

NORTH FORESHORE MEMBERS' STEERING GROUP

Minutes of Meeting of 20th March, 2017

Members Present: Alderman Convery (Chairperson);
Aldermen Browne, L. Patterson and Spence; and
Councillors Copeland, Hutchinson, Jones, Mullan
and McCabe.

In Attendance: Mr. C. Reynolds, Estates Manager;
Mr. G. Graham, Democratic Services Assistant.

Apologies

Apologies were reported on behalf of Alderman L. Patterson.

Minutes

The minutes of the meeting of 14th November were taken as read and signed as correct.

Declarations of Interest

No declarations of interest were reported.

Update of Physical Works

The Estates Manager submitted the undernoted report highlighting the capital infrastructure work which had been undertaken at the North Foreshore:

"1 Update on Physical Works

1.1 NFS ERDF Infrastructure Project

This is now complete and provides the roads, services and the first layer of capping to the development sites in the Environmental Resource Park located in the southern portion of the site.

1.2 NFS Entrance and Landscaping

The landscaping and entrance works are almost complete at both the primary and secondary access roads leading off Dargan Road. Final works to be completed includes the installation of the panels between the feature trees and corten steel columns.

Automated gates at the secondary entrance (i.e. the existing entrance) have also recently been installed and commissioned.

1.3 Additional Capital Infrastructure Works

An additional storm drain has been installed to alleviate flooding to the north of the Environmental Resource Park and Film Studio lands. Additional works are also underway to design and install a gas ring main to service the development sites in the southern portion of the site.

There has also been ongoing liaison with the Film Studio developers in relation to the co-ordination and facilitation of works associated with utility connections, accesses and boundary treatments etc. A landfill gas connection has also been installed to permit the Film Studio landfill gas abstraction system to connect to the NFS site's landfill gas system.

2 Environmental Resource Park Update

2.1 Marketing / Developers Interest Update

Following the ongoing marketing campaign, discussions are currently underway with a number of interested parties. Non-Disclosure Agreements have been issued to 11 potential developers who responded to the marketing and this allowed them access, via the appointed agents (Lisneys) data room facility to a range of technical data, guidance and draft legal documents relating to the site. In addition draft Heads of Terms have been issued to 5 potential developers. These Heads of Terms provide additional information on how these sites are being offered by the Council and we are actively seeking further information and firm proposals to allow for commencement of a due diligence process.

2.2 Whilst the Heads of Terms have been forwarded to 5 potential developers and further discussions are also underway with other interested parties none of these parties have finalised an offer as yet that could be brought back into Council for approval. Discussions remain ongoing however with these potential developers. The potential developers have also asked for confidentiality pending making any formal offer to the Council.

2.3 The key interest come from companies in the following sectors:

- Anaerobic Digestion
- Bio-Gas
- CHP
- Waste Management
- Food Processing by-product
- Energy Security

2.4 Challenges / Market Factors

As advised to the Steering Group previously the development of these lands remains challenging both from a technical development perspective as well as the impact of recent market factors that are likely to adversely impact on demand and viability, particularly for renewable energy projects. These include:

- Given the nature of the ground there are significant additional costs and technical challenges in development as there are strict environmental and planning controls and standards associated with developing on a former landfill site, with the sites requiring a geo-membrane developmental cap and piled foundations. Detailed technical developers guidance notes have however been prepared to assist developers and to ensure that all potential developers are aware of the requirements associated with developing on a former landfill site.
- The current lack of market incentivisation, especially the pending abolition of Renewable Obligation Certificates (ROCs) has led to a change in the market dynamic and the prior market interest shown by developers in this sector appears to have fallen away somewhat. ROC's incentive is to be withdrawn from 31st March 2017 and no further applications will be accepted after this date. In order to qualify for ROCs suitable renewable energy schemes were required to be accredited by having a functioning facility capable of generating and exporting energy by the cut-off date of 31st March 2017. However, whilst the ROC's was a significant incentive the market has had to adapt schemes that are not wholly reliant upon it to sustain a financially viable project by focusing upon other 'by-products' to add value to proposals. There is evidence of this happening with some developers registering an interest with such proposals in the 'post-ROC's' era, to replace others that were reliant upon this subsidy.
- Grid connection is another barrier as NIE have now effectively closed their application process to any new projects across the province for the foreseeable future given the backlog with current applications. The electricity distribution network, operated by NIE Networks Ltd (NIEN), is under increasing pressure from renewable energy generators for capacity to export. This pressure resulted in delays and cost increases for generators. NIEN eventually introduced a "gate approach" whereby grid connection was closed for new applications, and would open only for short windows of time. However, BCC retain the surplus export capacity at the NFS from the existing grid connection created by the natural decrease in landfill gas operation and can redistribute any spare capacity to other renewable projects. This minimises this particular risk somewhat in terms of the NIEN embargo on 'new' grid applications.

- Certain electricity generation projects require a waste supply contract and this has been identified by some as being difficult to procure. However there still appears to be a degree of developer confidence with projects that require a waste supply although proof will be required under the Council's due diligence process to ensure that any prospective developers business model is sufficiently robust to deliver a financially sustainable project.

2.5 ERDF Funding Conditions

As part of the ERDF conditions of funding there are a number of performance indicators and deliverables that the Council must adhere to or potentially risk clawback of grant funding. The most critical condition is that of a 'functioning project' which means the following matters have to be completed to the satisfaction of Invest NI, on or before 31st March 2019:

- (i) the Development Work on the Site has been completed; and*
- (ii) the construction of a minimum of one building on the Site has been completed and leased on terms and conditions satisfactory to Invest NI.*

2.6 Whilst the Development Work has been completed the critical issue now is to ensure that at least one development site is leased and a facility constructed prior 31.3.2019 and hence the ongoing marketing campaign and negotiations with prospective developers are vitally important in order to try and secure development on site by this date.

2.7 In addition there are a number of performance indicators where the Council has to demonstrate that all reasonable endeavours have been made to achieve these within a prescribed time frame – primarily by 31st March 2024. These include creation of a target number of construction and green collar jobs; leasing and securing options agreements in respect of a proportion of the site; leverage of private sector investment; stimulation of supply chain benefits and promotion of innovation at the site. In line with other ERDF funded projects governance and monitoring arrangements are being put in place corporately within the Council to manage and report on these post delivery performance indicators in order to ensure grant funding compliance and importantly to deliver on the project objectives.

3 Renewable Power Systems Ltd

3.1 At their meeting on 17th February 2017, the Strategic Policy and Resources Committee considered a report in relation to proposals that had been brought forward by the Council's existing joint venture partner, Renewable Power Systems Ltd (RPS) at the NFS in relation to the utilisation of additional biogas fuel in order to generate additional electricity. RPS currently operate plant for the production of electricity from landfill gas at the NFS and this recent proposal

from RPS to utilise additional biogas fuel, imported from alternative landfill gas/anaerobic digestion projects, will augment income to the Council derived from the decreasing on-site methane fuel source created by the former landfill use.

- 3.2 A copy of the Strategic Policy and Resources Committee report is enclosed at Appendix 4. Committee granted approval to the Director of Property and Projects to enter into such additional legal agreements with RPS Ltd, subject to detailed terms to be agreed by the Estates Manager and the City Solicitor, that would maximise returns to the Council whilst protecting the longer term requirement to attract other viable Cleantech developers to the Giant's Park, North Foreshore.

4 Commercial Leisure Led / Mixed Use Development Brief

- 4.1 The Expression of Interest marketing prospectus for the commercial leisure led /mixed use development for the northern and western portions of the site was released on the open market by GVA (the Council's appointed agent) and there has subsequently been extensive marketing of this by way of targeted direct marketing, via Estates Gazette (a national property publication), local press advertisements, GVA website and by way of a large advertising board at the site itself. This development opportunity is also being promoted at MIPIM, the world's largest international property conference event being held in Cannes 14 – 17 March 2017 and one of the targeted Belfast real estate events at MIPIM includes a presentation specifically on Giants Park and this development opportunity.
- 4.2 This Expression of Interest marketing exercise is Stage 1 of a proposed 2 part staged process. The Stage 2 process will only be made available to those who submit a proposal at Stage i.e it is not intended to further release this to the open market after this date so it is important to capture as much interest as possible at Stage 1 to allow it to progress to a more refined and detailed bid for the Stage 2 process. It was intended that the submissions in respect of this Stage 1 Expression of Interest should be submitted by 31 March 2017 but on the advice of our marketing agents and following feedback from various potential interested parties / developers, it is now proposed that this date is extended into early or mid May 2017 instead. Given the scale of the site and the number of issues involved prospective developers have indicated they would need further time to consider and work up any submission. Based on this feedback as well as the fact that any interested parties that might pick up on it at MIPIM will have a very small window of opportunity to provide a detailed submission back to the Council an extension for return of submissions is being recommended in order to optimise interest.
- 4.3 As also noted below it is proposed to have a further media launch / marketing event for the NFS site generally and this could be

combined with a targeted marketing promotion in respect of this Development Brief opportunity.

5 Economic Development / Employment Opportunities and Circular Economy

- 5.1** Work is underway by the Council's Economic Development Section, working with Property and Projects to develop an employment initiatives programme targeted at the various sectors proposed for the NFS. In terms of the clean tech /environmental sector there is limited progress that can be made at this initial stage pending further clarification on the nature of the actual companies that are to locate there and obtain a more detailed understanding of what type of job opportunities will arise from the development. Some initial scoping has however commenced and it is felt that any employability initiative for this particular sector could potentially adopt a tiered approach given the potential high tech nature of the likely businesses and could therefore consider both the lower level job opportunities as well as higher level opportunities for unemployed graduates for example. However the detail of this can only be considered when there is more certainty around companies that may develop on site.
- 5.2** In addition, given that the film studio development is almost complete some initial work has commenced in scoping the existing education and training provision for the film and television sector in Belfast. NI Screen run a new entrant training scheme to attract and retain talent in the Northern Ireland media industry. The 'AIM HIGH' programme is a paid, 18-month training scheme to give a new generation the chance to work on local and network television and radio programmes. The BBC also runs a number of placements/internships to help people to kick-start a career in broadcasting and media. Discussions are also underway with NI Screen to scope any potential job opportunities associated with the film studio. NI Screen is currently drafting their filming schedule for 2017/18 and has agreed to liaise with the Council on employability and skills opportunities that might arise from this. These discussions are still at an early stage but it is hoped to develop this work further over the forthcoming months pending there being an occupier at the film studio and updates will be brought back to the Steering Group as appropriate.
- 5.3** In terms of the wider work around the Circular Economy Members may wish to note that there is a future roundtable meeting planned involving Catalyst Inc and BCC City & Neighbourhood Services /Waste Management and the Director of Property & Projects to consider some of the key issues from a city wide perspective but also in the context of the Environmental Resource Park at the NFS. Future updates will be bought back to the Steering Group as appropriate.

6 Media Launch / Site Marketing

**North Foreshore Members' Steering Group,
Monday, 20th March, 2017**

- 6.1 Given that the ERDF infrastructure project has now completed and there are two separate ongoing marketing campaigns to attract potential developers /occupiers to the site it is felt that this is an opportune time to have a further media launch at the NFS. This would mark completion of the ERDF project and also launch the NFS as 'open for business' in terms of the opportunities that now exist in relation to the Commercial Leisure /Mixed Use Development opportunity and the Environmental Resource Park. It would also provide a good opportunity to further promote the Commercial Leisure/Mixed Use Development opportunity in advance of the proposed extended closing date.**
- 6.2 Subject to the view of Members it is proposed that this could take place in the week prior Easter and Corporate Comms has provisionally indicated a date of the morning of 13 April. If this date is suitable further arrangements can be made around the detail of this event."**

The Steering Group noted the information provided in the foregoing report and requested that further information in respect of the nature of the uses by potential developers be submitted to a future meeting. Concern was raised in regard to the fact that the N.I.E. had closed the grid application process to new renewable energy projects. There was concern also in respect of the pending abolition of Renewable Obligation Certificates (R.O.C.'s). Following discussion in relation to the high cost of developing the land at the North Foreshore due to the requirement to cap the site prior to development, Members requested that officers report back to the Steering Group, in due course, with details of land values and site development costs. The Steering Group requested that it be provided with an update from an economic development perspective in relation to the development of the site, including potential employment opportunities arising from any future investment and requested also that officers from the Council's Economic Development Unit be invited to attend its next meeting, to provide the Steering Group with an update on employability and economic development opportunities in respect of the North Foreshore.

The Steering Group highlighted the need for the N.I.E. electricity grid to be provided with additional capacity, given the Government's commitment to Renewable Energy schemes and requested that the matter be referred back to a future meeting of the City Growth and Regeneration Committee.

**Giant's Park North Foreshore – Landfill Gas
Powered Electricity Generation Facility**

The Estates Manager submitted a report which had been presented previously to the Members of the Strategic Policy and Resources Committee, at its meeting on 17th February, 2017. The Steering Group noted the information provided, including the potential opportunities for income generation to the Council, associated with the production of electricity from imported bio-gas.

Date of Next Meeting

The Steering Group agreed that its next meeting be held on Monday, 24th April at 12.30 p.m.

**North Foreshore Members' Steering Group,
Monday, 20th March, 2017**

Chairperson