

Report subject	Wessex Fields Site Development Update
Meeting date	16 December 2020
Status	Public Report
Executive summary	<p>The land at Wessex Fields is located adjacent to the A338 in Bournemouth and between the University Hospitals Dorset NHS Foundation Trust (formerly Royal Bournemouth and Christchurch Hospital) and the Stour Valley way greenfield site.</p> <p>On 18 March 2020 Cabinet authorised officers to progress soft market testing in order to identify interested parties and viable delivery options which related to the preferred use themes of; health, care, research and education as well as seeking to include key worker or affordable housing and realisation of the vision of the Living Lab.</p> <p>Following a period of soft market testing undertaken by external agents Jones Lang LaSalle (JLL) an options appraisal has been produced which considers the range of delivery options, the advantages and disadvantages of each and outlines the preferred option for progression for the Council.</p> <p>The recommended option, proposes a disposal of part of this site to the adjoining landowner University Hospitals Dorset, another public sector body, in partnership with Bournemouth University to deliver their proposal for a strategically relevant development with a focus on Medtech, medical research & education put forward via the soft market testing.</p> <p>Progressing this option enables BCP Council to develop the remainder of the Wessex Fields site in line with the preferred use themes and in the most strategically beneficial way to the conurbation and local community and supports the Council's desire to work with the NHS Trusts.</p> <p>Therefore, this report seeks consent in principle to dispose of part of the site adjoining the hospital boundary to University Hospitals Dorset NHS Foundation Trust in partnership with Bournemouth University and determine the exact future development structure and collaboration for the remainder of the site which will be subject to a further Cabinet approval.</p>

<p>Recommendations</p>	<p>It is RECOMMENDED that Cabinet:</p> <ul style="list-style-type: none"> a. Agrees in principle to progress the development of the site at Wessex Fields in accordance with the recommended option and explore funding opportunities in collaboration with University Hospitals Dorset in partnership with Bournemouth University to facilitate the wider mixed-use development of the site which meets the preferred use themes. b. Authorises officers to enter into negotiations with University Hospitals Dorset NHS Foundation Trust in partnership with Bournemouth University on the detailed terms of the recommended option. c. Approve a £100k budget to cover external legal and professional advice and adjust the MTFP for 2020/21. This sum to be funded by capital receipt from disposal of part of the site.
<p>Reason for recommendations</p>	<p>To contribute to the Council's Corporate strategy priorities, specifically helping to create dynamic places and fulfilled lives.</p> <p>The preferred option meets the aspirations of the Council and its key strategic partners, the local NHS trust and Bournemouth University to deliver the vision developed for Wessex Fields which is set out in a Memorandum of Understanding between the parties.</p>

Portfolio Holder(s):	Cllr Philip Broadhead, Portfolio Holder for Regeneration, Economy and Strategic Planning
Corporate Director	Bill Cotton, Corporate Director, Regeneration and Economy
Report Authors	Rachel Doe, Project Manager
Wards	Littledown & Iford;
Classification	For Decision

Background

1. In January 2020 a period of public consultation was undertaken in order to gauge opinion regarding how the land at Wessex Fields should or should not be used. The Local Plan review (currently in consultation) would enable the allocation of the land to be changed from employment use if required in order to accommodate a different use in the future, so the timing for this consultation was important.
2. The consultation concluded the majority of those who expressed an opinion were supportive of the following uses for the land:
 - a. A health care, research and education theme;
 - b. the development should seek to include key worker or affordable housing; and,
 - c. the vision of the Living Lab in a more deliverable format than originally represented.
3. The development should also incorporate plenty of open access green space to promote wellbeing and wildlife habitats, as well as improved controlled access to the University Hospitals Dorset and improved transport links in all forms fitting the essential criteria including buses, cycling and walking routes.
4. The recommendation to adopt the consultation results was approved by Cabinet on 18 March 2020 along with a further recommendation to conduct a soft market testing exercise. This would establish market interest in the site without obligation or commitment by any parties, including BCP.
5. In order to reflect this decision and inform the soft market testing exercise a Wessex Fields Key Development Principles guidance document was produced by BCP Council Planning Services. A copy is attached at appendix 1.
6. Following a formal procurement process Jones Lang LaSalle (JLL) were appointed as agents. The soft market test exercise, scope included at appendix 2, has now been concluded and the responses analysed. JLL have advised on the options for disposal the Council might wish to take, as outlined in their scope of work.
7. In total 15 responses were received for the soft market test from a variety of parties including developers, affordable housing providers, care providers, leisure operators, charities and an educational organisation. A summary of these responses is attached in the confidential appendix 3.
8. The soft market test highlighted some consistent themes which are;

- a. the constraints on the preferred uses for the site
 - b. participants requested that a disposal/development structure should be as simple as possible and that;
 - c. further detail would be required relating to vehicle movements and carbon neutrality.
9. The recommendations brought forward in this paper take into account the external advice by JLL and other officer-led discussions with stakeholders pertaining to the future of the site.
10. It is important to note that in addition to the Cabinet decision, and prior to the soft market test exercise a Memorandum of Understanding (MOU) between the University Hospitals Dorset, Bournemouth University and BCP Council was in place to:
- a. Facilitate economic development and job creation on and around the development site;
 - b. Evolve the sustainable expansion of University Hospitals Dorset and the wider health and care provision to the population, including the reconfiguration arising from the Clinical Services Review;
 - c. Reduce congestion and encourage sustainable travel to, from and around the immediate area;
 - d. Enhance the green belt bio-diversity and public amenity of the wider site;
 - e. Explore the wider benefits of health related research, education and key worker housing
11. Both Bournemouth University and University Hospitals Dorset have publicly stated that the Wessex Fields site, being next to the University Hospitals Dorset provides a unique opportunity to scale up their collaboration, for the benefit of creating more healthcare professionals, more research and economic development. Recent examples of their collaboration include the creation of the medical imaging institute, the orthopaedic institute and a joint clinical trials unit and each year University Hospitals Dorset provides hundreds of placements for Bournemouth University students, many of whom stay on to provide healthcare in Dorset.

Options Appraisal

12. There are a number of options for Cabinet to consider which are outlined as follows:

Option 1 – Disposal to University Hospitals Dorset (working with Bournemouth University).

13. The University Hospitals Dorset has put forward an expression of interest in the whole site to bring forward a Medtech development, including medical education and academia in keeping with the agreed uses for the land. This development would include a “Living lab” and would also involve a land swap or collaboration with the existing nursing home to provide them an opportunity to realise their development aims.
14. University Hospitals Dorset and Bournemouth University plans include 500 key worker homes in the form of 2-3 bed units. The people living in these homes would be employed by the NHS and therefore would not contribute to peak hours traffic movements.

15. The proposal includes temporary staff car park which will be utilised during the University Hospitals Dorset upcoming expansion build as a proportion of the existing parking will be lost to contractors compounds during construction.
16. The target of 500 jobs, as required by the DLEP funding, is believed to be achievable through this development with 100 coming initially from the pathology lab build. The purchase of the land for this at the south west corner of the site is currently in progress and due to be completed by March 2021.
17. The site development would be over three phases with phase one, the Pathology Lab and associated infrastructure, during 2021-22. Phase two which includes the possible land swap with the Retired Nurses National Home, would take place 2022-2024 and phase three bringing forward the living lab, technical and academic areas with housing between 2025-2030.
18. University Hospitals Dorset and Bournemouth University are conscious of the Council's aspirations for the site to be a carbon-neutral development and to promote healthy use of green space while creating a landmark development. Bournemouth University has experience of bringing forward "Gateway" buildings in both Bournemouth and Poole and innovative learning spaces such as the Fusion Building on its Talbot campus.
19. Whilst this offer was for the whole site, University Hospitals Dorset and Bournemouth University recognise the Council's desire to maximise the value from its assets and are willing to consider an acquisition of part to enable the immediate development of the research and med tech and MSCP elements, and work in collaboration on the delivery of the remaining preferred uses and overall vision for the whole of the Wessex Fields site.
20. **Advantages** – adopting this option would allow the University Hospitals Dorset and Bournemouth University to progress delivery of the Council's vision at pace for some of the preferred uses and would be in accordance with those agreed by Cabinet in March 2020 and would deliver a capital receipt. It would underpin the broader advantages the University Hospitals Dorset transformation would bring to the area – leading-edge health care and research into some of societies health challenges.

By retaining part of this asset, the Council has a continuing role in how the remainder of the site is developed to meet the remaining preferred use themes, whilst managing the risk and maximising the returns.
21. **Disadvantages** – The disposal of part will result in a reduced market value capital receipt. A piecemeal disposal approach to development could result in the overall vision not being realised, however this is mitigated by the collaboration with University Hospitals Dorset and Bournemouth University on the development of the remainder of the site.

Option 2 – Dispose of the land as a whole to a third party developer.

22. The soft market testing brought forward a number of expressions of interest to develop the whole site. These could be structured under a variety of flexible models from sale to joint venture arrangements with a developer. Interest in the whole of the site had to cover all the land uses and therefore a plan was required to illustrate the outline areas devoted to the various uses. Some developers submitted more detailed proposals than others but all were broadly in keeping with the agreed uses.
23. **Advantages** - Undertaking a disposal in whole to a developer would deliver a lump sum cash injection for the Council. Alternatively, there was interest from other third

parties to enter into a joint venture. This could involve the Council transferring the land into a JV partnership at a guaranteed minimum payment figure. This option could deliver the preferred use themes and result in a share of developer profit.

24. **Disadvantages** – Disposal in whole to a developer would relinquish some of the control, even with mitigation measures put in place to satisfy the land use criteria. The vision for the site may not be achieved even if the land use criteria are broadly met. The opportunity to develop a Medtech focussed site adjacent to a leading university hospital would be lost. A joint venture arrangement, whilst retaining some control may not deliver the best solution for the benefit of the local community and the wider conurbation due to profit motivated targets and other private sector commercial drivers.

Option 3 – Dispose of the land in parts to a number of third party developers and organisations.

25. Expressions of interest were received from parties looking to develop plots within the site. This arrangement would need to be managed by an agent or by the Council to piece together a jigsaw of the best opportunities most in keeping with the agreed land uses and fitting the individual's requirements regarding plot size and position.
26. This arrangement could deliver good value as the most lucrative deals could be sought from developers who fit the usage criteria. The returns would be relatively quick and easy to achieve. Covenants, overage and buy back clauses could be incorporated into sales contracts to help ensure the site is developed in line with the vision and correct use.
27. **Advantages** – quick returns at competitive levels with some control over the final development through contractual terms.
28. **Disadvantages** – a significant resource or planning input is required to coordinate the structure of the site in order to ensure a cohesive masterplan is achieved with the desired sense of place and community focus. As different developments come forward at different times there may be small plots or less attractive areas which are not “sellable” in any realistic sense. These plots may become orphaned or landlocked and cannot be utilised for any purpose in keeping with the agreed uses. Even with covenants and mitigation mechanisms in place to ensure the agreed land use, a developer may choose to bring forward a different project to that which was tabled at the time of purchase, albeit within the parameters of the land use, if the market drivers change. The Council would have little control over this, and it could lead to an imbalance in the overall site vision, which would be impossible to redress once the sales process was completed. This option does not provide a holistic approach to the site and would not capture the added value that is outlined in Option 1.

Option 4 - Open Market the site

29. Following the soft market test exercise, it would be possible to progress with an Open Market exercise. This would result in similar offers and structures as outlined in options 1-3 above.
30. **Advantages** – The maximum consideration would be achieved for the site, dependant on proposed land use resulting in a large capital receipt for the Council.

31. **Disadvantages** - Further delays and costs are associated with this option. Officers feel this is an unnecessary step to achieve the most advantageous outcomes for the conurbation.

Option 5 - Do Nothing

32. The Council could retain the land and do nothing at this point in time. However, the opportunity to realise the vision in collaboration with key stakeholders University Hospitals Dorset and Bournemouth University may not be available as an option in the long term. The wider benefits to the area would not be achieved and the long term value in the development would not be released.
33. **Advantages** – The Council retain the asset and market values may improve in the future. The site remains as a field for the time being.
34. **Disadvantages** – The opportunity to work with University Hospitals Dorset and Bournemouth University could be lost, resulting in the vision for the site never being achieved. The broader health benefits for the region would also never be realised. The Council continues to incur borrowing costs.

Recommended Option

35. University Hospitals Dorset and Bournemouth University had expressed an interest in acquiring the whole site from BCP Council and become joint catalysts for master planning and development of the site.
36. However, as stated in paragraph 19 University Hospitals Dorset and Bournemouth University are willing to consider an acquisition of part to enable the immediate development of the research and med tech and MSCP elements, and work in collaboration on the delivery of the remaining preferred uses and overall vision for the whole of the Wessex Fields site.
37. It is therefore recommended BCP Council progress in principle with a disposal of part of the site and work in collaboration with these organisations on the longer term development of the remainder of the Wessex Fields site.
38. This option would enable the delivery of all the preferred uses identified for the site, create the employment opportunities required and include an extensive travel plan.
39. University Hospitals Dorset and Bournemouth University's proposals would enable the realisation of new educational and research facilities and develop medical sciences and technologies, a high value growth sector, of which Bournemouth University has a track record for being a med-tech anchor institution.
40. It would still facilitate the delivery of key worker housing, estimated at 500 units on the remainder of the site to provide affordable accommodation, help the NHS attract and retain staff, allow walk to work, thus reducing vehicle movements to the site.
41. This option is supportive of the existing MOU outlined in paragraph 9 and the Council's desire to work with the local NHS trust and Bournemouth University to bring forward the vision of the living lab and assist in achieving its strategic goals to improve the quality of life for residents, particularly those in later life.
42. The recommended option is that the Council progress with the principle of the disposal of part of the site to University Hospitals Dorset working with Bournemouth University as it will deliver the most beneficial outcomes for the conurbation and the local community.

43. The next steps will involve officers negotiating terms on the proposed disposal of part and identify ways of collaboration with University Hospitals Dorset and Bournemouth University on the development of the remainder of the site that seeks to maximise the preferred uses for the land and provide best long term benefits for all parties.
44. It is intended that further cabinet approval will be sought once the terms of the disposal have been agreed.

Consultation with Ward Councillors

45. The site lies within the Littledown and Iford Ward. The ward Councillors have been consulted and are supportive of the preferred development option for this site.

Summary of financial implications

46. The progression of the recommended option will incur some enabling costs. In particular, external surveyor, legal and valuation advice will be required in order to ascertain the development method for the remainder of the site. This is estimated at c £100k and will need to be factored into the 2020/21 budget. It is proposed that this cost is met from the capital receipt generated from disposal of part of the land.

Summary of legal implications

47. At this stage, consent is being sought for the principle of the disposal of part of the site and the progression of development of the remainder of this site in collaboration with the preferred parties, University Hospitals Dorset and Bournemouth University.
48. The Council has the necessary statutory powers to dispose of this land under Section 123 of the LGA 1972. A disposal of land via private treaty to an adjoining landowner is acceptable provided that the Council can demonstrate it has received market value/best consideration from doing so and it is not a transaction under value. The Council could also give consideration to the social, environmental and economic benefits as well as the fulfilment of the Council's Corporate plans and objectives.
49. A disposal of land to another public body is also considered a suitable course of action and is in accordance with the Estates Code for Public Bodies.
50. The heads of terms and value is still to be negotiated and agreed and as such will be subject to further legal advice and the necessary cabinet approval.
51. Once a value has been negotiated and agreed, an independent RICS red book valuation report will need to be procured in order for the Council to satisfy its obligations under Section 123, Local Government Act 1972 in respect of the proposed disposal of this parcel of land and confirm the agreed sum represents best consideration.

Summary of human resources implications

52. There are no People implications arising from the recommendations within this report. There is no Equality Impact Assessment required or any contractual consequences.

Summary of sustainability impact

53. There are no further sustainability impacts arising from the recommendations within this report. The Council aspires to a carbon-neutral development at Wessex Fields and has already taken measures to reduce the impact of site development through previous cabinet decisions, such as a commitment to reducing vehicle movements on the site and to create green open spaces within the development.

Summary of public health implications

54. The health and wellbeing of the local community will be enhanced through the recommendations in this report. The challenge of an ageing society here in Dorset (where the average age is 20 years older than the rest of the UK) is not something which can be ignored. Medical research, medtech developments and provision of sufficient care infrastructure for those not able to remain in their own homes is vital to give the local population the best quality of life possible in their later years. Bringing forward any of these recommendations has this essence at its heart and the previously undertaken consultation exercises have affirmed the appetite within the community to use the land in a way which enhances the options of the eldest sector of the community.

Summary of equality implications

55. There are no equality implications associated with the recommendations brought forward in this report. However, we wish to continue to work with local community groups with specific needs in the longer term, to ensure all implications are identified and addressed.

Summary of risk assessment

56. Cabinet should be mindful of the following specific risks attached to any transaction of land Wessex Fields:
57. Vehicle movements on the site will be limited with access limited to in and out at the same point, therefore an understanding of this must be reflected in any proposal.
- a. Management of this risk is through control of the use of the land. The agreed uses take this into account but deviation from these uses may create issues.
 - b. A mitigation can be made through a covenant on the land or through planning restrictions where applicable.
58. The financial risks associated with developing out the remainder of the site remain with the Council. Further sector, commercial and development advice will be sought as a matter of priority on how this is structured in the future in order to mitigate this risk and maximise returns.

Background papers

None

Appendices

Appendix 1 - Wessex Fields Key Development Principles guidance document

<https://bcpcouncil.sharepoint.com/:b:/s/EconomicDevelopment/EUx4ULjCJuRNi5f1IAqUpq8B0jeJUQ5hN6BYIXWTWnC0tQ?e=DeyXrp>

Appendix 2 - Scope of soft market testing exercise

<https://bcpcouncil.sharepoint.com/:b:/s/EconomicDevelopment/ETc6HhWtJ69BjavqOhGyq40BtbDG0OelbSMLW89OyTfOjQ?e=rXjaas>

Appendix 3 - Soft market testing report by Jones Lang Lasalle

Report:

<https://bcpcouncil.sharepoint.com/:b:/s/EconomicDevelopment/EbsuZ19a2gZluUmGrztj708BaIxfJVr-JS4zCPQWwc15oQ?e=zhxWAt>

Appendix 1 – Responses 1 - 3:

<https://bcpcouncil.sharepoint.com/:b:/s/EconomicDevelopment/EcAorpg1zMdArUpDvCNH9d4B3T7rQ8PEvI9S9adPlvt2fg?e=xCkGBZ>

Appendix 2 – Responses 4 - 7:

<https://bcpcouncil.sharepoint.com/:b:/s/EconomicDevelopment/ERrQB41rOTdJrzQK4sYpeOEBGiOTQUMeHLsXHK-CI7oMDQ?e=ppuOqR>

Appendix 3 – Responses 8 - 15:

<https://bcpcouncil.sharepoint.com/:b:/s/EconomicDevelopment/EYxGsBwbn7NHqHOxSaxcJzIB54zN2Pj0QWfBQWiT2DO52Q?e=0GoDdi>