

JCB's decision to locate part of its business in the borough at Blue Planet

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Portfolio: Economic Development, Regeneration and Town Centres

Ward(s) affected: All (but specifically Bradwell)

Purpose of the Report

To review the process which led to JCB's decision to invest in the Blue Planet building and in particular to enable members to review the Officers' decision to offer an option to develop Council-owned land at a later date.

Recommendations

That members note:

- (a) the decision taken by officers to offer an option on a parcel of council-owned land, consistent with the council's scheme of delegation, and;**
- (b) the work being undertaken by officers to enable the efficient movement of vehicles to/from the site whilst minimising nuisance to local residents.**

Reasons

The main reason for making this decision was to facilitate economic growth for the long term economic well-being of the borough.

1. Introduction

- 1.1 In July, JCB agreed to take a long lease of the prestigious Blue Planet building in the Chatterley Valley and take an option to acquire the adjoining Borough Council owned land to allow for later expansion. This is a major coup for the Borough and particularly welcome in a time of recession. The investment is expected to realise around 600 jobs of which around 350 would be here in the Chatterley Valley and around 250 at JCB HQ in Rocester. Additionally there is the potential for expanding the firm's presence at Chatterley Valley which could create another 200-300 local jobs. This report considers how the investment came about and lessons for future working to see what went well and what might have gone better so that future inward investment efforts might be better managed.

2. Background

- 2.1 The Borough Council have been the owner of this 20 hectare site, known as Ravensdale, in the Chatterley Valley for a number of years following its acquisition from two local businesses. The site was derelict, having been

mined previously and having also a long history of former contaminative industrial processes based here. It was acquired by the Council with funding from the, then, Department of the Environment (DoE) to reclaim for industrial development. A condition of the agreement with the two companies was that two plots of developable land (comprising some 5.5 ha of the site) would then be offered back to them within a certain timescale or the Council would incur significant financial penalties reflecting the agreed value of the land.

- 2.2 The land was largely reclaimed but government funding ran out (or was switched to other priorities) before the necessary on-site and off-site infrastructure could be made. With still low land values prevailing in the area and with the need to invest further in the land, the Council faced the prospect of having to pay the financial penalties referred to above.
- 2.3 At the same time the Borough Council, together with the City Council and the County Council formed a joint implementation group with the then emergent Regional Development Agency, AWM, to scope and plan for a wider 'Chatterley Valley' development, including not only this site, but the nearby Goldendale and Bankeyfields sites (in the City), land to the south of the Tunstall By-pass (also in the City) and a large 'Premium Employment Site' of 40 ha to the west of the Stoke-Manchester Railway line, known as Chatterley Sidings and Peacock Hay (in the Borough). This working group project managed the master planning of the Valley, including costing site preparation works, site servicing and off-site infrastructure. Discussions were also held with owners of the land not in public ownership to develop the basis for joint venture deals over their land (to avoid the need for outright acquisition). Importantly from this Council's viewpoint, in 2002 AWM acquired the interests of the two private land owners involved with the Lowlands Road site. By mid 2005 AWM had entered into a joint venture agreement with the council to frame their planned investment in site infrastructure.
- 2.4 During the time of AWM's active leadership and investment in this project, three components of the Valley were brought forward for development – the Lowlands Road site (Ravensdale), Goldendale and Bankeyfields. With the change in the global economic situation from 2008 and the impending winding up of AWM, the other elements of the Chatterley Valley did not proceed further. Nevertheless the two critical outcomes of the wider Chatterley Valley development were that the Council's financial exposure was negated and employment development was facilitated.
- 2.5 Regarding the Lowlands Road site, investment in ground stabilisation and other site preparation work by AWM created two development plots for which a developer competition was held in 2007. 16 developers submitted development proposals to build out the site and having been shortlisted down to three, Gazeley was selected. As well as past track record, proposed building programme, and design, an important criterion to AWM and the Borough Council was that of 'sustainable development'. The scheme which Gazeley proposed to build was so sustainable that it was measured as achieving BREEAM *outstanding* status, the first industrial building in the world to achieve this standard. This was achieved by employing building features such as:
 - The use in construction of recycled materials such as tiles, carpet, paint, plastic and timber,

- Bespoke-designed roof lights to eliminate light pollution and reduce the need for air-conditioning,
 - Grey water recycling,
 - The creation of new wildlife habitats, including wetlands
 - The use of combined heat and power using bio-fuel, sufficient to not only heat the building but also supply a further 650 houses off site.
- 2.6 The land was acquired and the Blue Planet building was developed speculatively (i.e. with no known end-user, which was the norm during the booming phase of the economic cycle) and when Blue Planet was completed, the market for occupiers had disappeared. Gazeley's 20 year lease of the building to JCB in July together with the option which the Council has agreed on the expansion land (Plot A) follows five years of actively marketing the site through the deepest recession the country has faced since the 1930s.
- 2.7 JCB is now fitting out the interior of the building to its own specific requirements ahead of occupation which has begun and is planned to increase into next year.

3. **Issues**

- 3.1 In order for the JCB investment to come to fruition it is evident that the Council played a significant part in the overall process with a range of officers being called upon from the following service areas - Assets; Regeneration; Legal and Planning – to work with representatives of JCB, Gazeley, the HCA, the LEP and key Government departments.
- 3.2 Officers have briefed the relevant Portfolio Holder on the overall lessons learned from their involvement in the overall project but this report focuses upon those matters which are pertinent to the Council's political Executive (i.e. the Cabinet). In particular it is necessary for members to be aware of the decisions made by officers, in consultation with the Portfolio Holder for Development, Regeneration and Town Centres, in relation to the Council's land holding.
- 3.3 As summarised in Section 2 AWM's investment in the Council-owned land off Lowlands Road mitigated significant financial risk to this Council. Whilst Gazeley developed the Blue Planet building and became the freehold owner of the associated land, the Borough Council remained the freehold owner of the adjacent serviced plot of land (just under 8 acres in area). However, in view of the level of investment made by AWM in the site preparation/remediation phase, as required by the joint venture agreement referred to above, any value derived from disposal of the Council's interest has to be passed on to AWM's successor body (the Homes and Communities Agency (HCA)).
- 3.4 In these circumstances the Council has worked in harness with the HCA to negotiate with JCB upon the disposal of the secondary plot of land in parallel with Gazeley negotiating the disposal of their Blue Planet building to JCB. The latter disposal amounted to JCB taking a 20-year lease on the Blue Planet building. Whilst the former has resulted in JCB taking a 10-year option to purchase the adjacent Council-owned land to facilitate potential expansion of the company's activities. The value of the said plot of land was determined by an independent valuer.

- 3.5 In view of the fact that the Council would not benefit financially from the land transaction described in paragraph 3.4, even if the option were to be invoked, officers were able to use their delegated authority to facilitate the process and this was done in consultation with the Portfolio Holder for Development, Regeneration and Town Centres (letter dated 25th June 2013). Members are asked to endorse this decision as being in compliance with the Council's Constitution (in particular the Scheme of Delegation).
- 3.6 The other, more practical, consideration that has emerged since JCB's decision to invest in this property relates to the potentially adverse impact of vehicle movements associated with the operation upon residents who live on a nearby residential estate. Members will be aware that significant off-site highway improvements were secured as part of the original planning permissions (for both this site and the wider Chatterley Valley area) and these works have been implemented. Nevertheless the Borough Council is brokering a meeting with the interested parties with the aim of enabling the efficient movement of vehicles to/from the site whilst minimising nuisance to local residents.

4. **Options considered**

- 4.1 In view of the existence of the joint venture agreement (between the council and AWM) and the evident desire of the HCA to facilitate JCB's investment decision, coupled with the council's stated priority relating to economic growth (under the heading "Borough of Opportunity"), the only serious option in this case was to work with the various parties to secure the said investment in order to help achieve the overall objective of creating jobs and strengthening the local economy. For the avoidance of doubt, JCB's interest in the overall Lowlands Road site was fuelled by the imminent availability of the Blue Planet building coupled with the potential scope for expanding its activities onto the council-owned land at a later date.

5. **Recommended decision**

- 5.1 That members note: (a) the decision taken by officers to offer an option on a parcel of council-owned land, consistent with the council's scheme of delegation and; (b) the work being undertaken by officers to enable the efficient movement of vehicles to/from the site whilst minimising nuisance to local residents.

6. **Outcomes Linked to Corporate Priorities**

- 6.1 This report considers matters relating to regeneration, the environment and sustainability; all outcomes linked to the corporate priority of Creating a Borough of Opportunity and Creating a Sustainable Borough.

7. **Legal and Statutory Implications**

- 7.1 The Council is under a duty to achieve "best consideration" in the disposal of publicly owned land (Local Government Act 1972, as amended). Also the Council is empowered by the provisions of the Local Government Act 2000 (as amended) to take actions in order to improve the social, economic and environmental well-being of the community.

8. **Equality Impact Assessment**

8.1 Not relevant to this matter

9 **Financial and Resource Implications**

9.1 There are no direct financial implications for the Council arising from this matter. However there has been the indirect cost of officer resources being expended across a multiplicity of service areas; this was achieved by the re-prioritisation of workloads to reflect the importance of the outcome sought.

10. **Major Risks**

10.1 There are no major risks arising from the actions taken in this case.

11. **Key Decision Information**

11.1 This report considers significant resource issues and has been included in the Forward Plan.

12. **Earlier Cabinet Resolutions**

12.1 Previous resolutions made in respect of the joint venture agreement were made in July 2005, along with others prior to that in relation to AWM's initial involvement in the Lowlands Road site.

Management Sign-Off

	Signed	Dated
Financial Implications Discussed and Agreed		
Risk Implications Discussed and Agreed		
Legal Implications Discussed and Agreed		
H.R. Implications Discussed and Agreed		
ICT Implications Discussed and Agreed		
Report Agreed by: Executive Director/ Head of Service		