

**HELENSBURGH WATERFRONT DEVELOPMENT (COMMERCIAL AREA)
– UPDATE & SHORTLISTING OF FINAL OFFERS**

1.0 EXECUTIVE SUMMARY

- 1.1 The development of Helensburgh Waterfront has been a long term project and following completion of the construction of the leisure centre focus moves to the site of the old swimming pool which is proposed primarily for commercial development. The completed leisure and public realm development has been credited with being a finalist of one of the best 'Placemaking' developments of 2023 in the national *Planning Awards* and is also shortlisted for 'Development of the Year (Public Buildings) 2024' in the Scottish Property Awards.
- 1.2 A two-stage marketing process was undertaken with the closing date for final proposals on 6th December 2023. This two-stage process allowed a public engagement exercise to be undertaken and shortlisting of the most economically beneficial and deliverable propositions prior to financial proposals being received.
- 1.3 This report aims to highlight the assessment of the final propositions and agree the candidates selected as preferred bidders to move into the interview process and detailed negotiations. The report also notes the completion of the retail study, which supports commercial development of the site.

RECOMMENDATIONS

- 1.4 That the H&L Area Committee:
 - 1.4.1 Note and consider the content of the retail study completed by Colliers Surveyors at Appendix A, which supports commercial development of the site to support the long-term viability of the town centre.
 - 1.4.2 Note and consider the varied interest in the site and the summary of the five proposals received as outlined in paragraph 4.4 below and in Appendix B.
 - 1.4.3 Note and consider, commercial consultant, Avison Young's review of the proposals attached as Appendix D.
 - 1.4.4 Note and approve the Property Development Working Group's (PDWG) assessment on 19th January 2024 of the 5 proposals with 2 being selected as preferred bidders as outlined in Appendix C.
 - 1.4.5 Note appendices B, C & D are publically restricted given commercially and financially sensitive nature of the live bidding process.

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2.0 INTRODUCTION

- 2.1 The development of Helensburgh Waterfront has been a long-term project and following completion of the construction of the leisure centre focus moves to the site of the old swimming pool, which is proposed primarily for commercial development. The completed leisure and public realm development has been credited with being a finalist of one of the best ‘Placemaking’ developments of 2023 in the national *Planning Awards* and is also shortlisted for “Best Construction Projects GB&I” for the *Construction Employers Federation (CEF)*.
- 2.2 A two-stage marketing process was undertaken with the closing date for final proposals on 6th December 2023. This two-stage process allowed a public engagement exercise to be undertaken and shortlisting of the most economically beneficial and deliverable propositions prior to financial proposals being received.
- 2.3 This report aims to highlight the assessment of the final propositions and agree the candidates selected as preferred bidders to move into the interview process and detailed negotiations. The report also notes the completion of the retail study, which supports commercial development of the site.

3.0 RECOMMENDATIONS

- 3.1 That the H&L Area Committee:
 - 3.1.1 Note and consider the content of the retail study completed by Colliers Surveyors at Appendix A, which supports commercial development of the site to support the long-term viability of the town centre.
 - 3.1.2 Note and consider the varied interest in the site and the summary of the five proposals received as outlined in paragraph 4.4 below and in Appendix B.
 - 3.1.3 Note and consider, commercial consultant, Avison Young’s review of the proposals attached as Appendix D.
 - 3.1.4 Note and approve the Property Development Working Group’s (PDWG) assessment on 19th January 2024 of the 5 proposals with 2 being selected as preferred bidders as outlined in Appendix C.
 - 3.1.5 Note appendices B, C & D are publically restricted given commercially and financially sensitive nature of the live bidding process.

4.0 BACKGROUND & SUMMARY OF OFFERS

- 4.1 The development of Helensburgh Waterfront is a key project for the council. Following completion of the Leisure Centre and car park in early 2023 the focus has now moved onto the commercial area.
- 4.2 Given the public interest in the site and taking cognisance of Helensburgh Community Council's representations it was agreed to undertake a 2 stage marketing process to allow for a public engagement exercise to be undertaken after the first stage. It should be noted that this engagement processes, focussed at local groups and businesses, was additional to formal community consultation that will come once a firm proposal is formed and planning application submitted. It was also recommended by our commercial agent to undertake a 2 stage process as it allows a shortlist of most credible proposals to be worked up to more developed business cases and financial modelling.
- 4.3 The second stage marketing exercise had a closing date of 6th December 2023 and the 5 proposals received are summarised in Appendix B. This Appendix is restricted as it contains commercially sensitive information.
- 4.4 The 5 propositions are from a mix of international, national and local bidders ranging in use from community, infrastructure, retail, hotel, restaurant and food retail. The proposals also range in scale from community space through small-scale buildings to multi storey developments.
- 4.5 As agreed at the Area Committee on 12th December 2023, officers have commenced further investigations into the option of developing a new skatepark at Kidston Park. DB3 Architects are supporting this work and will be undertaking topographical surveys of the park and initial design work to be discussed with the Helensburgh Skatepark Group.

5.0 RETAIL ASSESSMENT

- 5.1 Officers also instructed a retail assessment to be undertaken to assess the potential impact of any retail / commercial development and to assess if it would be beneficial in retaining spend which is currently lost to other surrounding towns. While this is not required for a town centre development site, it will hopefully assist to address some of the concerns raised in the community engagement process. It is notable that adjacent towns such as Dumbarton and Alexandria are progressing with town centre commercial developments and there is a risk that Helensburgh may see further expenditure leaking to these centres if no action is taken.
- 5.2 The study was undertaken by Colliers Surveyors and the full report is available at Appendix A. The report followed the same format as the previous studies undertaken in 2007 and 2011 and examined 2 scenarios. Firstly, where Helensburgh retains its current retail market share and secondly where the town claws back a proportion of the expenditure leakage from competing towns.
- 5.3 Under Scenario 2, Helensburgh could improve its market share of expenditure within the survey area, which would justify **additional comparison (non-food) of circa 3,000sqm to 5,000sqm gross floor space** over the next 5 to 10 years.

It is similarly noted there is also opportunity to further improve Helensburgh's market share to justify the provision of an **additional convenience (food) of circa 2,000 – 2,500sqm gross floor space** over the next 5 to 10-year period.

5.4 Accordingly, the study supports the council's wider development strategy for the waterfront site as a multi-use space with the £22m phase of leisure development, car parking and public amenity space already completed. The development of the commercial area will compliment this with the retail element a critical component of promoting the long-term viability of the town centre. The study concludes that the commercial development of the Helensburgh Waterfront site will:

- assist in ensuring the town becomes as self-sufficient as possible for retail provision,
- reclaim leaked comparison and convenience retail expenditure,
- complement the existing retail offer in Helensburgh town centre through increased footfall,
- support the wider range of existing services within the town centre,
- promote a mixed use redevelopment of the waterfront site to increase shared trips for shopping and leisure anchoring further the waterfront site into the shopping and leisure fabric of the town centre to safeguard its current and future role as an important shopping and service centre,
- support Helensburgh as a public Transport Hub for rail and bus. Developing this site provides the required retail floor space in an accessible location well served by public transport to not only promote sustainable development, but also ensure access is available to members of the community who do not own a car.

6.0 ASSESSMENT OF OFFERS FRAMEWORK AND SHORTLISTING

6.1 The Property Development Working Group (PDWG) consists of officers from a wide range of services to ensure that a spread of factors are taken into account when assessing the proposal received. For this exercise officers from Estates, Economic Development, Communities & Partnerships, Planning, Roads, Legal and Finance were represented.

6.2 The group assessed the proposals based on the following criteria as was agreed by the area committee on 12th September 2023. This was similar to the criteria from Stage 1 but the offers at Stage 2 included financial proposals from the parties to be included in the assessment.

1. Economic development

- Potential Economic Benefits (e.g. local employment and recruitment, salaries, level of investment, town centre economic compatibility, seasonality)
- Potential Indirect and Induced Benefits (e.g. purchase of local goods and services, leakage of expenditure to other areas)

2. Planning / Transport Considerations

- Consistency with Development Plan and deliverability in terms of parking, access and transport requirements

- Potential deliverability in terms of scale and mass based on information currently available
3. Legal Considerations / Governance / Risk
 4. Community Feedback
 - Based on Community Engagement Process (June 2023) and general community feedback.
 5. Financial outcomes
 - Potential capital or revenue income or ongoing revenue burden
- 6.3 The PDWG summary assessment of the offers and assessment criteria is attached as Appendix C, which is publically restricted due to the commercially sensitive information contained within it. From this exercise, two candidates were selected as preferred bidders as outlined in Appendix C.
- 6.4 Avison Young, commercial consultants who marketed the site on behalf of the council, have also reviewed the proposals and their report is attached as Appendix D which is publically restricted due to the commercially sensitive information contained within it. They have assessed them at a high level based on quality, compliance, financial covenant, experience, jobs created and NDR revenue. Avison Young have advised that they are satisfied that the two preferred bidders selected represent the best value to the council.

7.0 NEXT STEPS

- 7.1 The intention is to undertake interviews with the 2 preferred candidates, supported by our commercial consultants Avison Young, to crystallise their proposals and work towards concluding terms for the development of the site to deliver the best economic position for the council. This will be the subject of a future report to the area committee and thereafter the Policy & Resources Committee for approval.
- 7.2 As agreed at the area committee on 12th December 2023, officers have commenced further investigations into the option of developing a new skatepark at Kidston Park.

8.0 CONCLUSIONS

- 8.1 The two-stage marketing of the site has generated a strong level of interest and it is important to make the most of this interest as the development market is challenging at present.
- 8.2 Concerns around the impact of retail / commercial development of the site have been addressed by a retail study, which was completed in January 2024.

9. IMPLICATIONS

- 9.1 Policy – None.

- 9.2 Financial – Depending on the delivery mechanism the project could deliver significant capital or revenue income. Similarly there could be significant capital cost if the council funds capital works in addition to ongoing revenue costs.
- 9.3 Legal - The terms and conditions of any transactions to follow are intended to be delegated to the Executive Director of Customer Services.
- 9.4 HR – Depending on the delivery mechanism there could be additional resources required within teams such as Estates, Legal, Major Projects, Finance and PR.
- 9.5 Fairer Scotland Duty
 - 9.5.1 Equalities – Protected characteristics – None
 - 9.5.2 Socio economic Duty – None
 - 9.5.3 Islands – None
- 9.6 Climate change – Any large building project will have sustainability issues to address. However this development is designed to deliver local services to reduce the need for residents to travel to other destinations which will be a positive impact. There could also be potential for incorporating renewable energy systems such as solar panels / EV charging to reduce the carbon footprint of the development.
- 9.7 Risk – The two main areas of risk are around costs and local interest groups. The potential increase in costs from inflation and the limited capacity in the electrical network are the biggest risk. The secondary risk from local interest groups will need to be managed but as the development matches the LDP, Masterplan and Waterfront Business plan this is less of a risk.
- 9.8 Customer Service – None.
- 9.9 The Rights of the Child (UNCRC) – None.

Douglas Hendry, Executive Director with responsibility for Commercial Services
Councillor Gary Mulvaney – Policy Lead, Finance and Commercial Services

12th February 2024

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