

Background to process of scheme development

- 1.1 In December 2004 Executive received a report setting out the need to address the future of retailing in Leamington town centre. The report set out the results of studies undertaken by DTZ on the potential for future retailing in Leamington and the need to progress future retailing proposals for it to maintain its position as an attractive, vibrant and successful shopping centre.
- 1.2 The report was made following commercial appraisal work undertaken on behalf of the council by CB Richard Ellis, a London based firm of Chartered Surveyors with experience of advising councils on commercial/retail development matters. The company was asked to address the potential for achieving a successful retail development based on the Chandos Street car park site. They concluded at that time that such a scheme would be commercially viable and would be likely to attract a range of potential retail operators.
- 1.3 At the December 04 Executive, it was resolved that:
 - 1) *Positive steps be taken to explore opportunities further retail development in Leamington town centre in order to safeguard its future as an important and attractive shopping centre within the sub-region*
 - 2) *Work be progressed in establishing a programme of work to achieve such development, focusing on the potential of Chandos Street as a first priority potential site and such programme including arrangements for full public consultation be reported to a future meeting of the executive*
 - 3) *Such work to take into account the future need for car parking, maintaining the retail attractiveness of the town centre overall, and for a working party of members be appointed to consider progress including a means of securing full consultation with all appropriate parties.*
- 1.4 Other work commitments prevented progress on this matter until late 2005 / early 2006 Executive when resources permitted reassessment of progress. As it was by then 12 months since the work undertaken by CBRE a further market assessment was undertaken by the company on behalf of the council to check on the underlying assumptions made at that time. A revised assessment produced in early 2006 concluded that not

only was the prospect of a scheme being successfully achieved still the case, but that the viability of the potential scheme in commercial terms, had increased since that time. CBRE also reported that major retail interest remained in place for such a scheme.

- 1.5 On that basis a further report was made to executive in March 2006 advising members of progress and requesting approval for a programme to secure the development of the Chandos Street site for retail purposes and additional car parking and that expressions of interest from potential developers should be sought.
- 1.6 Executive resolved as follows:
 - 1) *The programme for securing the development of the site of Chandos Street car park for retail purposes and additional car parking as set out in the report be approved and*
 - 2) *The council seeks expressions of interest from potential developers in accordance with the programme.*
- 1.7 The programme set out a staged process of developer selection leading through to commencement of development on site. The report set out the 3 main stages which, revised slightly for practical purposes as matters progressed was as follows:

Stage 1

- Preparation of a marketing brochure advertisement and OJEU notice
- Invitation to submit expressions of interest from prospective developers
- Receipt of initial expressions of interest
- Selection of a short list of potential developers

Stage 2

- Issue of detailed development brief and planning guidance to short-listed developers
- Discussion with developers as potential submissions are worked up
- Receipt of developers schemes and bids
- Review and analysis of bids
- Selection of the preferred developer
- Entry into collaboration agreement to give a 12 month period of scheme development in Stage 3 below

Stage 3

- Work up of scheme by a selected developer
- Public consultation as part of work up process

- Finalise preferred scheme
- Agree Heads of Terms
- Enter into development agreement
- Settle form of Ground Lease and CPO Indemnity Agreement
- Submit detailed planning application and commence CPO where necessary
- Planning consent/CPO granted
- Start development

1.8 Following approval of this general approach by Executive, progress on the programme commenced overseen by the working party of members originally consisting of Councillors Tamlin (chair) Holland (replacing Cllr Tamlin), Mrs Begg, Hammon and Kirton and now consisting of Cllrs Hammon, Crowther, Boad and Heath. The programme was configured in accordance with a standard approach towards securing town centre retail development, whereby assessments of submissions made against a range of selection criteria leads towards the appointment of a selected developer who has demonstrated that it is possible to achieve a scheme that meets the Council's requirements. At that stage the Council has not approved a final scheme, but has satisfied itself that a particular developer is capable of producing an appropriate scheme in all relevant respects. At that stage the developer would enter into an agreement with the Council to work up a scheme. An integral part of this stage of the process would be extensive public consultation.

1.9 Work commenced in accordance with the programme with the preparation of an "Expression of Interest Document" that was issued in May 2006. This set out a brief introduction to the site, the retailing character of the town centre and an initial range of criteria to be met. The document also set out summary planning and development guidelines for the site, reflecting local and national policy towards development within the historic centre of Leamington

1.10 The opportunity was advertised during April 2006 and a considerable number of requests for the Expression of Interest brochure were received. Interested parties were required to submit a completed pre-qualification questionnaire by mid-June. At the deadline 13 completed submissions from a range of development companies had been received.

1.11 A technical assessment of each of these submissions was undertaken by CBRE and officers and as a result of this, 8 candidates were recommended for long listing for the issue of an invitation to submit outline particulars. These were then expected to submit outline proposals by mid-July 2006 which would be the subject of interviews with council officers, CBRE and members of the working party.

1.12 Further information was submitted by most of the developers and on the 18th and 19th July 2006, interviews were held with 7 developers to ascertain their

suitability for moving forward to the short-list stage. The interviews took place with representatives of CBRE, council officers and the members' working party present.

1.13 Following consideration of the information submitted beforehand and added to at the interviews, the following 4 developers were selected to go through to the next stage;

- Wilson Bowden
- Milligan
- Simons Developments
- Henry Boot

1.14 A full development brief was prepared, setting out in more detail the design and development criteria that the council would expect to be reflected in a scheme, within the context of the current planning policy framework in place, and the details of partnership arrangements and financial submissions. This brief was issued to the short-list of developers in mid-August who were then provided with a period until the end of October to prepare and submit their proposals.

1.15 At the end of October 2006, full submissions were made by all 4 developers. These were subject to initial analysis and a detailed presentation session was undertaken on 13th November to allow each developer to present working party, council officers and their advisors, CBRE.

1.16 The presentation session was followed by detailed review meetings with officers, CBRE and working party members and further work has been undertaken on clarification of a number of aspects of individual submissions.

Preferred Developer

1.17 It was concluded that the submission made by Wilson Bowden had the most potential to provide a scheme that would secure a desirable departmental department store and was most likely to provide a layout that would maximize the potential of the site for a new retail scheme for the town. The design analysis undertaken by your officers also anticipated that the scheme had the potential to provide an appropriately designed, high quality addition to the town's character, though, as in all of the schemes, there were characteristics of the preliminary designs that would need evolution.

The outcome of this assessment was submitted to the Executive of March 07 which resolved:

That the recommendations of CB Richard Ellis to the Council on developer selection be accepted as the basis for proceeding with the next stage of the programme leading to development of the Chandos Street site for retail purposes. The recommendations of CBRE are (in summary form) as follows:

- a. the Wilson Bowden scheme provides the strongest scheme proposal and development team to achieve and deliver the Council's principal objectives*
- b. a 3 month period should be allowed within which to refine the Wilson Bowden scheme design and address outstanding matters of viability/feasibility, with the Council's professional costs covered by the developer*
- c. Subject to the scheme achieving feasibility and viability, the Council should complete the collaboration agreement with Wilson Bowden to move the project forward*
- d. The Council should establish a process for progressing legal negotiations, particularly Heads of Terms and site acquisition, including the use of compulsory purchase powers*
- e. The Council should drive forward the detailed design refinement process and ensure that a satisfactory process is put in place to work up a detailed planning application within an agreed period and address car parking, servicing and access issues as part of this process*
- f. The Council should put in place a project management process to ensure there is close management of the developer, its professional team and the and the work streams above*
- g. The Council should agree with its preferred developer a suitable public consultation process, which in due course will form a key part of the planning and compulsory purchase order process*
- h. The current risk of £36,500 in excess of the originally agreed budget is noted*

1.2 That a further report on this matter be made to members at the end of the 3 months

1.3 That the Code of Contract Practice be waived to allow the appointment of CB Richard Ellis as the Councils commercial and retail advisers in progressing the scheme and Reed Smith Richards Butler LLP as external solicitors necessary

to negotiate and draft the appropriate development agreement in order to properly protect the Council's interests

1.4 That a further report be made in due course on the public consultation process to be undertaken in the event of confirmation of the appointment of a development partner

It was agreed that a further report be made to the Executive of July 2007 on the outcome of the further work to be undertaken by Wilson Bowden.

Further Assessment Work

1.18 Wilson Bowden were asked to address three key areas:

- How parking can best be provided having regard to both the district and the County Council's respective highway and car park strategies
- How can a successful retail scheme be configured to provide accommodation suitable for a major multiple store
- How should the scheme design be further refined to improve overall design and viability

1.19 his work was undertaken, together with further assessment work by CBRE.

The conclusions were as follows:

Parking

The parking issue could be resolved such that the provision of approximately 500 spaces within the scheme, necessary to attract the multiple retailer can work in conjunction with the Council's own parking Strategy and the County Councils wider transportation requirements. Extensive discussion took place with the County Council on the relationship of this scheme with wider parking provision and the prime importance of securing a scheme for the benefit of the Town centre was recognized by WCC.

Retail Element

In relation to suitability in retailing terms, the scheme had evolved from the initial submissions at the selection process stage in a manner that provided a more realistic and commercially attractive scheme.

Design Issues

In relation to design, amendments reduced the impact of the scheme on outside elevations. The impact overall in massing terms was such that the draft scheme

largely sat back behind existing elevations. Its main external impact was in four areas:

- At the Warwick Street entrance, where the design shows an approach that could readily be evolved to a satisfactory solution
- To Parade, at a “punch through” adjacent to the former Post Office building. At this point a new portico would be created, forming an entrance similar in style to the new entrances from Parade into the Royal Priors scheme.
- On the Chandos Street elevation, a new residential element was introduced, which provided the opportunity for a more sensitive and complementary design solution to be found.
- Amendments to the service and car park access arrangements resulted in the creation of an elevation near to the properties fronting Clarendon Avenue. This was recognized as a sensitive issue, with the flank of the car park entrance adjacent, which would require careful assessment as the scheme develops

Consideration by Executive July 2007

At the meeting of July 2007, a report was made to Executive setting out the background, the evolution of the scheme and the current position. Executive resolved as follows:

- 1.1 *That The Council select Wilson Bowden as its prospective development partner for the development of a retail scheme on the Chandos Street site*
- 1.2 *That The Council enter into a collaboration agreement with Wilson Bowden to enable detailed work up of a scheme to proceed and for negotiations to be undertaken on an appropriate Development Agreement*
- 1.3 *That a comprehensive public consultation process be undertaken to ensure that community interests have a full opportunity to contribute to the scheme design process*
- 1.4 *That the Council affirm its willingness to utilise Compulsory Purchase Powers where necessary to achieve site assembly necessary for a scheme to proceed*
- 1.5 *That the current risk of the committed £36,500 in excess of the originally agreed budget , subject to entry into a collaboration agreement, is noted*
- 1.6 *That the additional financial risk of approximately £101,500 in the event of a subsequent Development Agreement not being concluded is noted*

1.7 That further reports be brought to Executive as progress continues

1.20 The public consultation process commenced in September 2007. The details of this are set out in a separate Appendix. The Consultation was extensive and resulted in significant amendments to the scheme. The scheme that is before Executive is that which incorporates all the amendments arising from the consultation process.