



REPORT OF:	HEAD OF POLICY, DEVELOPMENT AND PROPERTY
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TO:	EXECUTIVE
EXPECTED DATE OF DECISION:	9 January 2014
EXECUTIVE MEMBER:	COUNCILLOR NATALIE BRAMHALL

KEY DECISION REQUIRED:	No
WARD (S) AFFECTED:	REDHILL EAST

SUBJECT:	SELECTION OF A DEVELOPMENT PARTNER FOR THE MARKETFIELD WAY REGENERATION
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RECOMMENDATIONS:

- i) Proceed with the selection of CoPlan Estates as the Council's redevelopment partner for Marketfield Way, to provide a mixed use development of a 6+ screen cinema, 4 family restaurants, 4 large retail units and c. 90 residential units.
- ii) Dispose of the Council's freehold interests in 18-44 High Street and Marketfield Way Car Park sites in Redhill, the sale being conditional upon:
 - a) a mix use redevelopment scheme achieving planning approval,
 - b) the developer assembling the entire site for the development (if necessary through the use of a Compulsory Purchase Order) and
 - c) Achieving early legal agreements with key occupiers.
- iii) The Head of Policy, Development and Property in consultation with the Executive Members for Finance and Property & Regeneration be authorised to agree the final terms of the disposal and development agreement in accordance with the above conditions.

REASONS FOR RECOMMENDATIONS:

- i) To enable the Council to deliver its Corporate Plan and regeneration objectives for Redhill Town Centre.
- ii) For a market leading specialist Development Company such as CoPlan Estates to invest in a mixed use scheme in Redhill, they require ownership and full control of the site. A conditional disposal achieves this, whilst allowing the Council to retain control over the scheme to be developed.
- iii) The Council has undertaken an OJEU procurement process to select a developer, which has identified CoPlan Estates as the preferred development partner.
- iv) Entering into a development agreement and conditional disposal of the development site with CoPlan Estates, will produce the greatest financial receipt for the Council, whilst facilitating a deliverable scheme, without placing the Council in the position of

significant risk. Please see the Part 2 report for the financial details.

EXECUTIVE SUMMARY:

Following Executive Approval being granted to commence the selection of a development partner for the regeneration of Marketfield Way, during 2013 the Council has undertaken a competitive dialogue procurement exercise.

Ten initial expressions of interest were received from the OJEU advert. A phased selection process based on predetermined scoring criteria enabled two final bidders to be identified in August. The two bidders prepared final bids, for submission in November. These final bids were based on predetermined criteria, to allow straight forward comparison and scoring. The CoPlan Estates scheme achieved the highest score (see **Annex 3** included in the Part 2 section of the agenda).

The CoPlan scheme includes all the Council's mandatory criteria: the nationally branded 6+ screen cinema and family restaurant offer, new retail units which fulfill retailer demand and will attract national retailers into the Town. In addition the scheme includes a large residential element which will create vibrancy via an evening economy and the double fronted scheme will create activity and improved visual appearance on Marketfield Way.

The CoPlan scheme exceeds the Councils requirements as well as offering the greatest financial receipt.

Executive has authority to approve the above recommendations

STATUTORY POWERS

1. The Council has the power to dispose of the site under section 123 of the Local Government Act 1972 which places a duty on Local Authorities to dispose of land for best consideration, except in specific circumstances or with the consent of the Secretary of State.

BACKGROUND

2. The Council's regeneration proposals for Redhill town centre identify Marketfield Way as a major opportunity site due to its prominent location and potential to bring about a step change in the town centre's retail and evening offer. This will help to establish the town's position as a shopping and business destination as well as a desirable place to live.
3. The Core Strategy carries within it a vision to realise the potential of Redhill – in particular the town centre – as an attractive sub-regional centre and vibrant place to live, work and spend time. Given its location at the heart of the town centre and prominence within the prime retail frontage, redevelopment of the Marketfield Way site is viewed as critical to achieving this vision.
4. Development principles set out in the Redhill Town Centre Action Plan consultation draft January 2012 say new development should be of high quality with strong

building frontages onto both the High St and Marketfield Way with entrances and activities on both roads.

5. The emerging plan establishes Redhill town centre as the prime focus for large-scale leisure, cultural and retail developments including specifically the delivery of at least 15,500 sqm of additional comparison retail floor space. The town centre is also identified within the plan as a strategic location for new homes with the potential to provide 750 units by 2022.
6. Executive Approval was granted in December 2011 to commence the selection of a development partner for the redevelopment of Marketfield Way. During 2013 the Council has undertaken a complex European Public Sector (OJEU) tendering process, to ensure compliance with public procurement regulations.
7. Tender documentation was prepared detailing the Council's mandatory development criteria: including a 6+ screen nationally branded cinema and family restaurants; new retail units that fulfil the requirements of national retailers and will attract them to Redhill. The tender documentation also included weighted scoring information and requirements for a conditional sale of the site.
8. A development partner will require a long term secure interest in the site as well as full control to meet funding requirements. A conditional sale will provide the Council with full control over the mix of uses within any new scheme, rather than simply relying on the planning process, whilst meeting the developers funding needs.
9. Ten initial expressions of interest were received from the OJEU advert. A phased selection process based on predetermined scoring criteria enabled the Council to reduce the initial expressions of interest and invite 6 parties to submit initial bids. Only four bids were received, which were again scored, identifying two parties that were invited to submit final bids by November 2013.
10. Bids were received from Bridehall and CoPlan and have been compared and scored against the predetermined scoring criteria, as the OJEU procurement process requires.

ISSUES

11. Both of the schemes (shown in Annexes 1 & 2) submitted are considered to align with emerging planning policy. The schemes would expand the retail offer in the town centre and address the identified need to enhance the currently limited leisure and restaurant provision and develop the town's evening economy, which will in turn support greater vibrancy in the town centre.
12. Despite the many similarities between the two schemes, the CoPlan scheme achieved a score 10% higher than Bridehall. This scheme offers significant additions to the mandatory criteria that increase its appeal and benefit to the town:
 - a. Approximately 30% more residential accommodation, which is considered to be of wider benefit to the Council's overall housing land supply situation.

- b. A greater active frontage along Marketfield Way. This frontage will improve the visual appearance of this corridor and support greater integration with other proposed developments in this part of the town.
13. The CoPlan scheme may be considered to carry slightly more development risk than the Bridehall scheme, as it contains a greater residential element. The inclusion of parking in CoPlan scheme is likely to be more attractive to purchasers than a flat with no parking, this coupled with the improving residential market is considered to help minimise the risk associated with a large amount of residential accommodation.
14. Both schemes also include a pedestrian linkage between the High Street and Marketfield Way.
15. The CoPlan scheme produces a capital receipt for the Council that is significantly greater than Bridehall offer.
16. A Disposal of the High Street and Marketfield Way sites would result in a loss of Council losing an annual income stream. Reinvestment of the capital receipt would allow this income to be replaced as detailed in the Part 2 report.

OPTIONS

17. **Option 1** - Enter into a development agreement with CoPlan for a conditional disposal of the Council owned 18-44 High Street and Marketfield Way Car Park sites in Redhill, the sale being subject to an approved mix use redevelopment scheme achieving planning approval and the developer assembling the entire site for the development (if necessary through the use of a Compulsory Purchase Order) and achieving early legal agreements with key occupiers. **This is the recommend option** due to the benefits of 1) residential parking, 2) a double fronted scheme and 3) a significantly greater financial receipt for the Council.
18. **Option 2** - Enter into a development agreement and conditional sale of the Council owned sites with Bridehall. This option is not recommended, although the Bridehall scheme provides an option with slightly less development risk due to a smaller residential element, the scheme does not deliver the added benefits referred to in 15 above. These factors outweigh any benefit from, marginally less development risk.
19. **Option 3** - Retain the status quo, do not enter into a development agreement with either bidder but retain Marketfield Way as a public car park and 18-44 High Street as retail units in their existing configuration. This option is not recommended, as it would not fulfil the Council's regeneration requirements for Redhill. The land and Property holdings' values in their current form are significantly lower than the financial receipt the Council would benefit from by proceeding with option 1 above.

NEXT STEPS

20. If the recommended option is approved, discussions to agree legal documentation with CoPlan will take place in Quarter 1 2014. During the spring and summer of 2014 architects will complete the design work for a new scheme, which will then be available for public consultation.
21. Following the public consultation planning approval will be sought late in 2014. Whilst the planning application is being determined, work on the land assembly will

be progressed with a target completion date of March 2015. Construction is programmed to commence during late summer 2015 with completion early in 2017.

22. It is likely that Compulsory Purchase powers will be required to assemble the site. In April 2011 the Executive approved the principle of the Council's willingness to use compulsory purchase powers to acquire third party land and buildings if necessary, subject to a further report being brought to the Executive. This second report seeking authority for the making of a compulsory purchase order will be taken to the Executive in 2014.

LEGAL IMPLICATIONS

23. The legal implications have been covered in the report. In summary, to ensure compliance with EU Legislation the Council undertook a competitive dialogue procedure for the selection of a development partner. An advert was placed in The Official Journal of the European Union on 1st December 2012, seeking expressions of interest from developers.
24. In compliance with EU Legislation a 10 day standstill period will be observed prior to entering into a contract with Co Plan Estates the successful development partner.
25. S123 of the Local Government Act 1972 requires Local Authorities to seek best consideration when disposing of land. The OJEU process referred to within this report, has ensured any interested parties have had the opportunity to submit a development bid for the site including a financial offer derived from the development. The Council has met the requirements of S123 ensuring best value is achieved via this process.

FINANCIAL IMPLICATIONS

26. A disposal of the site to CoPlan will facilitate the greatest capital value/receipt, when compared to the financial offers of other bidders and also the value of land holdings in their existing use. Details of the financial offer are set out in the Part 2 report.

EQUALITIES IMPLICATIONS

27. There are no equalities implications arising from this transaction.

OTHER IMPLICATIONS

28. There are none.

CONSULTATION

29. Extensive public consultation has been carried out on the draft Redhill Town Centre Area Action Plan (RTCAAP) which sets out the development principles for the site, most recently in January 2012. Following changes to national planning guidance, the draft RTCAAP is to be subsumed within the Development Management Policies Development Plan Document (DPD), adoption of which is anticipated in summer 2015, following consultation in Spring/Summer 2014.
30. The Executive Members for Finance and Property & Regeneration have been fully consulted on the final bids received and recommended options.

31. The Legal Services Manager and Chief Finance Officer have been consulted on the contents of this report.

POLICY FRAMEWORK

32. The regeneration of Redhill town centre is a priority of the Borough Council's Corporate Plan 2011-15 and emerging Core Strategy. The Council's regeneration proposals for Redhill town centre, as set out in the RTCAAP consultation draft January 2012, identify Marketfield Way as one of a small number of major opportunity sites for its capacity to significantly deliver against the plans objectives and capable of delivery within the first part of the plan period .
33. The recommended development scheme complies with the Council's financial priority to optimise its finances as set out in our Financial Strategy.

Background Papers: Redhill Regeneration proposals:

http://www.reigate-banstead.gov.uk/council_and_democracy/our_borough/your_area/redhill/redhill_town_centre/index.asp

ANNEX 1(i) – CoPlan Proposed Scheme



View along the new pedestrian linkage from High Street to Marketfield Way

ANNEX 2(ii) – CoPlan Proposed Scheme



View along Marketfield Way

ANNEX 2 Bridehall - Proposed Scheme



View along the new pedestrian linkage from High Street to Marketfield Way