

Runnymede Borough CouncilECONOMIC DEVELOPMENT COMMITTEE23 August 2007 at 7.30pm

Members of the Committee present: Councillors Ms C.M. Simmons (Chairman), D.A. Cotty (Vice-Chairman), A. Alderson, M.J. Brown, Mrs R.M. Denby, D.R. Hamilton, Ms R.E. Haylor Miss M.N. Heath, R.N. Jones and J.W.C. Perschke

Members of the Committee absent: None

Councillors J.R. Furey, Mrs L.M. Gillham, D.W. Parr and P.J. Waddell also attended.

180. NOTIFICATION OF CHANGE TO COMMITTEE MEMBERSHIP

The Group mentioned below had notified the Chief Executive Officer of their wish that the change listed below be made to the membership of the Committee. The change was for a fixed period ending on the day after the meeting and thereafter the Councillor removed would be reappointed.

Group requesting change	Remove from Membership	Appoint Instead
Conservative	Councillor H.A. Butterfield	Councillor Ms R.E. Haylor

The Chief Executive Officer had given effect to these wishes in accordance with Section 16(2) of the Local Government and Housing Act 1989.

181. MINUTES

The Minutes of the meeting of the Committee held on 7 June 2007 were confirmed and signed as a correct record.

182. PRECINCT CAR PARK, CHURCH ROAD, EGHAM – REDEVELOPMENT PROPOSALS
(Ref: Minutes of Economic Development Committee 15 September 2005, para. 266, page 444, 12 January 2006, para. 488, page 732 and 14 September 2006, para. 236, page 277)

The Committee considered a report which: (i) outlined the formal proposals from the Head Lessee of The Precinct (Albemarle Egham LLP) and their development partner (Liberty Properties Plc) for the existing car park site, and, (ii) sought approval for the terms of its disposal.

The Committee was informed that in January 2006, the Head Lessee of The Precinct, Hutley Investments Limited, had assigned their leasehold interest to Albemarle Egham LLP with a view to redevelopment in order to enhance the retail offering in Egham. Consequently, all property interest negotiations had been taking place with Albemarle Egham LLP.

Members were reminded that in September 2006 the outline proposals had included the following elements:

- i) Refurbishment of The Precinct.
- ii) A food store on the Precinct Car Park of around 36,000 sq.ft. gross internal area.
- iii) A new undercroft car park of approximately 160 spaces beneath the food store with 9 spaces and a service yard at surface level (the current capacity of The Precinct car park was 93 spaces).
- iv) A 56 room budget hotel situated on the 1st and 2nd floor above the food store.
- v) Conveniences, open to the public, situated at the front of the food store.

- vi) A new pedestrian link with the High Street west of the existing passage formed by taking out one of the shop units in The Precinct.

Since that time a considerable amount of further work had been done by the developers and particular attention had been directed towards securing a quality food retailer, which had been long considered to be a desirable addition to enhance the retail offering in Egham.

The current proposals now envisaged:

- i) A centrally located medium-sized Waitrose food store at ground floor level fronting Church Road with a gross internal retail area of approximately 21,000 sq.ft. with storage and associated space on part of the ground and first floor level adding approximately 15,000 sq.ft. to the area;
- ii) Service facilities (yard) for both the store and the retail units fronting the High Street to be accessed off Church Road.
- iii) Adjacent car park provision of 173 spaces (14 spaces to be provided at ground level together with 11 disabled and 16 parent and toddler spaces) with the remainder provided in a full basement car park area accessed by a ramp with separate car access/exits onto Church Road. The design would ensure a feeling of security for users.
- iv) New and enhanced pedestrian access to the High Street. The existing pedestrian route would be retained as a means of escape/service route.
- v) A budget/mid-range hotel of approximately 60 rooms on the upper two floors of the scheme.
- vi) New bus stops and shelters at the end of the pedestrian route on Church Road.

It was proposed that Waitrose would manage the 173 space car park but that it would not be restricted to their shoppers only. A similar charging regime for the first two hours, as currently employed in the existing car park, would be proposed. It was probable, although not yet certain, that Waitrose, as they did in their other stores, would offer some form of parking charge refund via their tills for those shoppers spending a minimum sum in their store. This provision was recognised as being a particularly important issue for the town as the existing Precinct Car Park currently provided significant short-stay parking.

Subject to Members' approval it was the Officers' intention to finalise the detail of the parking arrangements direct with Waitrose, and then report further to the Committee as regards the future management of the 173 space car parking provision in the development. It was reported that Waitrose main board approval to the store proposals had already been secured by their senior property development staff.

It was also noted that during the fifteen month construction period there would be the inevitable, but necessary, loss of the existing 93 Precinct Car Park spaces. Members accordingly asked for the siting of prominent signs directing drivers to alternative car parks in the vicinity.

As regards the time-scale Members were reminded that the proposals were subject to a detailed planning application process together with various other necessary consents. The development was, therefore, expected to be completed in the first half of 2009.

As part of the consultation process, a briefing for representatives of the Egham Chamber of Commerce, Egham Residents' Association and Ward Members had recently taken place. Whilst there were specific points that it was agreed to follow up and/or take note of, the comments received at the meeting were most favourable and fully supportive of the proposals. Members asked that liaison with these Groups continue throughout the development process.

Turning to the legal and policy implications where freehold or long leasehold disposal was concerned, the Council would, in normal circumstances, market the property or seek competitive bids. However, one exception to this requirement was where, as was the current situation, there was a prospective purchaser who could bring special value to the transaction. Here, the interest of the

developer on the adjoining Precinct Development should lead both to a high degree of synergy with the new development and to achieving best value.

In the ensuing discussion Members complimented Officers and expressed their full support for the proposals, as set out in the report, which they believed would meet the aspirations of residents and commerce in the town. Members were naturally conscious of the need for the design and build, however, to reflect its close proximity to the Conservation Area. Overall, the associated improvements should make a major contribution to enhancing the current retail offering in Egham as well as providing much needed budget/medium priced hotel facilities in the area. The investment should also improve the overall attractiveness and viability of Egham which was consistent with the Council's long term stated policy aims. Accordingly, it was unanimously -

RESOLVED that –

- i) subject to the property and financial terms being acceptable and to the Developers securing all necessary consents the disposal to Albemarle/Liberty Properties Plc of the Precinct Car Park lands (identified in the plan attached at Appendix 'A' hereto) by way of a 125 year lease for development of a Waitrose food store, hotel, underground car parking and associated facilities be approved; and**
- ii) a further report be brought to the Committee on the arrangements for the future management of the 173 space car parking provision in the development.**

183. PRECINCT CAR PARK, CHURCH ROAD, EGHAM – DEVELOPMENT PROPOSALS
(Ref: Minutes of Economic Development Committee 15 September 2005, para. 266, page 444, 12 January 2006, para. 488, page 732 and 14 September 2006, para. 236, page 277)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraphs 1, 2 and 3 of Schedule 12A to Part 1 of the Act.

Authority was sought for the outline financial and property-related terms for the leasehold disposal of the Precinct Car Park site. Officers set out the current proposals in this respect. The total scheme costs as identified by the development appraisal and finished value were noted. Rather than taking a capital receipt for the Council's interest, Officers proposed the Council take a percentage share of the occupational rental value which was, itself, subject to five-yearly upward-only rent reviews. This would achieve the same proportion as for the existing Precinct development. It was also proposed to offer a 125 year lease to Albemarle Egham LLP/Liberty Properties Plc in order that the Council retained a strategic land interest. This last point was particularly welcomed by Members.

It was reported that the Head Lessee, Albemarle Egham LLP and the Developer (Liberty Properties Plc) were offering an "open-book" approach to the scheme costs and should construction and associated sums be less than the estimated total, the benefits would be shared with Runnymede on a 50:50 basis.

In addition, a further turnover rental (based on a percentage of turnover exceeding a certain amount per annum) would be payable to the Head Lessee by Waitrose. The Council, in turn, as the freeholder would receive a percentage of any such additional payments should they be triggered at any time in the future.

As regards car park provision, from commencement of the lease, Waitrose would pay the Council a significant sum per annum in order to meet the net cost of the loss of car parking income. This would be index-linked. To make-up the loss of existing car parking income to the Council during the 15 month construction period, the development appraisal also included an appropriate sum payable by the Developer to compensate for the Council's loss so as to ensure that there were no negative revenue budgetary implications in pursuing the scheme.

In discussing the financial implications in more depth, Members were reminded that the additional rental income anticipated from this scheme could only be based upon certain rental and yield assumptions. Furthermore, whilst the opportunity existed to share in both potential cost savings and an enhanced turnover in the food store together with the upwards - only five year rent reviews these were not capable of being financially quantified at this time. The base rental proposed, however, would be included in the five-year financial forecast to be considered by Corporate Management Committee at its next meeting. Members agreed that this uplift in corporate property income arising from implementing the development proposals would be a welcome contribution to the challenging revenue reduction target the Council had been required to set itself. Members were pleased with the terms proposed and accordingly, it was unanimously

RESOLVED that –

- i) the Director of Administration and Leisure be authorised to conclude terms on the basis outlined in this report; and**
- ii) a further report be brought to the Committee on the arrangements for the future management of the 173 space car parking provision in the development.**

184. LAND AT BLAYS LANE, ENGLEFIELD GREEN – DISPOSAL – LATEST POSITION
(Ref: Minutes of Economic Development Committee 9 September 2004, pages 246 & 247, paras. 185 and 186, 10 March 2005, page 886, para. 599, and 15 September 2005, page no. 443, para. 265)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

An information report setting out the history of this disposal of land, inter alia, was presented particularly for the benefit of newly appointed Committee Members.

Turning to the present, on 25 July 2007, the Planning Committee had authorised the grant of planning permission for the 24 unit scheme. Officers had then confirmed the authority to dispose of the land on the basis of the 24 unit scheme under the Standing Order 42 procedure, (No. 642), with the agreement of both the Chairman of this Committee and the Chairman of Corporate Management Committee.

In consequence of the latest developments, completion of the purchase of the land by Bellway Homes was expected to take place on the latest of the following:

- i) A date at the end of November or early December 2007, calculated from the release of the planning decision notice;
- ii) the date of dismissal of any proceedings for judicial review of the decision to grant planning permission, provided that this occurs on or before 14 May 2008.

The revised contract contained an 'overage' provision under which the Council would receive a percentage of the developers' net profit so far as it exceeded the level anticipated at the date of the agreement (the assumed development costs would be subsequently defined in the agreement).

The report also presented the opportunity to clarify a number of other points raised by objectors. Members were advised that plots at Englefield Green Cemetery had been used at approximately the same rate as that assumed when the decision to dispose of the land was taken, and the estimate that more than 30 years supply remained appeared to be well justified.

Objectors to planning permission had also pointed out to Ward and other Councillors that the 24 unit scheme did not correspond to the 32 unit scheme on the basis of which Bellway's offer was accepted. This was, however, not a planning issue. The key non-financial consideration in the choice of Bellway, however, was quality of design, and Officers were satisfied that the current

scheme was at least the equivalent of the old in this respect. Furthermore, most of the houses were set back further, from the boundary with the Cemetery, than in the original scheme. Another point raised by objectors was that the current scheme included no affordable housing. It was re-emphasised that, at the time the planning application for the current scheme was lodged, it was below the numerical threshold at which affordable housing was required by adopted Development Plan policy.

The key objectives which lay behind the disposal of the land for housing purposes were:

- i) to act as a responsible public authority in making best use of the Council's real property assets for the benefit of the whole community, rather than keeping land over and above service requirements;
- ii) to realise a capital receipt in order to assist the Council in reaching a sustainable budgetary provision;
- iii) to assist in delivering Runnymede's share of the regional target for new housing provision, and to do so without using Green Belt land.

The approved scheme continued to fulfil these objectives.

Officers believed that the agreed receipt, together with the overage provision, represented the optimum value realistically achievable for this site. It formed an important component of the Council's financial strategy for achieving a balanced budget. Were the scheme to be revised to achieve a higher density, values would be affected by the need to provide affordable housing (which would now apply even on a new application for the same density), and the scheme would be likely to encounter more planning difficulties in view of the sensitivity of the location. A lower density, on the other hand, even aside from the affordable housing element, would result in a loss of development value. Any attempt to revise the scheme further would, even if agreed, delay the receipt, and disadvantage the Council's financial strategy.

185. PROPOSED SALE OF CIVIC OFFICES AND ADDLESTONE POLICE STATION, ADDLESTONE
(Ref: Minutes of Economic Development Committee, June 2006, para. 59 page 39)

By resolution of the Committee, the press and public were excluded from the meeting during the consideration of this matter under Section 100A(4) of the Local Government Act 1972 on the grounds that the discussion would be likely to involve the disclosure of exempt information of the description specified in paragraph 3 of Schedule 12A to Part 1 of the Act.

Members were advised:

- i) of the of the outcome of the marketing of the sites at the Civic Offices and Addlestone Police Station; and
- ii) the further post-marketing work anticipated, in order to facilitate the disposal of the sites and to secure a valuable capital receipt.

The joint marketing of both sites was completed on 27 July 2007 and a total of 11 bids had been received. Whilst most of the bids were subject to planning and other terms and conditions, the shortlisted offers, if sustainable, would result in a capital receipt for the Council in excess of the estimate and were broadly compliant with the details of the outline planning permission.

A shortlist of 6 bids had now been selected, based on the level of offer, compliance with the marketing brief, and an initial assessment of scheme layout. House builders on the shortlist had been requested to provide further detailed information in order to further evaluate proposed schemes and enable a comparison between short listed bids.

All the schemes selected for the shortlist provided the required 40% affordable housing provision within the development, in partnership with the Council's selected registered Social Landlord, Thames Valley Housing Association. Vehicular access was to be taken from Station Road, although further technical highway issues would need to be resolved with the selected house builders.

Following receipt of further information from the short listed house builders, discussions would then commence with the Council's Development Control Team, to ascertain compliance with Planning Policy and Guidance and issues relating to scheme design, height, massing and scale. A further reduced shortlist would then be prepared, and it was intended that a preferred purchaser would be selected shortly thereafter.

A full report would then be presented to the Committee on 13 September 2007 providing details of the selected bidder, scheme proposals and level of bid. A detailed planning application would then be submitted with completion of sale upon the grant of permission.

The completion of the marketing exercise has resulted in bids in excess of capital receipt expectations. A capital receipt of this size would generate significant monthly interest for the Council, so the timing of the receipt had important implications for the Council's overall financial position. However, Officers cautioned that there was still significant work required to enable the selection of a preferred purchaser and scheme, and further evaluations of the shortlisted bids was now in progress. In response to questions relating to the Library and CAB it was reported that negotiations were still continuing.

During the closing discussion a Ward Member suggested that the development project must make a significant visual contribution to the Addlestone town centre, in contrast with some of the existing 1960's architecture, as well as providing quality affordable housing.

Chairman

(The meeting ended at 8-31pm)