

Executive – 10 July 2008

Dairy Crest Site, Totnes

Report of Strategic Director (Community)

Statutory Powers: Local Government Act 2000 (Part 2)

Financial Implications: There are no financial implications for the Council arising from this report.

Purpose of this report: This report reviews events occurring since the closure of Dairy Crest's operations in Totnes in September 2007 and identifies significant site constraints that combine to frustrate redevelopment of the Dairy Crest site. It discusses how these issues influence the Council's ability to pursue a partnership approach to acquisition and redevelopment. The report also draws Members' attention to a series of engagements that officers have had with external parties with an interest in acquisition and redevelopment and how the Council has adopted an enabling role that has been applied equitably to all enquirers.

Link to Priorities: The employment designation of the Dairy Crest site clearly links its future to corporate priority CP2 (the delivery of good jobs) but it also has the potential to contribute to delivering against priorities CP1 and CP3.

Recommendation:

That the Executive RESOLVES to note the obstacles to progressing a partnership approach to acquisition and redevelopment of the Dairy Crest site, and supports the enabling role of the Council in facilitating the work of other external interested parties.

Background

- 1) Members will recall that Dairy Crest plc announced its intention to close its Totnes depot on 14 May 2007. Operations on site ceased on 08 September 2007 with the resultant loss of around 150 jobs.
- 2) At its 07 June 2007 meeting, the Executive received a report that explained the significant economic implications for the Totnes district (and the wider South Hams) of the Dairy Crest closure. An independent Economic Impact Assessment commissioned in May 2007 reported on 08 June 2007 that the overall negative effect on the South Hams economy was valued at £6.7 million (0.56% of the district's total GVA).

- 3) That report also set out options for the Council relating to the potential acquisition of the site either directly or in partnership with others and sought Members' support for investigations into the feasibility of site acquisition (Minute E.14/7).
- 4) The Executive received a further report at its meeting on 06 September 2007 that explained a potential arrangement with private sector partners to consider the joint acquisition and redevelopment of the Dairy Crest Site (Minute E.37/07). Whilst, at that time, Dairy Crest had not indicated to the Council a specific timetable for disposal, officers anticipated that the matter might proceed in the ensuing months following the closure and de-commissioning of the site. It was therefore important that the Council put in place arrangements that would help to avoid the risk of missing any deadlines for the submission of proposals if such an opportunity was presented.

Community and Stakeholder Response

- 5) Widespread concern was expressed in the community and amongst stakeholders following the Dairy Crest closure announcement and the publication of the economic impact statistics.
- 6) Subsequently, the site's potential for redevelopment came to be seen a significant brownfield resource that could deliver employment opportunities for the Totnes district (and beyond) and help recover economic fortunes. Consequently, there was considerable local interest in what proposals might come forward for the future of the site with a focus on the retention of employment uses at this location. At the same time, there was a recognition that pressures for alternative uses, particularly housing, were likely to emerge and that the implications had to be acknowledged.
- 7) Also, on 19 October 2007, the Council published the Totnes & Dartington Preferred Options LDF document that included a reference to the Dairy Crest site. In particular, it identified the need for a focus on employment uses on the site but acknowledged that some enabling housing development might be required to improve viability of any employment proposal. A six-week consultation period ending 30 November 2007 generated a significant number of representations to the Council. The response in relation to Dairy Crest was very much in favour of redevelopment for employment.

External Expressions of Interest

- 8) Since Dairy Crest's closure announcement, officers have recorded ten substantive enquiries from external organisation that imply an interest in site acquisition and redevelopment. This number includes (counting as one enquiry) the prospective partnership with which the Council was engaging in autumn 2007.
- 9) Dependent upon the enquirers' varying requirements, officers have sought to deal equitably with any enquiry in terms of the information at our disposal that could be imparted without prejudice or breach of confidence.

- 10) It is difficult to judge with any accuracy how many of these enquiries remain alive since some may have dissipated unknown to the Council for a variety of reasons, not least economic. Equally, there are likely to be other interested parties that the Council is unaware of.
- 11) However, Members may be assured that at least two of these enquiries are very much alive given recent and detailed contacts. This report seeks Members' endorsement of the current approach that officers are employing – that of facilitation and enabling. One proposal, where confidentiality is not required, because of existing media coverage and wide public awareness, is the Atmos project. This aims to secure the site in community ownership in order to develop it as a low carbon exemplar mixed use site with some affordable ecological housing and business units. The promoters see this initiative as having the potential to be a key driver in the economic regeneration of the town based on sustainability principles, which could attract private investment. Officers have indicated general support in principle for this proposal.

Site Investigations

- 12) In the period since June 2007, officers have been investigating the site's characteristics and the general feasibility of redevelopment. Subsequent to the September 2007 Executive report, these investigations involved potential private sector partners and focused on what development opportunities the site might present, what disposal approach the owners might take, and what constraints to development there might be.
- 13) The site constraints investigations revealed a number of pertinent issues that either represented a challenge or, in several instances, were identified as significant obstacles to redevelopment. In broad terms, these constraints comprise:
 - Physical constraints on all sides (including railway and river)
 - Preservation of riverside access (perhaps more a consideration)
 - Leat running through the site (and limited access across it)
 - Listed building (also an opportunity, potentially)
 - Potential land contamination (low levels suggested by Dairy Crest)
 - Multiple ownerships
 - Highways access
 - Flooding
 - Financial viability
- 14) These are broadly listed in terms of their severity, culminating in the ultimate issue of viability. The most significant constraints relate to highways access and flood risk.
- 15) As far as highways issues are concerned, it is likely that any site redevelopment will be required to contribute to off-site highways improvements in Totnes both at the Redworth junction and along Station Road. There are also some potential complexities in relation to vehicular movements within the site itself given the need to retain suitable access and potentially enhanced parking in relation to the railway station.

- 16) Perhaps more significant is the fact that, following the completion of a Strategic Flood Risk Assessment (Level 1), a considerable proportion of the land at the lower end of the site has been designated by the Environment Agency as Functional Floodplain. This effectively precludes development in the affected area for anything other than water compatible uses. A Level 2 Strategic Flood Risk Assessment has been commissioned to provide greater detail and to validate the assumptions already made in relation to the flood risk. Given the current level of information, it appears that the flood risk issues have the potential to seriously limit the opportunities for redevelopment of this site.

The Council's Partnership Approach

- 17) The original objective of the Council in pursuing a partnership approach to site acquisition was to ensure it had an enhanced degree of control in relation to delivering its corporate priorities. However, in light of the potential obstacles to development as set out in paragraph 13 above, it appears the matter has been more protracted and complex than originally foreseen. Furthermore, it seems that Dairy Crest, as site owners, have not yet taken the property to market and, at this point, there is no clear indication of when this might take place.
- 18) Therefore, Members' should be aware that the priorities of our potential partners are likely to have shifted in the face of site limitations expressed in paragraph 13 above. Moreover, our own officers' capacity to press forward with unabated energy in the face of these difficulties may be hard to sustain. This does not preclude the authority from continuing engagement with all other interested parties in order to explore how corporate priorities may be delivered on the site

Strategic Risk Assessment

- 19) There are a number of risks related to this site as set out in the table below:

Opportunity	Issues / Obstacles:	Benefits:
To bring forward a sustainable brownfield prime site in Totnes	The site is heavily constrained; residual value is not quantified	Delivery against corporate priorities CP2, in particular
To ensure a clear Planning Policy message is issued regarding future redevelopment	Failure to redevelop the site in order to deliver against the Council's corporate priorities	Clear policies ensure optimum outcomes
SHDC is currently seeking a Level 2 Strategic Flood Risk Assessment final report	Highways or Flood Risk issues might preclude development of much of the site	Clarification of site's ability to deliver redevelopment opportunities
SHDC could re-engage with identified project partners under certain circumstances	Risk that the site remains undeveloped for a significant period of time as a result of obstacles / viability issues	SHDC remains open to opportunities that might arise

Engineering solutions might overcome EA concerns	May be cost-prohibitive even given EA approval	Exemplar development demonstrating technical / engineering solutions to overcome environmental constraints

Human Rights Act

20) There are no obvious human rights issues arising from this report.

Conclusion

- 21) In light of the issues set out in this report, Members will now be aware that progress as envisaged in earlier Executive reports in establishing a formal partnership to acquire the Dairy Crest has not proved by any means a straightforward process. Whilst the property still remains to come to the market and given the considerable constraints attaching to it, there is very limited opportunity to accelerate progress.
- 22) This does not suggest that the Council will not engage with parties considering acquisition and development of the site - quite the reverse. There remains the possibility that, as and when the property is advertised for disposal, potential purchasers / developers from the private, public or third sectors may well come forward and that Council engagement with those parties will assist the delivery of corporate priorities and facilitate the delivery of a scheme that surmounts technical difficulties and accommodates policy and community objectives.

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10 July 2008

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Background Documents:

Executive Report dated 7 June 2007 (Minute E14/07)

Executive Report dated 6 September 2007 (Minute E37/07)