

**PROOF OF EVIDENCE OF
NICHOLAS DOYLE
Viability and Delivery**

On behalf of:
**Reigate and Banstead
Borough Council**

In Respect of:
**The Reigate and Banstead Borough Council (Marketfield Way) Compulsory
Purchase Order 2018
And
Associated Application to Extinguish Public Rights of Way**

Planning Inspectorate and Planning Casework Unit Reference: APP/PCU/CPOP/L3625/3198457
Department for Transport Reference: NATTRAN/SE/S251/3220

Date:
September 2018

1. QUALIFICATIONS AND EXPERIENCE

- 1.1 My name is Nicholas Doyle. I am a member of the Royal Institute of Chartered Surveyors and have a Bachelor of Science Degree in Estate Management.
- 1.2 I am a Co-Founder and Managing Director of Coplan Estates Ltd ("**Coplan**"). I was formerly a Regional Director of St Modwen Properties PLC for 17 years, a fully listed property development company involved in the regeneration of complex and challenging sites throughout the UK. I have over 30 years' experience of working with a wide variety of private and public sector landowners delivering mixed-use development projects.
- 1.3 Coplan is a private limited company formed in 2006. The Company's main focus is to source and deliver large scale regeneration projects within the M25 and surrounding regional towns in the South East. The majority of the schemes are mixed use town centre re-developments, typically starting with ground floor retail/commercial space and leisure/ hotel uses above alongside significant residential elements.
- 1.4 The company has now built a successful track record of working in partnership with a variety of public sector landowners and currently have six such arrangements some of which have been completed with others underway in various stages of development. The company is not a house builder but has a growing reputation for delivering homes for ownership or occupation in a variety of tenures.
- 1.5 Within Coplan, I am responsible for the company's development and investment strategy. I led the Coplan team through a Competitive Dialogue (OJEU) bid process culminating in our selection as Reigate and Banstead Borough Council's ("**the Council**") preferred development partner in 2014 to bring forward a mixed-use scheme for the regeneration of the Marketfield Way site in Redhill town centre ("**the Site**") Shortly after this process there was a subsequent supplemental agreement issued by the Council and Coplan was then formally appointed under a Development and Project Manager Services Agreement for the scheme in 2015. The appointment process is explained in more detail in Section 2.4. Coplan continues to provide development expertise and advice to the Head of Property at the Council, Mr John Reed. Mr Reed is the Council's lead officer responsible for this project and the Council have taken the full development responsibility and assumed the role of sole Developer
- 1.6 I am assisted in this project by my fellow Directors Colin McQueston (Head of Development) and Barry Goode (Construction Director) to support the provision of these services.
- 1.7 My proof provides evidence of current and completed schemes to demonstrate

Coplan's track record and experience as illustrated in Appendix 1. In this proof I will refer to documents contained within the Core Document List. Any documents referred to that are not included as Core Documents are attached as appendices to this proof.

- 1.8 The evidence which I have prepared and provide for this Inquiry is true and I confirm that the opinions expressed are my true and professional opinions.

2. SCHEME OVERVIEW

- 2.1 The Council has held a long term corporate vision to transform the image of Redhill town centre through high quality developments addressing the need to deliver new shops to improve the town's existing retail offer and importantly the creation of a family focused evening economy and attractive public places. The Reigate and Banstead Borough Local Plan Core Strategy (CD38) very clearly identifies the site for development of an 'integrated mixed use scheme'. The draft Redhill Town Centre Area Action Plan (CD14) designated the site as a 'major opportunity', and suitable for a mixed use development incorporating a leisure anchor, with restaurant and residential uses (see policy RTC1-A). The aims of the Area Action Plan were subsequently incorporated into the Development Management Plan, which is currently being examined by Secretary of State. The planning policy history applicable to the site is discussed in greater detail in Andrew Benson's and John Reed's proofs of evidence to this inquiry.
- 2.2 The Site incorporates the Council-owned Marketfield Road public car park plus a post war parade of twelve small unit shops with offices above fronting the High Street, opposite the main entrance to the Belfry Shopping Centre. The Site also encompasses land to the rear of Marylebone House and to the rears of 16 to 32 (evens) Station Road, as well as an electricity substation.
- 2.3 The Marketfield Way site has been identified by the Council since 2005 as having a crucial role to play in delivering its long term regeneration vision for Redhill. It lies at a strategically important location close to the train station and given that it was largely in the freehold ownership of the Council, the Site presented an ideal opportunity for the Council to provide leadership and investment to help drive forward the regeneration objectives for the Town Centre. The Site is of sufficient scale and in a prominent commercial location close to the town centre and public transport facilities to support a variety of uses in a sustainable location. A Parking Needs Study (CD13) established that the Marketfield Way spaces could be reallocated within the existing town centre car parks and the recently upgraded Sainsbury's development at Warwick Quadrant nearby (Please see the location of existing public car parking provision in Redhill –RGP Drawing No 2016/3441/017-at CD57)
- 2.4 External Property Consultants were commissioned by the Council in October 2010 to

undertake a viability and feasibility study for the Marketfield Way site. Various options were explored resulting in a recommendation to proceed with a retail-led mixed use scheme incorporating a multiplex cinema (see Executive Report dated 8th December 2011 at CD11). In 2012 GCW (Property Consultants) were appointed by the Council to assist them in the selection of a private sector development partner with a track record in town centre mixed use schemes to bring forward commercially focused proposals for the Site. The Council conducted an OJEU competitive dialogue procedure in a series of successive stages. Coplan's final tender and that of the other shortlisted bidder were scored against key criteria set out in the bid documents. Based on the outcome of the evaluation Coplan was selected as the preferred partner in January 2014. (See Executive Report dated 9th January 2014-Selection of a Development Partner for the Marketfield Way Regeneration at CD15).

- 2.5 Whilst draft Heads of Terms were being finalized for the disposal of the site to Coplan the Council decided to finance the scheme directly so that instead of disposing of the land to a developer they would borrow money from the Public Works Loan Board (PWLB) to fund the scheme themselves. The Council recognized that they would still need the assistance of a specialist development company to steer them through the complexity of delivering a mixed-use scheme. Utilizing the existing OJEU process the Council invited Coplan Estates and the other shortlisted bidder to submit a consultancy proposal for undertaking an advisory role. Coplan's proposals were subsequently accepted by the Council. The Council's decision to deliver the scheme itself was influenced by the benefit of being to retain the commercial income from the project which would help plug gaps in budgets and meet the Council's financial strategy to become more self-sufficient in the face of ongoing funding cuts from central government.
- 2.6 Coplan agreed terms in February 2015 initially under a letter of intent to undertake a development consultancy role to assist the Council throughout all stages of the project in accordance with a comprehensive schedule of services set out within the draft appointment document. In summary, the core services cover the procurement of the initial design work and scheme viability, negotiations with key tenants/occupiers, securing planning consent and in due course pre-construction advice followed by on-site delivery through the appointment of a main building contractor (Tier 1).
- 2.7 Coplan have also been actively involved in the land assembly exercise assisting the legal and surveyor team with private treaty negotiations to acquire third party interests and have explored options for relocating affected tenants within the development area. The Coplan team have worked closely with the appointed surveyor Nigel Riley of Citicentric who had previously assisted the Council in a CPO exercise in the Borough and was appointed to handle the land assembly issues arising in Marketfield Way.

3. SCHEME DEVELOPMENT

- 3.1 The competition process leading to Coplan's appointment involved a comprehensive submission including relatively detailed scheme options for the site which were evaluated against certain criteria set out in the bid documents. The purpose of this exercise was to judge how effectively the proposed scheme would address the key challenges facing Redhill. Whilst enjoying excellent transport links and possessing a relatively affluent catchment, the town suffered from a lacklustre image due to a limited retail offer and a virtually non-existent evening economy. One of the key objectives therefore for any potential scheme was to create a stronger destination, particularly in the evenings, to arrest leakage to other nearby centres, increasing dwell times and linked trips to the existing facilities.
- 3.2 Coplan presented a scheme to the Council which was backed up by retail/restaurant demand and importantly serious interest from a number of cinema operators who had identified Redhill as having potential for a multi-screen venue. Cinemas are widely recognised as a key anchor in terms of encouraging interest from a variety of restaurant groups many of whom had been waiting for a scheme of this significance to emerge in the town (as evidenced at Paragraph 3.3 below). Improving the range and quality of the town centre's restaurant offer with the draw of a cinema anchor will help meet the main objective of creating a stronger and more vibrant leisure economy for Redhill.
- 3.3 The Council had previously commissioned a consultant team in 2010 to undertake a viability and feasibility study which concluded that a retail/restaurant and cinema mixed use scheme would deliver the best regeneration solution. This was the most financially viable option based on market conditions at the time and also importantly delivered the highest economic benefit. As highlighted within the Executive Report dated 8th December 2011 (CD11) this particular option as a headline had the potential to generate a gross value add of £7.68 million per annum to the Borough's economy. A retail/residential option was also considered but was found to be only marginally viable at the time.
- 3.4 The Coplan scheme diverged to some extent from the Council's original assessments in that by 2015 the residential market had improved significantly and our scheme at the competition stage incorporated an increased number (94) of residential units located above the commercial units. We were keen to explore this option further as we felt that the residential element would offer additional footfall and activity in the town centre. The residential aspect of the development complies with the mixed use allocation of the site and, as a result of improved market conditions, improved the financial viability of the scheme.
- 3.5 It was considered that securing an early commitment from a cinema operator would be a key milestone and catalyst to generate interest in the Scheme from the

restaurant sector. Coplan can speak from first-hand experience of the positive impact that a cinema can have on the lettability of a scheme having secured a pre-let for a 7 screen cinema in a leisure-led scheme in Bedford (Bedford Riverside North-Partnership with Bedford Borough Council-See Appendix 1 for details). This resulted in successful lettings to a variety of mid-market operators including Wagamama, Zizzi, Mitchells and Butler. The principle reason for the demand is that the cinema generates significant new footfall to the town centre and in Bedford we are reliably informed by the operator's (Vue Cinemas) Property Director that one year after opening the predicted audience levels of 300,000 will shortly be achieved. (See email attached in Appendix 2).

- 3.6 The Council has now entered an agreement to lease with a national operator trading as "The Light" which illustrates the commercial attractiveness of this particular location. I attach a letter from The Light's CEO Keith Pullinger (Appendix 3) which provides reasons for their commitment to this project and confirms their forecast of annual visitations of 300,000 persons. The Light currently operates nine UK cinemas, with the tenth opening in Addlestone, Surrey in October 2018. Their cinemas are designed to provide a more premium offer than average multiplexes, with a focus on good service and local community engagement
- 3.7 The scheme concept had advanced sufficiently through the competition process for the professional team to commence work immediately on preparation of a detailed planning application which was refined as commercial and residential operator interest in the proposals firmed up through the early marketing process. Coplan have worked closely with the Council's appointed commercial letting agents GVA and GCW to identify occupiers for the scheme. Indicative lease terms and size requirements were established through the initial marketing process from prospective retailers, restaurant groups and cinema operators which helped inform the ongoing viability exercise. This early engagement means that both Coplan and the Council are satisfied that the proposed development will be extremely attractive to the market.
- 3.8 A detailed planning application was finalised by Coplan and the professional team and submitted by planning consultants WYG as agents for the Council in May 2016. The application was approved in January 2017 (CD35).
- 3.9 The new predominately ground floor commercial areas total approximately 60,000 sq. ft. which is capable of being sub-divided to cater for a variety of retail formats (see the approved drawings at CD35). The commercial units fronting the High Street enjoy a prime position and are designed with enough depth to attract potential larger space retail occupiers to the town who have previously been unable to secure appropriate accommodation. The units fronting Marketfield Way provide a cluster of units suitable for restaurant operators close to the main entrance of the proposed cinema which provides seven auditoria at first floor level. The cinema layout is specifically designed to meet the chosen operator's brand standard so is very prescriptive. The retail space

is more flexible and capable of providing units in a range of sizes to meet known requirements in the market.

- 3.10 Coplan and the marketing team have been able to establish through direct approaches to commercial occupiers in the market that there continues to be genuine demand for this location given its potential catchment, prominent town centre position and the real prospect to deliver a viable scheme with sufficient critical mass to create a real step change for the town. It is now important that the land assembly exercise is completed so that the Council can commit to the next steps in the development process to set out a programme for delivery and provide certainty to prospective tenants when the scheme will be available for occupation.
- 3.11 Alongside the commercial occupier discussions, Coplan have also focused on the residential component of the scheme to secure an early commitment from a suitable residential partner. The scheme's town centre location close to train and bus stations has provided a very sustainable opportunity to incorporate the delivery of 153 new apartments above the commercial space. The size of the residential scheme and the availability of fast and direct train services in to central London has generated significant interest in the scheme from residential developers and more particularly from the "Build to Rent" sector (BTR).
- 3.12 The BTR sector in the UK has grown substantially in recent years. In essence, this means a new housing development where all the properties are built for rent, not sale.
- 3.13 The most successful BTR schemes are in urban locations, with local transport within walkable distance. Allowing for regional variations, a critical mass of 150 units or more is deemed ideal to guarantee return on investment, whether in one building or multiple buildings. Studies have shown that BTR is viable where there are strong employment rates in the immediate area or well connected to employment markets.
- 3.14 To attract and retain the main target group tenants, 25-35 year olds, the right lifestyle setting is important so amenities such as a concierge, roof terraces, club rooms and gyms often form part of the offer.
- 3.15 Government and local authorities view BTR developments positively because they benefit local communities by providing much needed homes and can be delivered in a single phase, which are generally built out more quickly, utilise modern construction methods and attract a skilled labour force. The 2017 Housing White Paper emphasises the need for privately rented homes, indicating that demand is still growing.
- 3.16 The White paper seeks to build on the Governments £3.5bn Private Rented Sector Housing Guarantee Scheme and the £1bn Build to Rent Fund, increasing choice and

standards for people living in privately rented homes.

3.17 The former Minister of State for Housing, Dominic Raab, recently said:

“The 45 per cent increase in completed build-to-rent homes is good news, but we’re restless to do more”.

3.18 In terms of design development, Coplan undertook an informal marketing exercise to establish residential investor/developer interest in the scheme when appointed and this affirmed an improvement in the residential market and the growing emergence of the BTR sector. As a result of those discussions it became clear that there was a desire especially from the BTR operators to increase the number of residential units within the scheme. The design team were able to deliver the increased density through discussions with the planners during the pre-application process. With a scheme now more closely aligned with the main BTR criteria mentioned above, Coplan received strong market interest in the opportunity. Heads of terms have been agreed with a reputable and well-funded residential investor who will be launching a new BTR brand. The scheme has been designed with a range of amenities typical of an exemplar BTR product including gym and cinema rooms and will be the first of its kind in the town. We are now in the final stages of the legal process to secure a forward purchase of the entire residential component which significantly de-risks the project for the Council.

3.19 The draft residential forward sale contract is contingent on vacant possession, stopping up and the Council entering in to a building contract as required in order to build out the development. Certainty around the land assembly process will enable the Council to commit substantial resources to the next steps in the delivery process.

4. VIABILITY AND DELIVERABILITY

4.1 Throughout the evolution of the project the issue of project viability has been constantly reviewed. The Council's lead officer John Reed has the necessary internal approvals to commit expenditure to advance the scheme based on appraisals, budgets and cash flow projections produced by Coplan and the professional team. Coplan report formally on a monthly basis but provide updates continually as the scheme evolves.

4.2 The Council is clearly committed to the scheme, which will deliver significant regenerative and civic benefits but not at any cost, so the focus has firmly been on demonstrating that the project maintains a sufficient level of profitability taking in to account the associated development risks. This is important as the financial justification for the Council undertaking the scheme itself is that it will generate surplus long term income (after cost of finance) to the Council from the commercial elements

which they will continue to hold and manage for the foreseeable future.

- 4.3 The capital value of the scheme is now significantly underwritten by the commercial pre-let of the cinema anchor and the pending residential forward sale. It follows that the cost of construction determines the potential profit. The Council have received independent cost advice throughout the project and has also invested in undertaking a tender exercise to gauge contractor interest and receive further validation on the likely cost of construction.
- 4.4 Due to the scale of the scheme and the Council's procurement rules an OJEU process has already been undertaken to identify a suitable contractor for the scheme. A first stage tender exercise has been completed and the successful party is currently being appointed to commence the necessary design work to complete the second stage process under a PCSA (Pre- Construction Services Agreement). The indicated budget costs received so far are within the parameters of the current cost planning exercise.
- 4.5 We are not in a position to reveal commercially sensitive financial information due to the presence of confidentiality clauses within the cinema and residential forward sale documents and also an ongoing construction tender process. However, as a current snapshot the scheme will have a completed value in the order of £70m. The majority of the construction cost will be underwritten by the residential forward sale and the Councils objective of creating an ongoing revenue stream is currently on target based on a profit on cost that would be deemed an acceptable return for a project of this size, risk profile and complexity.
- 4.6 The Council have committed significant internal resources and funds in terms of acquiring third party interests, achieving a detailed planning consent and finalising key legal agreements to secure end user demand at a level that considerably reduces uncertainty for a commercial scheme of this nature. The Council have recently committed further financial resources to progress detailed design development in conjunction with the appointed contractor. We believe the scheme is viable based on advice that the contract price should be in line with current estimates. I am not aware of any legal or commercial impediments that would prevent the scheme from coming to fruition. Mr Reed has confirmed that funds will be made available to commence the construction process pending conclusion of the land assembly exercise. This will mark a significant achievement and enable the proper planning of the delivery phase, meeting the requirements of the existing contracted parties and providing confidence to the wider market that the scheme will be coming forward in the near future.

5. CONCLUSION

- 5.1 The Marketfield Way site presented a rare opportunity for the Council to directly influence development proposals being brought forward in a way that would meet their long held corporate vision to transform the image of the town centre.
- 5.2 Detailed studies established that best regeneration solution should incorporate an improved retail offer and in particular a leisure anchor to stimulate the town's weak evening economy and lackluster image. The Council has secured private developer input to gauge market demand for such a scheme and appointed Coplan following a competition process to partner with them on developing proposals for the site.
- 5.3 The Council having pro-actively intervened in other regeneration initiatives and with a growing exposure to other development projects in the Borough subsequently decided to take on the role of developer. This ensures that the key objectives for the site will be preserved and generates an income stream that will supplement Council revenue.
- 5.4 The Council appointed Coplan on a consultancy basis to act as its Development Manager and we continue to provide that role to this day.
- 5.5 The body of this proof explains the evolution of the scheme from its initial concept through to receipt of a detailed planning consent in January 2017. This is a market facing scheme and has been designed based on numerous discussions/meetings with potential commercial and residential occupiers. The Council is confident that a viable and deliverable scheme has evolved. This is substantiated firstly by an agreement to lease being in place for the key cinema anchor which we believe will drive the commercial tenant mix. Secondly, a contract for the forward sale of the residential component is close to being completed which significantly underpins the Council's financial commitment by offsetting the project construction cost.
- 5.6 The Council have all the necessary executive approvals to continue funding the scheme and in order to maintain momentum have recently advanced the detailed design process with the appointed building contractor so that a firm price and programme are settled.
- 5.7 The Council is entirely committed to the delivery of the scheme, which has been a policy priority for a number of years, and has dedicated significant time, effort and money to securing planning permission and making and pursuing the confirmation of the CPO. I know of no legal, financial, or other impediments that will prevent the scheme from achieving its stated objective of delivering significant regenerative benefits to the area.