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REGENERATION PROJECTS: PARTNERSHIP APPROACH AND LESSONS LEARNED

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REGENERATION PROJECTS: PARTNERSHIP APPROACH AND LESSONS LEARNED

INTRODUCTION

The purpose of this paper is to consider how a partnership approach to regeneration helps establish what will make a project viable and informs the parties how best to deliver a sustainable project. The three authors have each been involved in regeneration projects for over 20 years and have seen many different approaches to carrying out regeneration projects; some more successful than others. In considering the various projects the authors have been involved in, it is interesting to consider what differentiates some of the more successful projects from the others.

Key Topics

The following key topics will be considered.

- The public/private and public/public interface and how this works in practice
- The changing shape and emphasis of partnership working in times of economic and political uncertainty; remember in his inaugural speech David Cameron referred to a number of core values including the need for “real change” based on “rebuilding family, rebuilding community, and above all, rebuilding responsibility”. It remains to be seen what the impact of recent political developments will be on public/ private working.
- Funding, both public/private and public/public, and their relationship with each other
- The impact of recent legal developments on partnership working and structures. A key development is the introduction of the Remedies Directive in December 2009. This has radically changed the nature of remedies available in the event of breach of certain EU public procurement rules. Any planned development needs to have a strategy for addressing procurement and state aid

issues, always with an eye on the potential for challenge which, under the new Remedies Directive, could now lead to an agreement being declared ineffective, as opposed to a right purely in damages.

To illustrate these topics presented below are two Case Studies detailing projects Cobbetts have recently been involved with to show how these were undertaken and how partnering was used to ensure that the projects achieved (and are continuing to achieve) the parties’ objectives. The case studies will highlight what went well and where valuable lessons were learned in order to better inform future processes and methodology. The two projects are MediaCityUK, where Cobbetts is acting on behalf of a private developer Peel Holdings and Leeds Arena, where Cobbetts are acting on behalf of both Leeds City Council and Yorkshire Forward.

Types of Partnership Arrangements

There are a number of different ways in which a “partnership”, can be created, for example

Formal joint venture arrangements between a public sector authority and a private sector developer, with special purpose vehicles (companies, or limited liability partnerships being two examples) set up to carry out the development, and where each party has a stake in the SPV, and their respective interests are governed by the SPV’s constitution (partnership agreements), or separate shareholder agreements

Contractual arrangements. These may take various forms, including the PFI/PPP model, framework agreements and development agreements where a developer commits to carrying out a development on land owned by the public authority in return for acquiring an interest (often freehold or long leasehold) in the completed development.

In general terms we will consider a public authority and private sector developer working together to ensure that a regeneration project is delivered where funding is coming from the public sector, often through several different funding streams, and separate funding from the private sector.

“Common Goal”

While achieving a common goal (the delivery of the development project) may be what the parties are setting out to do, often the public sector authority and private sector developer will have different views on what that “common goal” is, and how to achieve it.

For the public authority, its regeneration aims are likely to include

- Bringing derelict/unused land back into use
- Attracting investment to the area
- Creating employment opportunities
- Upgrading local infrastructure
- Improving quality of life for residents

- Providing better housing
- Creating a visitor destination
- Shaping place

For the private developer, even in this market its regeneration aims are likely to be:

- Turning a profit!

However it is, of course, not quite that straightforward as the private developer will be looking at the sustainability of the development, achieving long-term investment growth and securing a development that will be attractive to occupiers and investors. But it must always be borne in mind that the private developer will not be interested in a development that is not going to achieve a financial return. Incremental development using public funds to kick-start the regeneration of an area can lead to a return for developers. The area is then re-shaped and this can generate profit in itself as a sustainable community. The key to this is the shift from “short-termism” to long term investment and partnership, in order to make the assets work.

Key Considerations

In considering the type of partnership to use key considerations will include

- Understanding the participating stakeholders’ position
- Finding a way to work together
- And making the partnership viable yet flexible.

The Route to Achieving Regeneration Goals

The route may entail

- The use of public money by way of grant or other funding streams to resolve issues which would otherwise make the project economically unviable
- A commitment to speculative development to “kick start” interest in the project
- Balancing of risk between the parties in relation to market frailties
- Securing the partnership and “future proofing” it
- Taking advantage of the powers of the public sector body (for example CPO and appropriation powers)

It is important that both parties must understand the other party’s position and find ways to work together to ensure that each party successfully achieves its key deliverables.

The two Case Studies we will look at both involve the public and private sectors working together.

CASE STUDY 1 MediaCityUK

Origins

Back in late 2004 the BBC announced it was searching for a new northern centre where it could relocate five London-based departments. In August 2005, Salford Quays was shortlisted as one of the four potential sites being considered.

It was at this stage that the MediaCityUK concept was born. A team of public sector bodies, the North West Regional Development Agency (NWRDA), Central Salford Urban Regeneration Company and Salford City Council worked with site owners and developers Peel to create a long-term proposal for a brand new media district supporting a host of like-minded businesses; a digital hub, inspired by media clusters in cities like Dubai and Singapore. This vision for a shared creative community proved compelling to the BBC, who selected MediaCityUK as their preferred site in July 2006.



The site of the development is at the core of what was Salford Docks. Once one of the country’s busiest dock systems, opened by Queen Victoria in 1894, Salford Docks suffered from the decline of heavy industry and the containerisation of shipping. It was finally closed in 1982, leaving the disused piers and waterways at risk of becoming a wasteland. In 1985 the Salford Quays development plan was unveiled signalling the start of one of the UK’s first and biggest urban regeneration projects.

The Developer

The Developer selected for MediaCityUK was the Peel Group, a leading North West real estate investment company with assets owned and under management of £6 billion. John Whittaker formed the Group forty years ago. He established the foundations that formed the company as it is now through a philosophy of recycling capital and long-term investment. Peel’s assets include the Manchester Ship Canal Company, the Trafford Centre, Clydeport PLC and its west coast Scottish ports, the Mersey Docks and Harbour Company and several airports including Liverpool John Lennon. It has a £50 billion investment strategy for the North West spanning the next fifty years. The aim is to establish the River Mersey and Manchester Ship Canal corridor as a source of new jobs,

investment development and environmental improvements. MediaCityUK is just part of that. The role of Cobbetts in this project is acting for Peel, and thus the perspective of this particular case study is that of the private developer.

MediaCityUK: Phase 1

Phase 1 of MediaCityUK is due for completion in 2011 but the city will start to come to life in the next few weeks when the first residents start moving into their new apartments. Throughout 2010 and on into 2011 the rest of phase 1 will gradually open for business.



The initial phase is a site of 36 acres, roughly the size of eighteen football pitches, and includes

- 700,000 square feet of office space spread across five buildings;
- 250,000 square feet of studio block;
- 80,000 square feet of retail and leisure space;
- 378 apartments divided between two towers;
- A 218 bed hotel;
- A five acre public realm area including in a piazza for 4,000 people;
- A technical infrastructure supported by 18,000,000 metres of fibre;
- A tram terminus extending the current line;
- A footbridge across the Manchester Ship Canal linking Salford Quays with Trafford Wharf;
- 300 cycle bays;
- A multi-storey car park with approximately 2,200 spaces.

Phase 1 represents about one fifth of the total land available. There is potential to utilise up to 200 acres.

A study carried out by Amion Consulting suggested that, once it is fully developed, MediaCityUK could accommodate more than 15,000 jobs and 1,000 businesses. When Phase 1 completes in 2011 there are likely to be 4,000 to 5,000 people working at MediaCityUK.

There is no gated perimeter to MediaCityUK; its park, piazza, shops, bars and restaurants will be open to the public in the same way as any city centre.

The BBC is an important part of MediaCityUK but the project is about much more than just the BBC. The University of Salford and North West Vision and Media have already confirmed that they will be at MediaCityUK and Peel are in discussions with other creative and digital businesses about moving there. Part of the development, a former warehouse known as the Pie Factory, already houses around 50 media related businesses and has been the base for a number of television productions.



The BBC will open for business in 2011 after what will be the biggest move out of London in its history. Children's Television, Sport, Radio 5 Live, Learning, and parts of the Future Media and Technology Team are all relocating to Salford bringing some of the BBC's most famous shows like Match of the Day and Blue Peter to the north. They will be joined by current Manchester-based outputs including the BBC Philharmonic, Dragon's Den, File on 4, Radcliffe and Maconie, Songs of Praise, Question of Sport and local and regional services.

The University of Salford intends to create a new higher education centre at the heart of MediaCityUK. An extension of the University's main campus will act both as a showcase for cutting edge projects and exhibitions and as a hub for research and teaching activities. More than 700 students and staff are expected to use the University's building that will open in September 2011. Facilities will include a broadcast zone, a digital media zone, a virtual laboratory and digital performance and creative spaces.

North West Vision and Media, the organisation responsible for leading, promoting and supporting the region's creative and digital industries, relocated to MediaCityUK in autumn 2009. It occupies a refurbished building opposite the Pie Factory on Broadway, allowing it to establish a MediaCityUK presence ahead of the completion of phase 1.

MediaCityUK: The Public Sector Partners

MediaCityUK's public sector partners (PSP) are

- Salford City Council (the council),

- Central Salford Urban Regeneration Company (the URC) and the
- NorthWest Regional Development Agency (NWDA).

Their vision is to maximise the investment and opportunities presented by MediaCityUK to ensure it meets the ambition to become a globally significant media city with viable long-term benefits for people living and working in Salford, the North West and beyond. The PSP programme aims to achieve this through leading and co-ordinating partnerships with a range of public and private organisations and community groups. The public sector is supporting the development of the MediaCityUK physical site and transport infrastructure, for example through

- The new metrolink tram stop;
- Developing new bus routes to connect MediaCityUK with a wider city region;
- Developing the area as a visitor destination and providing operational support for MediaCityUK.

The public sector is also using MediaCityUK as a catalyst to grow the digital and creative industries and to develop skills throughout the North West.

The PSP's Vision can be summarised as follows:

"To maximise the investment and opportunities presented by MediaCityUK to ensure it meets its ambition to become a globally significant MediaCityUK with viable long term benefits for people living and working in Salford the North West and beyond. The PSP programme aims to achieve this through leading and co-ordinating partnerships with a range of public and private organisations and community groups."

MediaCityUK: Stakeholder Objectives

Each key stakeholder in MediaCityUK has different but overlapping objectives and it has been of critical importance to the project to ensure that those objectives are linked. To assist in achieving that, in May 2007, the key stakeholders Peel, the Council, the URC, NWDA and the BBC signed a Strategic Framework Agreement. This set out the roles and responsibilities of each of the stakeholders in delivering the vision. It also set out objectives, governance arrangements, the contractual framework, the regulatory framework, the framework for developing enterprise skills and research, and the role the BBC can play in supporting MediaCityUK.

The main objectives of the individual stakeholders are

PEEL

- To secure agreement with the BBC to bring a substantial, long lasting presence to Salford Quays;
- To work with public sector partners to ensure the delivery of essential financial assistance, support services and other incentives;
- To bring other media and creative industries and support services to the site;

- To build and service the best physical environment for the media and creative industries to manage it and ensure its continual evolution.

THE COUNCIL

- To facilitate the development of a major site, create a visitor destination designed to be accessible by the widest cross section of the public;
- To raise the profile of the City of Salford;
- To raise the aspirations of citizens and businesses;
- To create job opportunities for citizens.

THE URC

- To create a globally significant new Media City capable of competing with the world's best;
- To create an environment which enables and stimulates linkage as well as the exchange of ideas;
- To weave MediaCityUK into the physical cultural economic and educational fabric of the north;
- To create a place where people want to work, live, learn and invest and a destination for the visiting public.

NWDA

- To increase the scale and activity in the digital and creative sector in the north;
- To expand the number and skills levels of people in the north employed in media and supporting sectors;
- To increase the scale of creative production commission from and taking place in the north;
- To stimulate and develop the convergence between the traditional film/TV and digital sectors;
- To maximise the levels of R&D Investment in the sector by the private sector and Universities;
- To enhance the image of the North West region as an international centre of creativity;
- To create a new/enhanced visitor destination in MediaCityUK to attract visitors and improve the visitor offering in Salford Quays.

THE BBC

- To increase BBC spending in the north and regions by around 35% to more than £1 billion;
- To locate half of the BBC public service staff outside London;
- To move a fifth of all commissioning decisions (by value) outside London.

MediaCityUK: Governance Arrangements

The MediaCityUK project benefits from the guidance of a Strategic Steering Group, chaired by the NWDA. Members include all the key stakeholders.

The Executive Management Group chaired by Peel. This includes, as members, the key stakeholders providing executive and operational co-ordination and control.

Peel has appointed a full time Chief Executive Officer to manage the delivery of MediaCityUK. The CEO chairs the Executive Management Group under strategic guidance from the Steering Group.

The public sector input is co-ordinated by a Project Director managed by the URC who reports to the CEO of the URC. The Director's role is to ensure that the public sector agencies deliver on their commitments.

There are a number of working groups set up by the Executive Management Group to ensure phase 1 work streams are delivered against the programme.

Advisory Boards have been established to assist the development and to ensure widespread participation and ownership eg there is an Occupants Advisory Group of key tenants chaired by the BBC.

MediaCityUK: Key Challenges

Unusually for a project of this scale there were no land assembly issues as Peel already owned the site. By the time Peel were making the final bid to the BBC, outline planning permission had already been granted for the BBC offices, a residential hotel, retail and leisure scheme. The Council had already resolved to approve planning guidance for the proposal and were indicating strong support. There were no highways issues. There were no local residents directly affected by the scheme and initial public consultation had been extremely supportive.

The key drivers for the scheme, and its key challenges, were first the BBC's need to be operational on site in 2012 and secondly bringing together the interests of the key stakeholders, including the public sector partners.

Key outputs for the NWDA were

- An extension of the Metrolink including the purchase of Metrolink vehicles providing a fast regular service to Piccadilly and Manchester City Centre;
- An open centre within the studio and technical block providing public access;
- A piazza;
- A pedestrian link bridge over the Manchester Ship Canal connecting to the Imperial War Museum and providing circulation around the Lowry and the War Museum and MediaCityUK;
- A media wall overlooking the piazza to provide broadcasts;
- A special media enterprise zone to attract companies and investment in the public digital environment.

Funding provided by Salford City Council included sponsorship of the BBC Philharmonic Orchestra (to be based in MediaCityUK) and a new NHS walk-in centre.

State aid compliance was a key issue throughout the discussions and involved detailed talks with the BBC, the NWDA, the Council and the URC to ensure that the proposals were State Aid compliant.

The distinguishing characteristic of each of the public sector partners was their "can do" approach. The NWDA, the City Council and the URC shared a determination to make MediaCityUK happen. Without public sector funding the project would not have got off the ground. However, even more importantly, without the drive and ambition of the public sector partners the negotiations which led to the commencement of work on site, would have stalled. The negotiations with the public sector partners were challenging, time consuming and raised numerous technical issues. Nevertheless everybody believed that hard work and commitment would enable us to find solutions. And it did.

MediaCityUK is testament to the vision of John Whittaker and Peel. It is equally a tribute to the way that the public sector can partner with the private sector to achieve a regeneration of a former dockland area in the North West of England that is of international significance.

Conclusion

MediaCityUK is an international concept in the North of England. At the end of the Victorian era the Manchester Ship Canal transformed communication between Liverpool and Manchester benefiting businesses throughout the Northern hemisphere and beyond. MediaCityUK is the equivalent step-change in communication in the Twenty First Century. It will develop over the next fifteen years to rival the best in the world becoming a global centre for business and ideas for the digital creative and media sector delivering a major boost to the UK economy providing significant economic and social activity. This has only been made possible because of the partnership between private and public sectors.

CASE STUDY 1 Leeds Arena

Leeds has been talking about having an Arena for many years and Cobbetts are very proud to be a member of the team that will eventually deliver it in 2013. In contrast to MediaCityUK, Cobbetts this time is acting for the public sector in this case, Leeds City Council. The Council started the whole process as facilitator but will deliberately end the process as the owner of the site and landlord of the development having played the key role of Developer along the way.

How did we get there and what lessons have we learnt?

Leeds Arena: Key Themes

As this process evolved a number of key themes have emerged.

- A complex strategic procurement model to manage first the selection of the Arena Operator and second, and running in parallel, the selection of the Developer to deliver the site and construct the Arena. This unusual

reversal of priority of appointments is at the very heart of the project, as will become apparent.

- The close collaboration of a tightly knit unit of specialist professionals including the client Leeds City Council and its funding partner Yorkshire Forward (YF).
- The creation of a viable and sustainable financial model capable of generating the maximum private sector investment. This was recognised long before the recession loomed.
- Finally, and closely allied to this theme, was the principle that the Operator should drive the design of the Arena. In contrast to the usual process this is almost inside out. And why not? After all the Operator is the expert ultimately responsible for driving the success of the Arena so why not give the Operator responsibility for the design of an arena that is most likely to support its business plan, and which, in turn, will generate the income to ultimately drive up the investment value.

Leeds Arena: Key Challenges

There was the almost inevitable tension between the differing aspirations of various public sector partners, the functional economic model versus the iconic landmark status building.

There were also all the usual pressures of delivering a project on time and to budget, exacerbated here by a heavily geared timetable which required the two parallel limbs of the procurement process to marry up together very precisely at a given point in time with no room for slippage.

Finally the entire project was impacted by a recession that which bit more quickly and deeply than anyone expected but this gave everyone involved the opportunity to demonstrate their ability to think quickly, to adapt resourcefully and to act decisively.

Leeds Arena: Project Overview

As part of its regeneration ambitions for the city, Leeds had undertaken numerous research projects to identify key stimuli for growth and investment in the city. Time and time again reports suggested that the missing ingredient to the city's leisure entertainment offering (apart from the need for a successful premier league football team, probably a long term project) was a mid-sized Arena with the capacity to house a seated audience of at least 12,500, and the ability to attract major international performers to the city. Both Leeds and YF saw this as a real opportunity for Leeds to move up a league and raise its profile locally, regionally, nationally and internationally and to secure an anticipated economic boost to the city estimated as at least £25 million per annum.

And so the Arena was determined as a key priority for both the Council and YF and, subject to various approvals, an initial package of £20,000,000 of public funding was budgeted to support the Arena.

Leeds City Council (LCC) then identified a talented and committed senior officer, Martin Farrington, to take responsibility for the delivery of the project. Next, and crucially at a very early stage, Leeds appointed sports and

leisure expert consultants PMP (now IPW), led by Nick Russell, to advise on structures and funding and to devise a strategy to drive the process through to a successful conclusion. In turn IPW then spearheaded the recruitment of the specialist project team of Arups as Stadium/Arena engineers and acoustic specialists, surveyors DTZ led by Andrew Smith, and Cobbetts was selected as legal advisors. Then, and again crucially at a very early stage, LCC and IPW set up a clear internal reporting mechanism which allowed appropriate information to flow to the right people at the right time so crucial decisions could be made quickly.

And IPW and LCC, in consultation with the project team, then devised the dual competitive dialogue approach to deliver the Arena.

Leeds Arena: Design Features



The first thing to notice is the fan shaped theatre design. This is extremely unusual for Arenas as most follow the tried and tested US models where the seating is designed 360 degrees around and focusing on a central sports arena for ice hockey, basketball or similar. Leeds has taken a completely different approach driven fundamentally by the priorities of the Operator's business plan. The benefit of these sports events in income terms is relatively low but the cost of providing and maintaining the required plant and facilities to support them is huge. Even more importantly though the sports events compromise the design of the Arena and prejudice the visual and acoustic experience for the audience for mainstream performance events. In a fan shape auditorium every seat will be forward facing with perfect un-obscured vision and no seat will be further than 65 metres from the stage. Generally speaking it is not unusual in Arenas for many seats to be more than 100 metres from the stage.



Leeds intends to provide an Arena that is radically different, as it has been designed precisely to accommodate the features needed to support the Operator's business plan. Another good example of this priority will be the entrance and exit flows. These have been designed to ensure rapid entrance and exit for the audience from the front of the Arena but at the same time to deliver at the rear of the Arena rapid turnaround for the performers and their entourage. The idea is simple but rarely executed well. An Operator needs to be able to close one performance and open another as quickly as possible with the minimum of down time to maximise revenue. This is not easy when you think of the enormous plant, sound and lighting equipment that the world's biggest superstars take with them. However the Leeds Arena has been designed so that for example you could close a performance by say the Rolling Stones (I am sure they will still be touring in 3 year's time despite the fact that Charlie Watts will then be 73) and open another performance by say Prince the next night.



As a final example if you have ever been fortunate enough to enjoy corporate hospitality in a box in a traditional Arena you will probably have shared my usual experience of disappointment. Unfortunately the position of the boxes seems almost to be an afterthought and will have been driven by the shape of "sports" Arena. This will not be the case in Leeds where the Operator has identified the precise height and position for the boxes to ensure that they provide the optimum visual and acoustic experience for the hosts and

their guests. These innovations do not happen by accident. They are the direct result of a competitive dialogue process that has challenged and refined the design and forced Operators to raise their game.

Leeds Arena: Public Procurement Process

Most of all the Council was keen to generate interest and excitement for the project, to create a buzz. By every measure they succeeded in that they managed to attract 6 of the top international players in the promotions industry and the standards of all the bids was extremely high. The Council was looking for innovation and design as well as keen pricing to minimise the level of public subsidy.

Leeds Arena: Public Procurement Process, Decisions Made

The procurement process began in a buoyant market and the clever bit of the process, or so it seemed at the time, was to twin track the two competitive dialogues one being the selection of the Operator running just ahead and the second being the appointment of the Developer. The novel feature is not just the parallel approach but mainly that the interests of the Operator were given priority so that, for once, the Operator would not have to be bound by the physical characteristics of a building or site foisted upon it. Instead the Operator was given a free hand to develop a model that would deliver those features optimum to support its business plan. In turn this enabled the Operator to predict with greater confidence than usual the higher profits and to commit to the higher income payments that would attract greater private sector investment and thus minimise the level of public subsidy required. The only restrictions were those specified in the tender process and this had to be carefully drafted to achieve fairness, transparency and absolute clarity.

Sufficient details from the Operator competition were fed into the Developer process so that the Developer could understand what the Operator required and what income streams might be available to source the funding of the scheme. Undoubtedly the complexity and pressure of the dual timetable created tensions for the team particularly when those processes were operating at full tilt often with back to back meetings with a number of different Operators and Developers but the process nevertheless moved relatively smoothly onwards and upwards, which, unfortunately, is more than can be said for the economy.

Leeds Arena: Competitive Dialogue

Key Successes

- Integrated Project team, regular MDT briefings
- Successful project management of overlapping strands
- Schedule met, for award to Operator

Key Drivers

- Importance of Operator Business Plan upon design

- Financial constraints

Most of the above items have already been dealt with. After an intensive period of competition SMG were successful and were appointed as Operator on time and with a very strong bid. After their appointment it was then Cobbetts role, as legal advisors, to reduce the relevant terms of their bid to an enforceable agreement between the Council and Operator committing the Operator to enter into an agreement for lease with the Developer pursuant to which the Developer would deliver an Arena which met and satisfied the key features of the Operator's business plan. Thereafter the Operator would enter into the lease and commit to deliver the acts required to support the rent payable under that lease. What could be simpler?

Leeds Arena: Challenges

One of the challenges that evolved during the process was to manage the aspirations of the various public sector and private sector participants. It was vitally important to recognise that whilst Leeds always intended to deliver a high quality and distinctive building prioritising the requirements of the Operator, the focus was inwards facing rather than outward facing, but not everybody shared this view. Indeed there were plenty of people, including some of the Developers, who favoured an iconic status building over a functional cash-generating model. There was an important role here for both the Lead Officer at the Council and the Project Manager in managing and brokering the expectations of all parties to ensure that the clarity of this objective was not compromised.

But part way through the Developer selection process confidence in the market began to fall. Commercial land values began to deteriorate rapidly, the ability to borrow hardened and it was quickly apparent that the original proposals for funding the delivery of the Arena had become unsustainable. A set of unforeseen circumstances had emerged that threatened to scupper the entire project. We now faced a new and very difficult challenge. One half of the procurement was completed. We had an enthusiastic Operator appointed and fully engaged in the process but the other half was seriously impacted by the credit crunch. The problem was what to do now. We were half in and half out of a complex procurement structure with the need to be fair and transparent to all but there was a serious risk that confidence in the scheme was being undermined by the rapidly declining market.

Leeds Arena: Adapting to Extreme Circumstances

Fortunately by then the project team had evolved into a closely knit and integrated unit firmly committed to the delivery of this project. They had to respond quickly to rapidly changing circumstances and yet continue to work within the confines of the original procurement. It was now that the experience of the team and the clarity of their objective, to say nothing of their resourcefulness, became vitally important. Very quickly the team was able to formulate and consider a number of different alternatives to evaluate the risks to the

project and the Council under the current strategy. Ultimately the decision made was to abandon the procurement process as circumstances had changed so radically that the existing structure proposed could no longer accommodate land values and build out costs. The Council then resolved to step in and to take on the role of the Developer on a city centre site that had recently become available.

It was only able to do so though because of the trust and confidence that had been established with the Operator and who in turn confirmed a willingness to proceed on that basis. Our role at that stage was to extricate the Council from the current procurement process and then to swiftly document new contractual arrangements by drafting and settling a new development agreement between the Council and SMG including a mechanism whereby the detailed site specific design of the Arena could be worked up.

Notwithstanding the collapse in the market the scheme remains viable and innovative and there has been no compromise in the original objectives or indeed in the quality of the design. It has now got planning permission and funding has been secured and I have no doubt it will proceed.

Leeds Arena: Lessons Learned

In our view the Leeds Arena could well provide a role model for similar future schemes. In today's market, it is difficult to see how an Arena could be delivered otherwise than by means of close collaboration between the public sector and the private sector. Make no mistake that however ambitious and committed to the project Leeds were, this scheme could not have happened without the appointment of a skilled and experienced Operator and without that all important refined challenged and tested business plan. Similarly though no matter how much SMG wanted to bring major international stars to Leeds they simply could not have delivered the Arena without the ambition the project management skills and the commitment of Leeds as demonstrated by their taking on the role of an active Developer. Working independently neither of them could achieve success but working closely together they can and will deliver a showcase and innovative Arena.

We also learned that one of the keys to success was having an absolute clarity of roles with each team member clearly accountable for their contribution. Referring back to the design of the Arena where Leeds at a macro level provided the environment in which SMG could propose and fine tune through a challenging competitive dialogue process the design to deliver an Arena altogether and entirely fit for purpose. Leeds did not try to micro-manage any of the design despite the obvious temptations for some but stood back and allowed it to evolve through that process.

Another lessons learned was that Leeds recognised that they could not do it without specialist help and so they appointed and managed a strong, cohesive and creative unit of consultants and advisers, including, of course, the appointment of lawyers at an early stage, so that when a crisis, even one as overwhelming as the recession, did strike the project team were more than up to the task and could respond quickly and effectively to find the right solution to keep the project on track.

Conclusions

The two case studies illustrate what the private and public sectors can achieve by working together. A number of common themes have emerged, including

- The importance of early planning of procurement strategy, including considering the relevance of any state aid issues and availability of public funding;
- Early engagement of all interested parties including, where possible, key operators, occupiers and advisors and the need for clear communication and involvement at all stages;
- Identification and alignment of each party's key aims and objectives from the outset to allow the project to be designed and developed with these clearly in mind. It is also important to ensure these objectives are realistic.
- Assessment of the risk profile for each party and how the risk is to be allocated;
- Developing protocols for partnership working alongside the preparation of detailed business plans which are continually refined, tested and challenged throughout;
- As always, clarity of Heads of Terms assists in identifying issues that need to be addressed.
- Above all, the parties need to be flexible, responsive and adaptable!

When it comes to acting on regeneration projects, we believe our experience in working for the public and private sector provides an invaluable insight into their requirements. It also helps us to guide both parties in understanding what needs to be done to ensure that the parties' objectives are met. Without that understanding from both sides, it is going to be difficult for any regeneration project to be successfully delivered in this market.

Tiffany Cloynes

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