

ACKLAM HALL PREFERRED DEVELOPER

**EXECUTIVE MEMBER FOR REGENERATION AND ECONOMIC
DEVELOPMENT: COUNCILLOR DAVID BUDD**

DIRECTOR OF REGENERATION: TIM WHITE

3rd MARCH 2009

PURPOSE OF THE REPORT

1. The purpose of this report is to seek Executive approval for the selection of a preferred developer to progress disposal of the Acklam Hall site.

BACKGROUND AND EXTERNAL CONSULTATION

2. Acklam Hall is a complex of buildings, the historic core of which dates from the 17th century and is included on the list of buildings of special architectural and historic interest as Grade 1. It is of significant national importance and the only Grade 1 Listed Building in Middlesbrough.
3. Acklam Hall lies in the southern suburbs of Middlesbrough, approximately three kilometres south of the centre of the town. It is located within Acklam ward, a well-established urban area, in a prominent position on the northern side of Hall Drive. A plan showing the location of the site is attached in Appendix I.
4. The Hall is set in attractive parkland with playing fields to the north; narrow belts of woodland to the east and west; and a formal Avenue of Trees leading south to Acklam Road. To the northeast of the Hall lies the remainder of a medieval fishpond, a Scheduled Ancient Monument, which forms part of an informal walkway known locally as the Arty. The Hall and the Avenue of Trees form the focal point of the designated Acklam Hall Conservation Area.

5. The Hall and grounds were purchased by Middlesbrough Corporation in 1928. Since 1935 the Hall has been in educational use, initially as a grammar school. The entire site, including the grounds, remained in Council ownership until 1995 when the Hall, sixth form buildings and open spaces to the west and south were transferred to Middlesbrough College. Middlesbrough Council retains considerable ownership interest in the Acklam Hall complex including the eastern courtyard buildings; walled garden; sports hall and playing field to the north; and woodland to the west. The extent of the College and Council's ownership is shown in Appendix II.
6. In September 2008 Middlesbrough College relocated to a single flagship campus at Middlehaven and consequently an appropriate new use must be found if Acklam Hall is not to be left vacant and at serious risk of deterioration. Middlesbrough College expressed a wish to work in partnership with the Council to achieve the successful disposal and appropriate use of the overall site to secure a viable long-term future for the Hall and surrounding land that meets planning and conservation requirements.
7. On the 13th April 2007 the Executive Member for Regeneration approved the disposal of the Council's interests in the Acklam Hall site through a marketing and disposal process undertaken jointly with Middlesbrough College. The Acklam Hall complex is bounded by Hall Drive to the south and mature woodlands to the north, east and west, forming a natural boundary to the site. The agreed disposal boundary is shown in Appendix II.
8. Following a tender process four agents were interviewed to assist the Council and Middlesbrough College with the complex disposal process. Drivers Jonas was subsequently selected. The marketing of the site was split into two stages, which are set out below.

Stage One Marketing (and Development Brief)

9. Stage one of the marketing process (market testing) was completed on 29th November 2007. Following a national advertising campaign, five formal expressions of interest were received and a shortlist of four developers was chosen to progress to stage two.
10. Prior to the commencement of stage two of the marketing process a Development Brief was produced, a copy of which is located in the Members' Library.
11. The Development Brief underwent extensive consultation with stakeholders, including English Heritage and the public. Displays were placed in local libraries, a press notice was released and Council officers attended the Acklam Community Council. A separate meeting was also held with the Council's Historic Environment Champion and Acklam 2020 representatives.
12. The Development Brief provides set guidance to prospective developers on planning and conservation requirements including design and form of development. It covers a wide range guidance, which include:
 - a. restoration and reuse of the Hall;
 - b. potential land uses for site;

- c. size and massing of any new development in relation to the Hall;
 - d. achieving a balanced and symmetrical approach to flanking development;
 - e. protection of significant views and vistas on the site;
 - f. landscape management requirements and works required to restore the historic grounds which includes the pond, woods, grassland and the avenue of trees; and,
 - g. need for sympathetic materials.
13. The Brief is based on the principles of the Acklam Hall Conservation Plan completed in 2005. The Conservation Plan identifies and catalogues all aspects of Acklam Hall and the surrounding lands drawing particular attention to those features that are of architectural and / or historic significance.
14. The Brief recognises that there may be some need for flexibility of the development areas. However, all development proposals must ultimately be approved by the Council as planning authority and English Heritage to ensure the scheme reflects planning and conservation principles, policies and guidance.

Stage Two Marketing

15. Stage two of the marketing process required the four short-listed developers to submit financial offers and scheme proposals for the site by 24th April 2008.
16. Prior to the submission date, meetings were held with developers and their professional teams to allow them an opportunity to discuss their schemes with the Council, Middlesbrough College and English Heritage and receive feedback.
17. One of the short-listed developers was unable to make a second stage submission because their parent company had withdrawn its financial support. Submissions were received from the three remaining developers.
18. Following the submission of the financial offers and scheme proposals interviews took place with the three remaining parties. This process allowed the Council and Middlesbrough College to gain a greater understanding of the stage two submissions.

Scoring

19. The schemes were scored using a list of pre-agreed criteria including: financial offer; compliance with brief; treatment of the Hall; likelihood of proposed scheme achieving necessary consents; and long term viability of business plan.
20. The scoring by each party was carried out individually, then collated to produce an average.
21. The scheme submitted by Developer A failed to meet the conservation principles in the Development Brief and was considered to be inappropriate for the site.
22. Following the completion of the scoring process Developer C contacted the disposal team and informed them that they were regrettably withdrawing their offer.

23. The scheme submitted by Developer B met the basic conservation requirements but in respect of some aspects of the development brief there were issues that required clarification.
24. The disposal team therefore held a series of clarification meetings with Developer B where feedback was given. Developer B was requested to review some aspects of their proposals, refine designs and reconfirm the financial offer. Revised proposals were received, which were considered to be more suitable in planning and conservation terms.

Proposed Scheme

25. Fundamentally, the revised scheme submitted by Developer B proposes the restoration of the Hall as a conference centre / office space for use largely by the Primary Care Trust (PCT), a mix of health facilities (GPs surgeries) to the north of the Hall, flanking residential development to the east/west and retained public access to the parkland and woods.
26. The proposals will result in the clearance of the unattractive 1960s disused educational buildings currently attached to, and within the setting of the Hall. These buildings have detracted from the historic character of the Hall and obscured its once glorious freestanding nature. The proposals will allow the opportunity to improve the historic parkland and restore the character that links the Hall to the landscape. Views and vistas of the Hall and St. Mary's Church that have been lost over time will be reinstated, particularly from Hall Drive and public access to the grounds, and through its proposed use the Hall, will be maintained.
27. The main components of the scheme comprise:
 - a. conversion of the Hall to conference centre and office space;
 - b. mixed use scheme consisting of 69 residential units, GP Surgery/Clinic, nursing home and extra care bungalows;
 - c. vehicular access split between St. Mary's Walk and Hall Drive;
 - d. car parking areas allocated for each use; and,
 - e. improvement of parkland fronting Hall Drive and woodland belts, with public access.
28. A block plan setting out the proposed layout is attached in Appendix III.
29. To attract developers it was always acknowledged that there would be a need for complementary enabling development on the site, which would raise the substantial funds required to facilitate the necessary restoration works to the Hall. The health care facilities and residential elements will therefore fund the conversion of the Hall to conference / office facilities which will provide a long-term viable use for the listed building. This mixed use complies with the Development Brief and is supported by English Heritage.
30. The scheme offers a strong basis to develop further and take through public consultation, achieve planning permissions / listed building consent and negotiate development agreements.

31. A critical aspect of the scheme will be the impact on the surrounding local road network. The precise level of traffic increase will be dependent on the final mix of development, which has yet to be agreed. Vehicle access will be split between the two existing entrances to the site from Hall Drive and St Mary's Walk to spread any impact of traffic movements. A Traffic Assessment will be required as part of the planning application process. This will set out more precisely the change in traffic movements compared to the previous College use, and mitigating measures required.
32. The developer has been asked to work with the Council's Engineers to set out a series of measures to mitigate the impacts of traffic on the local road network both in the Hall Drive and Church Lane / St. Mary's Walk areas. Such measures could include traffic-calming, upgrades to the footpath network and the introduction of a safer routes to school scheme in the area.

Financial Offer

33. The financial offer submitted by Developer B is, as anticipated, subject to further negotiation. The final figure will be dependent upon matters such as the cost of refurbishment of the Hall, planning contributions and traffic mitigation proposals.
34. Although the hall is owned by Middlesbrough College the Council will be contributing to its refurbishment, as the cost will be covered from the overall capital bid.
35. In this period of exceptional market and financial uncertainty it is envisaged Developer B is better placed to secure financial support as their scheme focuses on medical facilities with Government funding.

Conditions of disposal

36. Following the selection of a preferred developer a number of conditions must be met to ensure it meets with overall objectives. These include:
 - a. elaboration on the precise details of the conservation led restoration of Acklam Hall and how this will be programmed within the overall scheme;
 - b. the provision of a landscape management plan and appropriate financial support to ensure a robust maintenance programme is in place;
 - c. any necessary off-site access and highways improvements required to enable development; and,
 - d. a contribution to affordable housing.
37. The developer will need to ensure that a suitably skilled team to design and implement the scheme is secured to meet the planning and conservation requirements of works to a Listed Building.
38. The broad aim, so far, has been to market and dispose of the entire land holdings of the Council and Middlesbrough College at Acklam Hall. However, there is a need to ensure that any disposal safeguards the wider use and amenity of the grounds. This includes:

- a. east woods – well established mature woodland containing a public right of way, well used by the local community; and,
- b. open space to the north of the Hall – containing sports pitches which are owned by the Council but were used and maintained by Middlesbrough College for their physical education purposes.

39. The future management and ownership issues of these areas will be agreed with the preferred developer and stakeholders (e.g. English Heritage and Sport England) as part of the negotiation process and pre-application meetings. The outcome of these negotiations will be reported back to the Executive once a specific proposal has been produced.

Next Steps

- 40. If Executive agrees to Developer B being formally appointed as preferred developer, the first step is for more detailed plans to be developed. This should be undertaken following consultation with English Heritage, Sport England, Acklam 2020 and local landowners such as St Mary’s Church. This would enable the developer, working with the disposal team, to respond and refine the proposals as required. It is proposed that delegated authority is given to the Director of Regeneration, following consultation with the Executive Member for Regeneration and Economic Development, to agree the refined scheme for public consultation purposes.
- 41. The developer will then carry out a public consultation exercise. This will include a press release, public displays in local libraries, a presentation at the Acklam Community Council meeting and Acklam 2020 meeting. The developer is required to carry out public consultation as part of a pre-planning application process, compliant with the Council’s approved Statement of Community Involvement.
- 42. Following the public consultation period, preparation of more detailed proposals and agreement of heads of terms, the outcome will be reported to the Executive for endorsement.
- 43. An indicative timetable for the necessary negotiations and refinement of proposals to achieve planning approvals and development agreements is shown in table 2 below.

Table 2: Indicative Timetable

	Task	Timescale
1	Executive endorsement of preferred developer	3 rd March 2009
2	Stakeholder consultation exercise	March – April 2009
3	Refinement of scheme	May – June 2009
4	Agree refined scheme (Director of Regeneration following consultation with the Executive Member for Regeneration and Economic Development)	June 2009
5	Public consultation exercise	July – August 2009

6	Negotiation and refinement of development proposals and heads of terms	March 2009 – September 2009
7	Procurement of independent valuer to advise on apportionment of capital receipt	March 2009 – May 2009
8	Executive approval of final scheme and terms of disposal	September 2009
9	Submit planning / listed building applications	October 2009
10	Planning application process	October 2009 – February 2010
11	Completion of sale	March 2010

44. Due to the nature of a joint disposal, and the importance of the listed building the timetable is only indicative at this stage and will be confirmed at a later date once all parties have agreed it.

OPTION APPRAISAL/RISK ASSESSMENT

45. The Council and Middlesbrough College have a number of options available for the disposal of the site, detailed below.
46. **Option 1 - Select Developer B as preferred developer. Risk –** For the reasons set out in paragraphs 25 to 35. If a decision is not made it is likely that the developer will withdraw their offer and invest elsewhere.
47. **Option 2 - Remarket the site immediately. Risk –** Only a small number of expressions of interest were received in stage one of the marketing process. The property market was not, at that stage, in the severe state it is in at present. If the site is remarketed immediately it is unlikely to attract much interest as developers, in general, are not currently in the marketplace looking to buy land.
48. **Option 3 - Remarket the site when the market has improved. Risk –** There is no guarantee if or when the market will improve to the level of late 2007.
49. Furthermore, Acklam Hall is one of the most important historic buildings in the Tees Valley. Options 2 and 3 would cause further delays to its refurbishment and would be detrimental to the long-term prospects of the building. Delays would also increase the risks from vandalism and result in increased security and maintenance costs for the Council and Middlesbrough College.
50. There are also financial implications if the site is remarketed as additional costs would be incurred in order to advertise the site and update information that was previously gathered for any interested parties.

FINANCIAL, LEGAL AND WARD IMPLICATIONS

51. **Financial –** The financial offer submitted by Developer B represents best consideration based on the market conditions at the time of marketing, as stated in Government guidance on the matter. Developer B is better placed to secure

funding than their competitors as their scheme focuses on medical facilities, the funding for which has already been sourced and secured.

52. Developer B is willing to agree to scheme appraisal through an open book approach at key stages within the disposal and development process. This would allow the Council and Middlesbrough College to examine the developer's costs and agree a method for sharing any profits should values increase at a later date.
53. The Council is sharing costs with Middlesbrough College for external valuation and legal services required to jointly dispose of Acklam Hall. In 2008/9 an outturn of approximately £60,000 is anticipated (split 50/50 the Council share is approximately £30,000) in fees for marketing, advice, negotiation and selection of a preferred developer. Although there is no specific budget in Regeneration to cover the Council's share, this has been found from elsewhere in the service budget. In terms of the future capital receipt the College and the Council will jointly procure independent valuation advice for guidance on correct apportionment of the capital receipt.
54. The original agreement with Drivers Jonas capped expenditure at £60,000 total, but this included all stages beyond appointment of a preferred developer up to eventual agreement of land disposal terms and sale of land. However as a result of weakening market conditions and the complexity of the project, the process up to appointment of a preferred developer has taken much longer. It has been necessary to renegotiate and re-evaluate project bids with considerably more input and time required from the consultant.
55. Following discussions with Legal and Financial Services a further revenue budget will be required in 2009/10 in the region of £88,000 for the next stages including the complex preparation and negotiation of development agreements and land disposal documents.
56. The Memorandum of Understanding agreed between the Council and Middlesbrough College stipulates that agent and legal fees should be set against the eventual capital receipt on sale of Acklam Hall. In the event that the costs cannot be recovered from the capital receipt then those costs will have to be met by Regeneration and Legal Services respectively.
57. Following the selection of the preferred developer a method for calculating the final split of the net capital receipt between the Council and Middlesbrough College will be determined via independent valuation advice, which will be jointly procured. This will be reported back to Executive at a later date.
58. **Ward Implications** – The site is situated within the Acklam Ward and is considered to be its most important historical asset. The restoration and reuse of the Hall will therefore benefit the local community through improved site management and continued public access to parts of the open space and woodland.
59. The local community will be consulted as part of the public consultation process detailed above. The preferred developer will also carry out local consultation, compliant with the Council's Statement of Community Involvement prior to the submission of a formal planning consent.

60. **Legal Implications** – The Council has a statutory obligation under the Planning (Listed Buildings and Conservation Areas) Act 1990 to protect listed buildings. The development brief and use of conditions / planning obligations as stated in paragraphs 36 to 39 will ensure the Council’s statutory obligations are met.

RECOMMENDATIONS

61. It is recommended that the Executive:
- a. appoints Developer B as preferred developer and agrees the next steps set out in paragraphs 40 to 44;
 - b. approves the commencement of a stakeholder consultation exercise;
 - c. authorises delegated authority to the Director of Regeneration, following consultation with the Executive Member for Regeneration and Economic Development, to agree the refined scheme (following stakeholder consultation) and to sanction wider community consultation;
 - d. agrees the budget provision to cover the costs of the disposal for the financial year 2009/10; and,
 - e. agrees the following information will be reported back to the Executive at a later date:
 - i. the final agreed terms for the disposal of Council land;
 - ii. the capital receipt and how this will be apportioned between Middlesbrough College and the Council; and,
 - iii. the details of the final scheme.

REASONS

62. The purpose is to seek approval of a preferred Developer and to progress the disposal of Acklam Hall. This will enable the next stages of consultation, preparation of a detailed scheme and negotiation of disposal terms to be carried out. The objective is to secure a long-term viable future for Acklam Hall, a Grade 1 Listed Building of national importance.

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

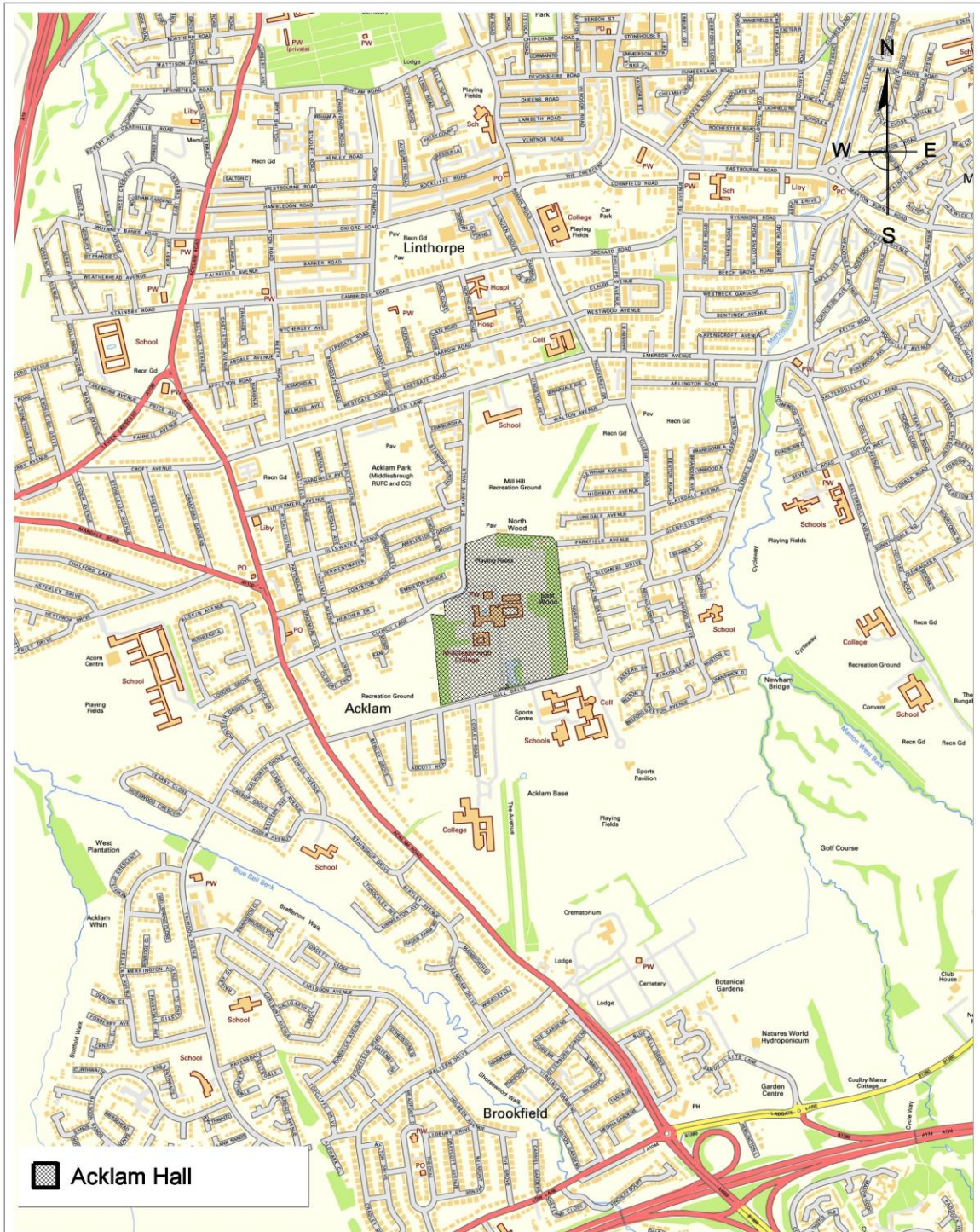
- Acklam Hall Development Brief – Executive Report, 1st April 2008
- Acklam Hall: Conservation Plan and Future Development – Executive Report, 13th April 2007
- Acklam Hall Conservation Plan, October 2005

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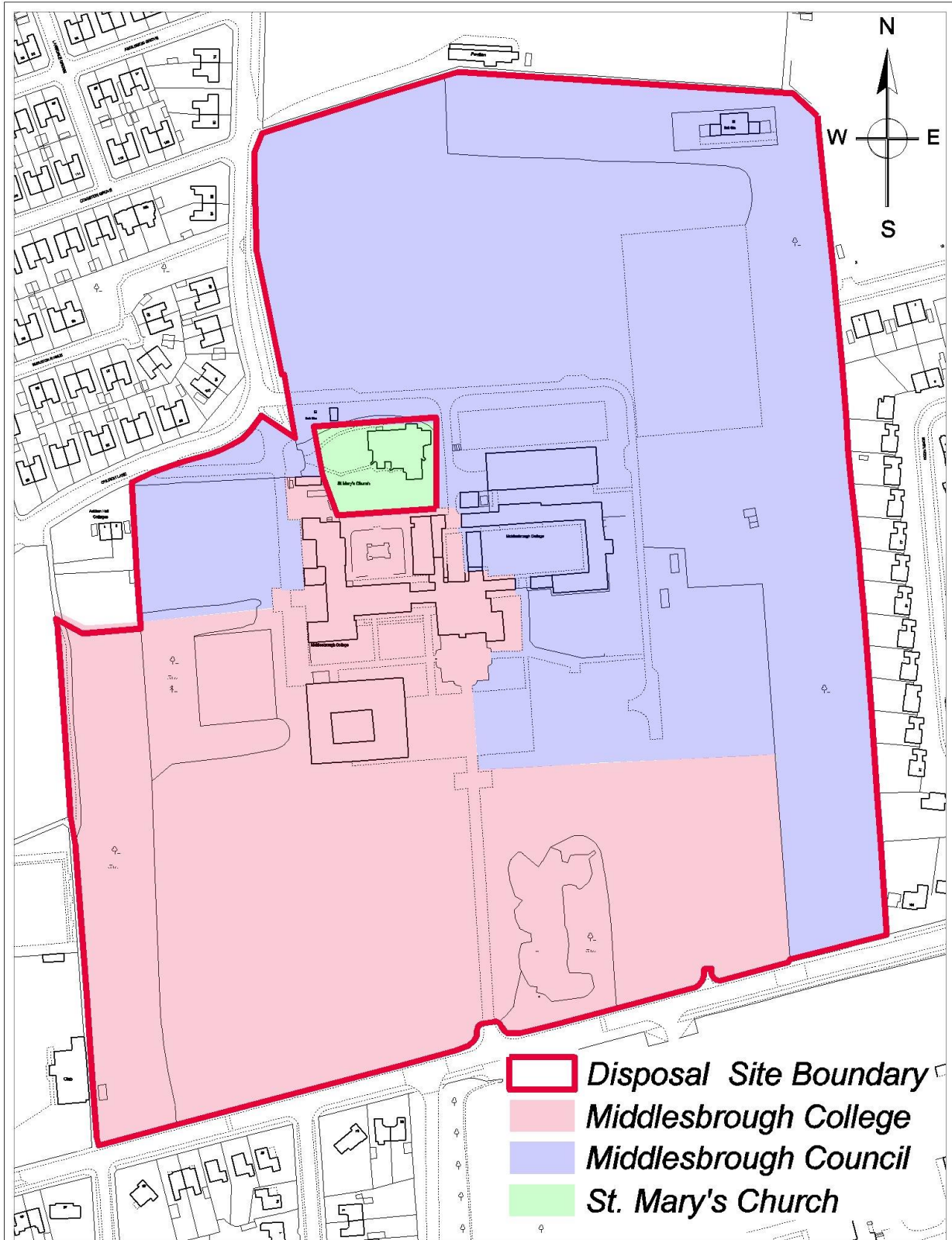
Website: <http://www.middlesbrough.gov.uk>



APPENDIX I - LOCATION OF SITE IN MIDDLESBROUGH

<i>Head of Service:</i>		<i>Ref:</i>	
<i>Service Area:</i>	Regeneration	<i>Scale:</i>	1:15000
<i>Created by:</i>	Urban Policy & Implementation	<i>Date:</i>	20th February 2009

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Appendix II – Extent of Ownership / Disposal Boundary



Head of Service: Kevin Parkes	Ref: C/J/Shelly/AH/App II/L
Service Area: Planning & Regeneration	Scale: 1:2500@A4
Created by: John Manders	Date: 8th October 2007

ACKLAM HALL - Master Layout

January 2009

