared bespoke social, economic and environmental requirements to be addressed by developers in their Stage 2 submissions in the form of a proposed Social & Economic Benefits Plan. These have been designed to align with the outcomes as set out in the Belfast Agenda covering both the construction and operational phases of the development proposals. A copy of the draft relevant section to be included in the Stage 2 submission requirements is included at Appendix 1.
- 1.9 In order to inform the assessment of the proposed financial return to the Council, Land & Property Services have recently provided a capital assessment of the 200-acre site against which to benchmark financial bids received from developers. This valuation is based on the market value of the land to reflect the indicative abnormal costs of developing on a former landfill site. This valuation is required in order to demonstrate the Council's achievement of 'best terms' as required under Section 96(5) of the Local Government (NI) Act 1972 when progressing a disposal. Given the various permutations that financial bids may be made (capital/rental/profit share/mix of all three) it is proposed that the financial evaluation is assisted by inclusion of a financial consultant on the selection panel.
- 1.10 It is intended to issue the Stage 2 submission requirements by the end of November. Given the complexity and level of detail involved in the information requirements a commensurate period of time will be required for developers to provide fully completed and comprehensive submissions. It is proposed that receipt of these submissions will be required by end February.

2 Environmental Resource Park

- 2.1 Heads of Terms have now been issued to a company in respect of a 5-acre requirement to develop an Anaerobic Digestion facility in conjunction with the existing on-site bio gas generators to produce and export renewable energy (electricity/heat). At the meeting of the North Foreshore Steering Group on 20 March 2017 Members were advised of the decision of the Strategic Policy & Resources Committee of 17 February 2017 in relation to the utilisation of additional imported biogas fuel in order to generate additional electricity at the site. This involved additional bio-gas generators being located on site (alongside the existing landfill gas generators) and biogas fuel imported from alternative gas/anaerobic digestion facilities elsewhere being brought to site and used in the production of renewable electricity.

- 2.2 The current proposal in respect of the Anaerobic Digestion facility would utilise these bio-gas generators and seek to utilise the spare export capacity secured by the Council with NIE resulting from the depletion of landfill gas production. It is proposed that this development will yield an income from the Lease together with an expected annual easement fee, based upon quantity of electricity and/or heat generated.
- 2.3 Anaerobic digestion is a series of biological processes in which microorganisms break down biodegradable material in the absence of oxygen. One of the end products is biogas, which is combusted to generate electricity and heat, or can be processed into renewable natural gas and transportation fuels.
- 2.4 The company concerned is currently considering the detail of the Heads of Terms and there has been continued dialogue with the Council. If these can be agreed they will be brought back to the Steering Group and will also be subject to the approval of the Strategic Policy & Resources Committee.
- 2.5 There are also other emerging interests and if these progress they will be brought back to the Steering Group as appropriate. On a more general note Members are asked to note that marketing efforts continue within the cleantech sector through the Council's appointed agent. However, previous reports brought to the Steering Group highlighted that the development of these lands remains challenging both from a technical development perspective as well as the adverse impact of recent market factors, particularly in relation to renewable energy projects and the current lack of market incentivisation, primarily the abolition of Renewable Obligation Certificates (ROCs).

3 Economic Development & Employment

- 3.1 Work is continuing to be progressed by the Council's Economic Development Section, working with Property & Projects, in relation to potential skills gap analysis, employment initiatives and the inclusion of requirements for a Social & Economic Benefits Plan as part of the Stage 2 Submission requirements for the commercial leisure led /mixed use development.
- 3.2 There has been ongoing liaison with NI Screen regarding the potential for extending the impact of the film studio in an economic and social regeneration context. The Economic Development Unit are scoping out opportunities aligned to NI Screen's commitments, skills and outreach activities and it is the intention, where possible, for the Council to complement these activities. Further detail will be brought back to the Steering Group as this work progresses and the Council's Economic Development Manager will also attend the Steering Group meeting on 20 November 2017.
- 3.3 As referred to above, it is intended that the successful developer of the commercial leisure/mixed use development will produce and deliver a Social and Economic Benefits Plan

as an integral part of their development. This will provide for specified economic, social and environmental benefits aligned to the Belfast Agenda. As part of the Stage 2 submission they will be required to set out their proposals for this, covering employment in both the construction and operational phases as well as elective benefits such as youth engagement; enterprise and small business development; community engagement and development and environmental benefits etc. They will also be asked to provide details of how these benefits will be managed and monitored. A copy of the draft relevant section to be included in the Stage 2 submission requirements is included at Appendix 1.

4 Summary of Key Issues

Members are asked to note the following:

- 4.1 i) **Commercial Leisure Led /Mixed Use Development Brief:** Detailed Stage 2 submission requirements are being finalised and it is intended that these will go out to the prospective developers (as determined via the Stage 1 marketing and evaluation process) by the end of November. The key elements of the Stage 2 submission focus on requirements for detailed development proposals; financial and funding information; proposed economic, regeneration and social benefits and the proposed return to the Council. Due to the scale and complexity of delivery of the development proposals for this 200-acre site, significant work has been required in the preparation of the Stage 2 documentation and design of the measures to be incorporated both as part of the submission requirements and the subsequent proposed Development Agreement and associated Social and Economic Benefits Plan.
- 4.2 ii) **Environmental Resource Park:** Heads of Terms have issued for consideration to a company in respect of a 5-acre requirement to develop an Anaerobic Digestion facility in conjunction with the existing on-site bio gas generators to produce and export renewable energy (electricity/heat). Further details will be brought back to the Steering Group if Heads of Terms can be agreed, which will be subject to the approval of the Strategic Policy & Resources Committee.
- 4.3 iii) **Economic Development and Employment:** Work is continuing to be progressed by the Council's Economic Development Section, working with Property & Projects, in relation to potential employment opportunities and initiatives. In addition, it is intended that the successful developer of the commercial leisure/mixed use development will produce and deliver a Social and Economic Benefits Plan to provide for specified economic, social and environmental benefits aligned to the Belfast Agenda. The Stage 2 submission documentation requires the prospective developers to set out their detailed proposals regarding this.”

which had progressed through the stage 1 process. The Estates Manager provided the Steering Group with an outline of the detailed information which would require to be submitted as part of the stage 2 submissions criteria, including detailed development proposals, financial and funding details and the inclusion of an economic and social benefits plan.

The Director highlighted also the need to ensure that any disposal complied with the Council's legislative requirement in terms of value for money. The Steering Group expressed the view that it would be helpful if a final decision could be made on the future of the Belfast Zoo, prior to making an informed decision on future development proposals for the Giant's Park, given that some of the previous interest at Stage 1 had indicated potential for relocation of the Zoo. The Economic Development Manager highlighted the submission requirements associated with the economic development and social impact of any proposals and provided detailed information in respect of a proposed economic and social benefits plan. The Steering Group indicated that it would be useful if the potential developers could provide suggestions on the social and economic benefits they could deliver in line with their development proposals.

The Director advised the Steering Group that it was intended that the Stage 2 submissions would be returned by the end of February, 2018 with evaluation of proposals thereafter. He advised also that potential developers would be provided with the opportunity to present their development proposals to the Steering Group, prior to a final evaluation and recommendations being forwarded for approval to the Strategic Policy and Resources Committee.

The Estates Manager provided the Steering Group with an update on the progress in respect of the marketing for the Environmental Resource Park and the current proposals for a potential Anaerobic Digester facility in conjunction with the existing on site bio-gas generators. She highlighted however that those proposals were contingent upon a number of factors, particularly Renewable Obligation Certification (ROC's). Members were advised that further details on the nature of any proposed uses would be brought back to the Steering Group.

The Director provided also an update on the previous proposal by the Department for Infrastructure (DfI), to develop a "Park and Ride" facility on the North Foreshore to facilitate the construction of the York Street Interchange, a proposal which the Steering Group had previously been rejected, due to other development proposals for the land. As requested by Members, the Director advised that officers had subsequently met with DfI to identify potential alternative Council lands which might be suitable for a "Park and Ride" facility. Arising from these discussions, proposals for use of a site at the rear of the Council's Duncrue Complex are due to be presented to the meeting of the Strategic Policy and Resources Committee on Friday, 24th November, 2017. Members highlighted concerns in respect of access and public transport to the Giant's Park and requested that, as part of any future infrastructure plan, accessibility to the site, either by the development of bus and/or rail services, should form an integral part of any future development proposals.

The Steering Group noted the information which had been provided in regard to the future development of the Giant's Park and agreed also its schedule of meetings to be held during 2018.

Date of Next Meeting

The Steering group agreed that its next meeting would be held on Monday, 15th January, 2018 at 12.30 pm.

Chairperson

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