

EXECUTIVE - 23 NOVEMBER 2017

WOKING GATEWAY

Executive Summary

This report recommends that the Executive make a recommendation to Council to enter into a Development Agreement with Coplan Estates Limited.

The proposed development will continue the transformation of Woking and through it significantly contribute to the growth in the town centre required to meet the Local Development Framework Core Strategy for Woking.

The Executive at its meeting on 21 July 2016 supported the concept of undertaking a market testing exercise to enable the redevelopment of the area previously referred to as Woking Gateway, a site bounded by Commercial Way, Chapel Street and High Street.

Following an OJEU Competitive Dialogue process a final tender has now been received from Coplan Estates Limited (Coplan).

The indicative submission from Coplan is for a development comprising 476 residential units accommodated in three towers. This will sit above circa 4,412 m² (47,500, sq. ft.) of new commercial space (including the re-provision of community uses) predominantly facing Commercial Way with ancillary servicing and parking accessed from the High Street. The scheme will provide on-site car parking of 188 spaces.

The junction of Commercial Way with Chapel Street will be splayed in design to create a more prominent junction. An exciting new landscaped podium above the shops with public access will provide an area to relax. This may also provide a new direct access to the railway station if an agreement can be reached with Network Rail and South Western Railway to provide a bridge link from the scheme to platform 1 of the station. However, this link is not a requirement of the Council.

The developer has identified a number of potential funding partners who will provide the necessary finance to undertake the development.

Due to the significant amount of work already undertaken in preparing their submission, the developer could start planning discussions early next year with construction anticipated to start on site in early 2021 if planning consent is forthcoming. However it should be noted that the indicative scheme is likely to change during the planning process and the final details of any proposal will be considered on their merits by the Planning Committee.

After the completion of Victoria Square this proposal will deliver, if approved, the next significant step in the regeneration of the town centre.

As part of the proposed agreement there would be a pre-emption right for the Council to acquire the ground floor shops and restaurants within the scheme thereby retaining its investments in the area and maintaining influence over the mix of occupiers to complement the overall town centre offer.

Reasons for Decision

To enable the development proposals for the Woking Gateway, to be prepared for consideration by the Planning Committee.

Recommendations

The Executive is requested to:

RECOMMEND to Council That

- i) a Development Agreement be entered into with Coplan Estates Limited; and
- ii) the Executive be authorised to consider whether to exercise the option to acquire the commercial space to be provided by the development. In the event that it does decide to exercise the option, the Executive be authorised to approve the terms for the acquisition of the commercial space to be provided by the development.

This item will need to be dealt with by way of a recommendation to the Council.

Background Papers:

Sustainability Impact Assessment
Equalities Impact Assessment

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1.0 Introduction

- 1.1 The Executive, at its meeting on 21 July 2016, authorised a market testing exercise to enable the selection of a developer to seek to redevelop this area, bounded by High Street, Commercial Way, Chapel Street and Sparrow Park (Woking Gateway) in accordance with the Council's approved Local Development Framework.
- 1.2 The site was marketed following an OJEU (Official Journal of the European Union) competitive dialogue procedure to ensure transparency and an output that would be compliant with the Council's objectives. This has resulted in a recommendation that enables the Executive to recommend to Council that the Council enters into a development agreement with Coplan, who achieved the highest scores at the end of both the outline and detailed submission stages and they were invited to continue and submit a final tender.

2.0 Submission by Coplan Estates Ltd.

- 2.1 A copy of the Final Tender Executive Summary is attached as Appendix A setting out details of the bidder's experience, track record and proposed scheme.
- 2.2 In addition to the attached submission, Coplan also submitted a variant scheme which included a 106 room hotel situated at 3rd and 4th floors. This scheme was not considered as attractive as the base scheme because the Developer did not have a specific occupier identified for the hotel but rather suggested possible occupiers, ranging from Premier Inn to Malmasion. Moreover it represented a higher risk due to the possibility of not securing a suitable occupier and was a more expensive development to undertake, resulting in a reduced viability.
- 2.3 Coplan will undertake the main developer role and will be backed by a funding partner who will provide the finance to undertake the development. Coplan has demonstrated that there is strong interest from a range of funding organisations, including Institutions and a number of large urban residential investors.
- 2.4 Members will note that the scheme submitted by Coplan is not prepared to the level of detail that would be required for a planning application. Therefore, if the Council is minded to appoint Coplan as the developer for this scheme, Coplan will still be required to submit a planning application in the normal manner. The final decision of the acceptability, or otherwise of the scheme will rest with the Planning Committee.

3.0 Benefits accruing to Woking from the proposal

3.1 Environmental

- The construction of modern, energy-efficient buildings meeting current building and sustainability standards.
- The demolition of existing low density buildings some of which are in a poor state of repair and are of limited economic use.
- Elimination of poorly managed and chaotic rear servicing.
- The new development will be professionally managed as a single entity for the benefit of all occupiers and users thereby overcoming its current problems due to fragmented ownership.

- The continuation of the high quality public realm established elsewhere in the town centre.
- Improving the “building line” at the junction of Chapel Street and Commercial Way.
- The introduction of high quality, landmark buildings that will be maintained as a single asset.
- The introduction of an innovative, elevated public open space above the ground floor uses, introducing high quality “green space” thereby enhancing the merits of the town centre.
- The provision of high quality public art to be created in conjunction with stakeholders.
- The introduction of a comprehensive range of sustainable transport initiatives.
- It is intended that the development will connect to the Thamesway local energy network.

3.2 Social

- The provision of circa 476 residential units in Woking town centre to help meet the Council’s housing targets, including the potential for affordable housing. Coplan is aware of the Borough’s policies for affordable housing which need to be met subject to the usual viability tests.
- Introduction of more than 1,000 people living in the town centre, resulting in a more vibrant and active town.
- The elimination of unmanaged and potentially unsafe rear areas to the existing premises.
- Additional revenue to the Council to fund improved local services.
- The opportunity to include new and replacement community space.

3.3 Economic

- Significant anticipated improvement in GVA for the local economy.
- Increased spending in the town centre supporting convenience and comparison retailers, bars, cafes etc. as a result of more people living in the town centre.
- Creation of ground floor shops with units suitable for aspirational retailers and occupiers aligned to the mix being created at Victoria Square thereby increasing the critical mass of the overall town centre offer.
- Enhancement of Woking’s overall retail offer.
- Creation of jobs during both the construction phase, the management and maintenance of the completed schemes.
- A further catalyst for additional development in Woking town centre.
- The provision of an option for the Council to acquire the commercial interests in the development so assisting the control and management of the occupier mix and also

providing the Council with a long-term income, to replace the potential loss by demolishing of existing Council assets in the area.

4.0 Programme

4.1 Significant milestone dates:-

<u>Task</u>	<u>Date</u>
Completion of Development Agreement	January 2018
Submission of Planning Application	Mid - July 2018
Resolution to grant planning consent	February 2019
Confirmation of CPO (if required)	April 2020
Start Construction on site	Early 2021
Completion	Late 2023

5.0 Next steps

5.1 If the Executive supports the recommendations in the report the next steps are:-

- 7 December 2017: Full Council
- Mid December 2017: Issue formal OJEU Contract award.
- Late January 2018: Completion of Development Agreement

6.0 Implications

Financial

- 6.1 If the Council supports the scheme, an annual rental income of £350,000 would be foregone during the development.
- 6.2 The proposal seeks to retain the Council's current assets in the area of £6m.
- 6.3 As part of this proposed development agreement, there is a pre-emption right for the Council to acquire the ground floor commercial space within the scheme therefore retaining its current and increasing its investments in the area. Therefore the options are to either receive a capital sum from the Council's existing investment or to increase the capital investment depending on relative values.
- 6.4 Development Agreement - This requires Coplan to use reasonable endeavours to obtain a satisfactory planning permission for the development. If and when, this is obtained, the Council and Coplan will enter into a Compulsory Purchase Order Indemnity agreement.
- 6.5 CPO Indemnity Agreement – This provides for the Council to consider using its compulsory purchase powers to assist Coplan in achieving possession of the Woking Gateway site. All costs incurred by the Council under a CPO will be met by Coplan

Estates. This agreement also sets out the procedure for dealing with the transfer, to Coplan Estates, of property owned by the Council. Additionally, the Agreement provides for the completion of the CPO Account Agreement.

- 6.6 CPO Account Agreement – This requires Coplan's solicitors to set up an escrow account into which Coplan is obligated to pay funds to meet the Council's costs under the CPO (in advance of the Council incurring those costs). The Council can then draw down these funds when the costs are incurred.

Human Resource/Training and Development

- 6.7 There are no Human Resource implications arising from this report.

Community Safety

- 6.8 There are no community safety issues arising directly from this report.

Risk Management

- 6.9 By not entering into a development agreement with Coplan will delay the development of the Woking Gateway site and therefore will delay the overall regeneration of the town centre. There is not another option available to the Council at this stage and thus the process will in effect need to start again and that would delay the development by approximately 12-16 months and adversely affect the Council's reputation.
- 6.10 There is a risk that the public may perceive the need for more medical and school provision in the town centre. This will be mitigated, as far as possible, subject to Government funding.

Sustainability

- 6.11 This report brings forward proposals that will support the Council's strategy of environmental, social and economic sustainability of the Borough (Woking 2050) and in particular make a vital economic contribution to the town centre. It is envisaged that the redevelopment of this area will further enhance the vitality of the town centre.
- 6.12 Concerns were raised by Members in the briefing on 6 November whether there would be enough GPs and school places available due to an increase in the town centre population. Victoria Square includes the provision of a medical facility and it is considered that the schools could cope with the increase in numbers and it is not envisaged that this proposed scheme would put pressure on that infrastructure.
- 6.13 Members were also concerned that the proposed parking provision in the scheme would result in an increase of traffic on the High Street and whether this increase would cause congestion at the junction of Victoria Way and the High Street. The transport modelling work which was undertaken for the Victoria Square development included future committed and planned development for the town centre, so the traffic generated by the proposed Gateway development will be not effect the operation of the High Street or the new junction at Victoria Way.

Equalities

- 6.14 There are no equality issues arising directly from this report.

7.0 Consultations

7.1 There have been no public consultations in the preparation of this report, but there will be as part of the planning application process.

7.2 Members have been briefed at each stage of the competition.

REPORT ENDS

EXE17-070

APPENDICES

Appendix A – Final Tender Executive Summary – Coplan Estates

Equality Impact Assessment

The purpose of this assessment is to improve the work of the Council by making sure that it does not discriminate against any individual or group and that, where possible, it promotes equality. The Council has a legal duty to comply with equalities legislation and this template enables you to consider the impact (positive or negative) a strategy, policy, project or service may have upon the protected groups.

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS
		Eliminate discrimination	Advance equality	Good relations			
Gender	Men					x	
	Women					x	
Gender Reassignment						x	
Race	White					x	
	Mixed/Multiple ethnic groups					x	
	Asian/Asian British					x	
	Black/African/Caribbean/ Black British					x	
	Gypsies / travellers					x	
	Other ethnic group					x	

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS
		Eliminate discrimination	Advance equality	Good relations			
Disability	Physical					x	
	Sensory					x	
	Learning Difficulties					x	
	Mental Health					x	
Sexual Orientation	Lesbian, gay men, bisexual					x	
Age	Older people (50+)					x	
	Younger people (16 - 25)					x	
Religion or Belief	Faith Groups					x	
Pregnancy & maternity						x	
Marriage & Civil Partnership						x	
Socio-economic Background						x	

The purpose of the Equality Impact Assessment is to improve the work of the Council by making sure it does not discriminate against any individual or group and that, where possible, it promotes equality. The assessment is quick and straightforward to undertake but it is an important step to make sure that individuals and teams think carefully about the likely impact of their work on people in Woking and take action to improve strategies, policies, services and projects, where appropriate. Further details and guidance on completing the form are [available](#).

Sustainability Impact Assessment

Officers preparing a committee report are required to complete a Sustainability Impact Assessment. Sustainability is one of the Council's 'cross-cutting themes' and the Council has made a corporate commitment to address the social, economic and environmental effects of activities across Business Units. The purpose of this Impact Assessment is to record any positive or negative impacts this decision, project or programme is likely to have on each of the Council's Sustainability Themes. For assistance with completing the Impact Assessment, please refer to the instructions below. Further details and guidance on completing the form are [available](#).

Theme (Potential impacts of the project)	Positive Impact	Negative Impact	No specific impact	What will the impact be? If the impact is negative, how can it be mitigated? (action)
Use of energy, water, minerals and materials			x	
Waste generation / sustainable waste management			x	
Pollution to air, land and water			x	
Factors that contribute to Climate Change			x	
Protection of and access to the natural environment			x	
Travel choices that do not rely on the car			x	
A strong, diverse and sustainable local economy	x			
Meet local needs locally	x			
Opportunities for education and information			x	
Provision of appropriate and sustainable housing	x			
Personal safety and reduced fear of crime			x	
Equality in health and good health			x	
Access to cultural and leisure facilities			x	
Social inclusion / engage and consult communities			x	
Equal opportunities for the whole community			x	
Contribute to Woking's pride of place	x			