

## DUKES COURT PLAZA PROJECT

### Executive Summary

The Council authorised the acquisition of Dukes Court Owner T.S.A.R.L on 28 September 2017 in support of the Council's economic and development strategies for Woking town centre. The purchase of the Luxembourg based holding company completed on 17 November 2017. The company is being closed and the asset was transferred to the Council on 28 September 2018. Since acquisition this strategic property investment has performed well notwithstanding difficult market conditions.

Dukes Court was built in 1986 and consists of five blocks (A – E), and a standalone two storey building, Chertsey House, altogether providing 220,000 sq. ft. of office accommodation, along with 420 parking spaces.

The building has undergone a number of internal refurbishments but externally it still has the feel of a 1980's building with the majority of the frontage being car parking, and no obvious main entrance. This creates confusion for any visitors arriving on site. If Dukes Court is to be able to compete with other newly refurbished or newly built offices in the town centre, the visitor experience when arriving and entering the building needs to be greatly improved.

The proposal contained within this report involves the relocation of the existing car park fronting the building and the creation of a new landscaped plaza which will create a pleasant space for tenants and members of the public to enjoy, as well as providing a connection between the town centre and Dukes Court. The living wall, new signage and the pedestrian routes created by the plaza works will enhance the visibility of the main entrance for visitors arriving on the site. A new restaurant will be constructed within the plaza. This may result in the relocation of an existing restaurant and potentially allow a local business to continue to trade when the Woking Gateway development project begins. The restaurant will serve both occupiers of Dukes Court and members of the public.

Finally, these proposals include highway improvements to the areas surrounding the site which includes altering the access to Dukes Court by changing the main vehicle access to Stanley Road, closing Dukes Street between Dukes Court and Elizabeth House and changing the junction of Maybury Road, Stanley Road and The Broadway. These works will complement the work already being undertaken through the Town Centre Integrated Transport Scheme and they are fully supported by Surrey County Council.

The proposed improvements require an investment of £4.53M. The proposal will not only encourage the retention of existing tenants and vastly improve the visitor experience upon arrival at the site, but it will also enhance the Council's ability to secure new tenants into this building at improved rental values and provide a solid base for an uplift in rents in forthcoming lease events.

### Recommendations

The Executive is requested to:

#### **RESOLVE That**

- (i) the proposed improvements to Dukes Court external areas be authorised for implementation, together with the surrounding highway works; and

- (ii) the budget for the capital works to undertake the project be authorised in the sum of £4.53M.

**Reasons for Decision**

Reason: To enable external improvements to Dukes Court and Woking Town Centre.

The Executive has the authority to determine the recommendation(s) set out above.

**Background Papers:** None.

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### 1.0 Introduction

- 1.1 The Council authorised the acquisition of Dukes Court Owner T.S.A.R.L on 28 September 2017, in support of the Council's economic and development strategies for Woking town centre.
- 1.2 The purchase of the Luxembourg based holding company completed on 17 November 2017. The company is being closed and the asset transferred to the Council on 28 September 2018. The acquisition has secured quality office space in the town which might otherwise have been lost to residential conversion under the Government's "Prior Approval" process.
- 1.3 The existing managing agent, Property Initiatives, were retained to ensure continuity of management throughout the acquisition process and through any future proposals for the site.
- 1.4 The Council also resolved on 28 September 2017 that the Executive be authorised to determine the proposed improvements to Dukes Court and its surrounding area.
- 1.5 An additional potential benefit of acquiring Dukes Court was the possibility of providing a 20,000 sq. ft. extension of the building to ensure long term supply of a further wide range of high quality office accommodation. This potential extension will be considered separately following a full appraisal of the proposal.
- 1.6 This report sets out the first phase of improvements at Dukes Court to provide an enhanced public realm, linked to the wider town centre, highway improvements and the creation of a new restaurant serving the building and surrounding area.

### 2.0 Dukes Court Plaza

- 2.1 Dukes Court was built in 1986 and consists of five blocks, (A to E) with ground floors and five - seven upper floors together with a standalone two storey building, Chertsey House, in aggregate some 220,000 sq. ft of office space, making it the largest office building in Woking. It also has onsite car parking for 420 vehicles.
- 2.2 It has undergone a number of internal refurbishments with the majority of the offices now benefitting from high quality modern air conditioned space. Internally, it can compete with other modern office buildings within Woking.
- 2.3 Externally, Dukes Court has the feel of a 1980's building. The building has three separate entrances in blocks A, C and E which causes confusion to visitors upon arrival. When approaching the site from Chertsey Road or The Broadway, it is not clear to visitors which route they should take or which entrance is the main reception.
- 2.4 The area to the front of the building is dedicated to vehicular traffic and car parking. There are 24 car parking spaces at the front of the building which gives the impression of crossing a car park as you approach the building.
- 2.5 If Dukes Court is to compete with other more modern or newly constructed office buildings in the town, the visitor experience when arriving and entering the building needs to be greatly improved.
- 2.6 This report sets out a proposal to redesign the area to the front of Dukes Court, creating a modern plaza, an urban space that provides a connection between the town centre and the Dukes Court building. The design softens the space which fronts the building with landscaping, new tree planting, new lighting and external seating. The merits of this proposal will be considered by the Planning Committee in due course.

## **Dukes Court Plaza Project**

- 2.7 New relevance and appearance is to be given to the 3 entrances of the building. The main focus is to be to the main entrance in block C which is to be made prominent for people approaching the site through the provision of a full height living wall and new, illuminated Dukes Court signage. A new tree lined avenue from the Chertsey Road side of the plaza will direct visitors to the main reception block. Additional wayfinding signage across the plaza will assist visitors to navigate their way around the site with ease.
- 2.8 The parking provision to the front of the building is mainly to be relocated to the rear of the building, with just a drop off point and minimal parking bays at the front of the site to avoid compromising the appearance of the plaza.
- 2.9 In addition, a new restaurant will be constructed within the plaza which will serve both occupiers of Dukes Court and members of the public. This may result in the relocation of an existing restaurant business and potentially allow a local business to continue to trade when the Woking Gateway development project begins. The new restaurant building sits within the plaza between the entrances to blocks A and C and both internal and external seating are to be provided. A green roof and living wall screens will soften the appearance of the new building within the plaza and the materials used will complement those existing on the main Dukes Court facade.
- 2.10 The broad proposals have been discussed by Property Initiatives with incumbent tenants and letting agents and the reaction has been very positive. Initiating these improvements will not only encourage the retention of existing tenants, but will also attract new tenants into the building with the offer of the improved external environment and facilities.

### **3.0 Highway Works**

- 3.1 The proposal also includes highway works which will complement the work already being done through the Town Centre Integrated Transport Scheme. See Appendix 1. These proposals are fully supported by Surrey County Council.
- 3.2 The main car park entrance to Dukes Court is to be moved from Duke Street to Stanley Road at the rear of the site.
- 3.3 Duke Street is to be closed between Dukes Court and Elizabeth House, creating a pedestrianised area with landscaping and external seating areas.
- 3.4 In addition, the junction of Maybury Road, Stanley Road and The Broadway is also to be altered in order to improve visibility and pedestrian and cyclist's safety by creating a raised crossing table. This will also enable better pedestrian and cycle connectivity with the bus stops, taxi rank and railway station.
- 3.5 The highway proposals creates a wider footway along the railway to the south of the Maybury Road junction with The Broadway and extends the cycle lane up to Maybury Road.

### **4.0 Planning Consent**

- 4.1 A planning application (PLAN/2019/0188) for this project has been submitted and the normal planning considerations and consultations will apply. It is likely to be considered by the Planning Committee in June 2019.

## 5.0 Implications

### Financial.

- 5.1 Since its acquisition, this strategic property investment has performed well notwithstanding difficult market conditions.
- 5.2 The table below summarises the cost of the proposed works:-

<b>Element of Works</b>	<b>Estimated Cost £ (excl VAT)</b>
New Restaurant Construction including fit out	929,000
Landscaping works to Plaza and Car Parks & living wall	2,161,000
<b>Sub-total</b>	<b>3,090,000</b>
<b>Highway Works</b>	<b>1,435,000</b>
<b>Estimated Total Project Cost</b>	<b>4,525,000</b>

- 5.3 These costs will inevitably vary through the detailed implementation stage but allowances for preliminaries and contingency are included within each section and it is anticipated that delivery of the project will come in within this budget.
- 5.4 Based on being able to achieve a 50 year annuity loan at 2.8% the annual cost is £168,709.
- 5.5 The provision of the restaurant within the new plaza will secure additional income for Dukes Court. A rental value of this space is estimated to be circa £30,000 p.a.
- 5.6 The original business case for the acquisition of Dukes Court was based on a total acquisition cost of circa £77m. As the shares in the holding company were acquired, at a cost of £72.35m, the acquisition costs were significantly less than £77m due to the stamp duty saving. It was proposed that the remaining budget was left in the Investment Programme to fund the improvement work set out in this report.
- 5.7 In September 2017 the business case was based on a 50 year annuity at 2.6%. For the £4.525m improvement budget, an increase to 2.8% would result in an additional cost to the Council of £5k. The Green Book currently shows a saving on the financing costs as these additional works have not been completed.

### Human Resource/Training and Development

- 5.8 There are no human resources or training and development needs for the Council arising from this report. There is adequate provision within the project cost to secure the necessary resources and expertise to deliver the project.

### Community Safety

- 5.9 There are no Community Safety issues arising from this report. The implementation of the project will require extensive risk assessments and management arrangements to ensure public safety during construction.

### Risk Management

- 5.10 Risk management issues that arise during the construction phase will be managed by the project team.
- 5.11 There is a risk to the future income of the Council from Dukes Court if the proposal is not supported by the Executive. Dukes Court has to compete with more modern, newly constructed office buildings in Woking, and although it can compete on quality of space internally, it is essential that the external areas of the building are improved.

### Sustainability

- 5.12 The proposal seeks to reinforce the economic sustainability for Woking Town Centre by retaining existing tenants in Dukes Court but also attracting new businesses into this office space.
- 5.13 The full height Living Wall to the main entrance block will support Woking 2050, the Council's Climate Change Strategy, and Natural Woking, the biodiversity and green infrastructure strategy.

### Equalities

- 5.14 There are no equality implications arising from this report.

### Safeguarding

- 5.15 There are no safeguarding issues arising from this report.

## **6.0 Consultations**

- 6.1 The Portfolio Holder has been consulted and Surrey County Council fully support the proposals.
- 6.2 The Victoria Square Oversight Panel has been briefed on this proposal.

REPORT ENDS