

	Executive Committee 31st August 2017	Agenda Item No. <h1 style="text-align: center;">12</h1>
Title	Delivery of the proposed Hotel forming part of the St Mary's Lands Masterplan, Warwick	
For further information about this report please contact	Chris Elliott 01926 456003 chris.elliott@warwickdc.gov.uk	
Wards of the District directly affected	Aylesford and Saltisford	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Council Meeting 9 th August 2017 Executive meeting 28 th June 2017 min 17 Executive meeting 8 March 2017 min 108 Executive meeting 30 th November 2016 min 65 Executive meeting 06 th April 2016, min 132 Executive meeting 3 rd September 2015, min 34 Full Council 19 th November 2014, min 50 Executive meeting 1 st October 2014, min 56 Executive meeting 16 th April 2014, min 189 Executive meeting 11 th September 2013, min 55 Executive meeting 19 th June 2013, min 13 Executive meeting 12 th December 2012, min 107	
Background Papers	Previous reports as above; Agreed FFF Strategy 2017; Local Plan Publication version and Main Modifications 2017; Reports from Bridget Baker Consulting and GL Hearn on Needs Assessment for a Hotel and Economic Impact 2017; Adopted Masterplan August 2017.	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes
Equality Impact Assessment Undertaken	No
Not relevant	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive	08/08/17	Chris Elliott
Head of Service	08/08/17	Tracy Darke, Rob Hoof, Rose Winship, Marianne Rolfe
CMT	08/08/17	Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer	08/08/17	Mike Snow
Monitoring Officer	08/08/17	Andrew Jones
Finance	08/08/17	Jenny Clayton, John Roberts
Portfolio Holder(s)	14/08/17	Noel Butler
Consultation & Community Engagement		
The proposed hotel forms part of the adopted Masterplan which was the outcome of an extensive consultation process undertaken since 2015 with the St Mary's Lands Working Party as the co-ordinating body.		
Final Decision?	NO	
Suggested next steps (if not final decision please set out below)		
A further report will be presented setting out the outcome of the process.		

1. **Summary**

- 1.1 This report seeks approval for the process and funds to help the Council deliver the proposed hotel forming part of the adopted Masterplan for the St Mary's Lands area of Warwick. In addition, an exemption from the Code of Procurement is sought to procure the services needed to conduct the process.
- 1.2 The process will also require the preparation of a constraints brief for the site and for discussions to be undertaken and concluded on the relationship, if any, with the Jockey Club.

2. **Recommendation**

- 2.1 That the proposal at Appendix 1 is agreed as the way to bring the hotel proposal forward.
- 2.2 That the cost of the proposal (as rounded up and allowing for a small contingency) of £15,000 be agreed, to be funded from the Contingency Budget.
- 2.3 Subject to 2.1 and 2.2 above being agreed, that an exemption from the Code of Procurement Practice under clause 6.4 be agreed.
- 2.4 That a constraints development brief is prepared for the proposed hotel site.
- 2.5 That discussions/negotiations are undertaken with the Jockey Club.

3. **Reasons for the Recommendation**

Recommendation 2.1

- 3.1 At its meeting on 28th June 2017 the Executive agreed to recommend to Council that the Masterplan for St Mary's Lands should be adopted as policy. This was then confirmed by Council at its meeting on 9th August 2017. The Masterplan contained within it a proposal for a hotel at the southern end of the Grandstand area on Hampton Road, Warwick (see Plan 1). The Masterplan now forms part of the Council's planning policy framework used for determining planning and related applications as well as providing a framework for investment decisions by the Council and its partners.
- 3.2 The hotel proposal has been supported by the research that the Council has commissioned on the need and demand for a hotel in the Warwick area. This research had been presented to the Council at its meeting on 28th June to accompany the report on the Masterplan. Following a procurement exercise GL Hearn and Bridget Baker Consulting had been jointly appointed to undertake that research work. Their research demonstrated very clearly that there is a significant gap in the hotel market for Warwick which a hotel on the St Mary's Lands area could fill. The research further demonstrated that there would be a significant economic benefit locally from such a proposal.
- 3.3 However, bringing forward a hotel on the site will not be straight forward. A land use allocation within a Masterplan does not of itself guarantee delivery of the proposal. It was agreed by the Executive at its meeting on 28th June that a report be brought back to the Executive on how the hotel proposal may be brought forward for implementation.

3.4 A proposal is set out at Appendix 1 from Bridget Baker Consulting (BBC) (which has had the proposed costs redacted on the grounds of commercial sensitivity) and GL Hearn on how this might be achieved. In summary:

- The first part of the next steps would be to turn the previous report into a market demand and financial feasibility study which will show the impact of the new supply, and we can include the above project. It will also have financial estimates for the first five years of operation. This report can then be presented to interested parties (developers, hotel groups, investors). If done relatively soon it will reduce the time it will take as there would be no need to have to do additional research in the local market.
- Based on the needs assessment report for the site, prepare a market demand and financial feasibility study, this would be a re-ordered report but would also include more information on recommended facilities and would take out some of the references to 'need'. It would also have a section on the likely revenue and costs for the first five years of operation to EBITDA level.
- GL Hearn would provide planning advice on any issues that may impact the location, size, design of the hotel etc.
- BBC would then prepare a summary document of the report that could be used as a 'taster' for hotel companies/operators, investors, developers etc. The full report would be given to interested parties subsequently.
- BBC can assist in identifying potential developers/operators and approach them to gauge their interest, this may include site visits.
- BBC can assist in the selection process to identify the most suitable developer/operator/brand and then provide support in bring the hotel to completion.
- The proposal will include assessing the option of the Council funding the construction of the hotel.

Recommendation 2.2

3.5 This will cost £15,000 plus VAT as rounded and allowing for a small contingency element. If the approach is successful then a further £18,000 would be payable plus VAT and reasonable expenses. It is suggested that the first element is funded from the Contingency Budget. The latter would be funded from the proceeds of a successful outcome.

Recommendation 2.3

3.6 However, this step does require an exemption from the Council's Code of Procurement Practise under Clause 6.4. The Procurement Manager has been consulted and agrees that in this case additional services are required which were not included in the original contract and which are strictly necessary to continue the process. Given that the original award was the outcome of a tendering process officers are aware that the cost proposal is reasonable from a market perspective. In addition it is probable that to go out to the market would be likely to cost the Council more as any other company would need to

undertake the steps the Council has already paid for. Therefore, the Council would in that respect pay for the same work twice. Whilst with hindsight it would have been better to seek a commission for this element of work at the beginning given the contentious nature of the hotel proposal, officers did not want to give any impression of a presumption about whether a hotel proposal could in fact be justified, especially as it was not known at that stage that it would be.

Recommendation 2.4

- 3.7 The proposal will also need a constraints development brief to illustrate the capabilities and limitations of the site to integrate. This is already proposed to be done and the Council has already agreed to fund this work from Plincke.

Recommendation 2.5

- 3.8 Part of the proposed hotel site is subject to a lease with the Jockey Club and it hosts facilities that form part of its operation that will need to be considered and provided for discussions/negotiations are undertaken with the Jockey Club. The Jockey Club is aware of the proposal and views it favourably but detailed discussions and agreements will be necessary. A further report on the proposed agreement will be necessary.
- 3.9 Members will need to be aware of the “interesting” legal situation regarding the leases applying to St Mary’s Lands arising from the Warwick District Council Act 1984. A summary of the situation is set out at Appendix 2. It will be against this legal background that discussions with the Jockey Club and the market at large will need to be conducted.

4. Policy Framework

4.1 Fit for the Future (FFF)

4.1.1 The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. St Mary’s Lands is one of those Key projects. This report shows the way forward for implementing a significant part of one of the Council’s Key projects.

4.1.2 The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/ productivity of local economy

	Low levels of crime and ASB	Increased employment and income levels
Impacts of Proposal		
<i>The proposal will complement the District's cultural and sports activities</i>	<i>The proposal if it is successful will help to It will also help to attract people to use its parks and open spaces in Warwick.</i>	<i>This proposal as demonstrated by the research already undertaken will have a very beneficial effect on the local economy in terms of attracting visitors to the town and by creating new jobs and so have positive impacts on the intended outcomes above.</i>
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
Impacts of Proposal		
<i>The scheme will offer the opportunity for some staff to become more familiar with commercial assessments of property based schemes so helping the Council's aim of becoming more enterprising.</i>	<i>If successful the additional revenue generated will help the Council to maintain or improve its services.</i>	<i>The proposal will help to maximise the use of an existing asset and get a better return as the proposal has the potential to create a revenue generating opportunity for the Council for which the process will establish the viability.</i>

4.2 Supporting Strategies

Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained below.

Local Plan

4.2.1 The Council has an agreed a strategy statement "The future and sustainable prosperity for Warwick District" which amongst other things seeks to:

- Support the growth of the local economy; and
- Maintain and promote thriving town centres.

4.2.2 The Council has determined that a spatial masterplan should be developed for St Mary's Lands via public consultation as it recognised that it is an essential

community amenity that needs to receive the necessary investment to enable its attractions and operations to prosper.

4.2.3 The Local Plan - Publication Draft has a specific proposed policy for St Mary's Lands as follows:

"3.142 The Council will therefore work with the operators of the Racecourse to bring forward a Masterplan for the area which;

- *ensures the ongoing vitality and viability of the Racecourse;*
- *protects and enhances the significance of the Listed Building and Conservation Area and their setting;*
- *retains the land for public recreation;*
- *protects and enhances biodiversity within the Racecourse as well as links to the open countryside and other areas; and*
- *restricts uses to those associated with visitor accommodation, recreation, leisure and horse racing"*

This requirement picks up the non-Local Plan overall strategy for St Mary's Lands adopted in 1998 and the regeneration master plan agreed in 2004 which have both been reviewed as part of this work.

4.2.4 The Local Plan has recently been found sound by the Inspector who undertook the Examination in Public. It is proposed that the Local Plan, with modifications, will be adopted by the Council on 20th September 2017. The Local Plan Main Modifications recommended by the Inspector include some changes to Policy CT7 in line with the consultation undertaken by the Council in 2016. The main focus of the modifications is to clarify that the policy applies to the whole of St Mary's Lands, including the racecourse and to clarify the role of the Masterplan. The proposals in this report do not conflict with Policy CT7 as modified.

5. **Budgetary Framework**

5.1 The proposal as discussed in Section 3.5 can be funded from the Contingency Budget. The Contingency Budget currently has a balance of £77,900 (at 30th June). Should Members approve this recommendation, there will be a remaining balance of £62,400, notwithstanding any other requests on this Agenda.

6. **Risks**

6.1 At this juncture, the risk is that the proposed work does not reveal any interest in a hotel in this location and at a value attractive enough to the Council. This would then mean that the proposed fee would have been wasted. However, it is clear even without marketing that there is market interest in the site as a hotel so the risk is judged to be small.

6.2 However, as the work progresses, this will turn into a project itself as opposed to just part of a project for St Mary's Lands and will be deserving of its own project plan and risk assessment.

7. Alternative Option(s) considered

- 7.1 The Council decide not to pursue the hotel proposal further but that would be contrary to its own policy adopted in the form of the Masterplan and of its revised FFF Strategy of supporting a more enterprising approach.
- 7.2 The Council could decide to put the supporting process out to tender. This is likely to cost the Council more since it would of necessity repeat work already undertaken and paid for. Since the original work was subject to tendering exercise officers are aware that the companies involved provided good quality service at a good value price. Part of any fee is entirely dependent on the success of the project.