



## Record of Cabinet portfolio holder decision

Local Government Act 2000 and the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

<b>Decision made by</b>	John Cotton (Science Vale Portfolio)
<b>Key decision?</b>	Yes
<b>Date of decision</b> (same as date form signed)	tbc
<b>Name and job title of officer requesting the decision</b>	Vicky Trietline (Didcot & Science Vale Officer)
<b>Officer contact details</b>	Tel: 01235 547680 Email: <a href="mailto:Vicky.Trietline@southandvale.gov.uk">Vicky.Trietline@southandvale.gov.uk</a>
<b>Decision</b>	<p><b>Didcot : Orchard Centre – Phase 2 Extension</b></p> <p>To:</p> <p>1/ Approve the 'Alternative Scheme' proposed by Hammerson for Orchard Centre Phase 2A, and to approve the key terms for a Deed of Variation (to vary the 2011 Development Agreement) necessary to implement the scheme.</p> <p>2/ Authorise the Strategic Director (Anna Robinson), in consultation with the relevant cabinet member (John Cotton) to enter into the full Deed of Variation (on the basis of the key terms) to vary the existing 2011 Development Agreement with Hammerson - as required to implement the Alternative Scheme (Phase 2A).</p>
<b>Reasons for decision</b>	<p><b>Context – Scheme Evolution</b></p> <p>The Orchard Centre Phase 2 scheme is a central component of the Council's comprehensive regeneration strategy for Didcot town centre. The delivery of the scheme is critical to unlock a much needed significant 'step change' in both the offer and environment of Didcot town centre, and its attractiveness to shoppers, residents, and wider business investment. In turn this will be fundamental in enabling the ambitious housing growth targets for Science Vale to be met.</p> <p>A Development Agreement (DA) was signed between the Council and Hammerson in 2011 for Phase 2 of the Orchard</p>

Centre. However due to market conditions and the difficulty of securing an anchor store for their retail - led scheme, a Deed of Variation (DoV) was signed in March 2014 giving Hammerson an extension of time (until December 22) to either secure an anchor store, or propose an Alternative Scheme.

Whilst several of the named target anchor stores have been close to committing to the scheme since 2011, the last remaining interested party confirmed in October 2014 that they would not take a department store at the scheme.

Therefore no anchor store (as defined in the 2011 DA) has been secured, and Hammerson have instead proposed an Alternative Scheme (Phase 2A).

Hammerson's Alternative Scheme - Phase 2A - is a reduced scheme with a reduction of 35% in retail floorspace and it excludes the housing element, which will be progressed in parallel by the council.

Therefore we require Cabinet member approval for their proposed Phase 2A scheme, and the key terms of the scheme in order to:

- 1) formally accept the scheme, and
- 2) enter into a new Deed of Variation which will amend relevant terms of the 2011 DA to enable the new Phase 2A scheme to be delivered.

### **Alternative Scheme - Phase 2A**

The Phase 2A scheme comprises approximately 12,048 sqm (130,000sqft) of retail and leisure floorspace anchored by an M&S Simply food store. It is considered by officers and our external advisors DTZ to be the best option available to achieve a significant retail expansion scheme in the short/medium term.

Whilst total floorspace has been reduced from the original scheme of approximately 18,536 sqm/ 200,000 sqft, the café/ restaurant (leisure) component has increased, which is a very positive feature in line with the changing function of town centres as a place for 'leisure trips', as much as for shopping. In addition 'place-making' attributes are stronger in the new scheme, with the inclusion of a town square around which the café/ restaurant units are located, improved public realm and environmental improvements.

The proposed smaller scheme will be developed largely on Hammerson and council owned land. Two small corner plots at each end of the site are in private ownership and

Hammerson are seeking to purchase these. If this fails the Council may be requested to use its CPO powers to ensure the acquisition of these two small plots. This smaller scheme has the advantage of being more readily deliverable than the original scheme in that it can be implemented largely on Hammerson and Council owned land, without the inclusion of Rich's Sidings where CPO powers would in all likelihood be required to acquire land, with the associated costs and timescale this involves.

Hammerson have requested that the council dedicate a small site on Station Road owned by the council ( which has been used as a works compound for the Didcot station improvements for the past two years), to car parking in order that the required parking numbers for Phase 2A can be achieved in commercial terms. Hammerson will pay for the works to establish the car park, and its ongoing maintainance, which will be retained and managed by the council.

### **Comprehensive Regeneration - Phases 2A and 2B**

The SPD (2009) for Didcot town centre requires a comprehensive mixed use scheme, with around 300 residential units. The Hammerson Phase 2A scheme only occupies part of the original Phase 2 area, and does not include regeneration of Rich's Sidings. To ensure a comprehensive approach the latter area is therefore ear marked as a Phase 2 residential-led scheme. Work will start early in 2015 on phase 2B.

The council will design phase 2B then carry out a market testing exercise to determine the most appropriate means of delivery. The options include outright sale, a joint venture or a council-led scheme.

In line with the above approach Hammerson will not be granted any rights over the remainder of the Phase 2 area.

There are opportunities in the future to expand the retail area through increasing densities and providing deck access car parking.

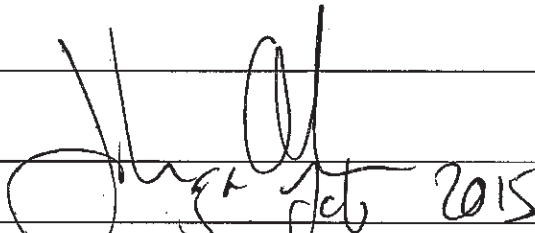
### **Phase 2B**

It has not yet been decided on the detailed approach to phase 2B as it is intended to test the market in the first instance to establish the level of interest from developers.

The council wishes to see statement/landmark buildings on this land and may retain an interest in order to better influence outcomes.

	<p>The comprehensive development Phase 2A and 2B will together meet the council's planning (and regeneration) objectives for the site as set out in the 2009 town centre Supplementary Planning Document.</p> <p><b>Planning Application - Phase 2A</b></p> <p>Planning and highways officers have given their 'in principle' support to the Phase 2A scheme proposals, and pre – application discussions are underway, the intention being that a detailed planning application for phase 2A is submitted before the year end. This application will also comprise a masterplan demonstrating a comprehensive approach (as above) by including Phase 2B demarcated as a residential led development opportunity.</p> <p><b>Deed of Variation (DoV) - to amend 2011 DA</b></p> <p>A DoV is being negotiated between the council and Hammerson to capture and document the changes required to the 2011 Development Agreement (DA) to enable the Phase 2A scheme to be implemented. Such changes predominantly relate to changes needed to reflect the amended scale and content of the new scheme. Also DA timings/ and deadlines (for 'condition' satisfaction etc) will also be amended via the DoV to reflect the new scheme, and the reality that the dates agreed in 2011 now need updating.</p> <p>The Hammerson scheme has been demonstrated to be financially viable and cabinet member consent is sought on the understanding that council investment into the scheme is not required.</p> <p>Our external property advisers (DTZ) have advised that the key terms of the proposed agreement with Hammerson for the Phase 2A scheme are robust. Together with our external legal advisers they have and will be providing appropriate expertise into the negotiations for the Heads of Terms for the new DoV, and the full document to ensure the council's interests are properly protected.</p>
<p><b>Alternative options rejected</b></p>	<p>The main alternative would be to not accept Hammerson's Alternative scheme and therefore terminate the DA. This would leave the Council in the position of starting afresh in reconsidering scheme options for the site and bringing a suitable scheme forward.</p> <p>We have therefore sought external development consultancy advice as to the potential for an appropriate Council-led alternative scheme for the site. Our advisers (DTZ) have advised that the radical change in retail markets, brought about by the online revolution, has resulted in traditional</p>

	<p>anchor stores focusing on larger catchment towns and cities.</p> <p>This market shift is specifically evidenced by the fact that all the traditional anchor stores have rejected Didcot at this time. Without a traditional anchor (department store) there will always be a 'cap' on the size of any retail scheme, due to the reduced attraction to other retailers. DTZ also advise that the leisure sector has expanded as the retail market consolidates and this is reflected in the increased leisure component of Hammerson's Phase 2A scheme.</p> <p>DTZ have advised that major commercial leisure uses would not be a viable lead use for the site due to their extensive land and parking requirements, and financial nature (also cinema and theatre uses are already represented). Whilst wider uses such as office and residential uses have been considered they are not deemed to be suitable 'lead' uses for this area which is and should be protected for retail/ leisure uses to enhance the overall offer of Didcot.</p> <p>In this context DTZ consider the Phase 2A scheme proposed - together with the fact that it would be delivered by Hammerson, who are one of the leading UK owners and developer of retail schemes - to be the strongly preferred option (and indeed only deliverable option) to deliver a significant retail/leisure extension to Didcot town centre in the short term.</p> <p>If we do not take up this opportunity it is highly unlikely that such a retail enhancement will be delivered for at least 10 years, based on current market and retailing conditions.</p>
<p><b>Legal implications</b></p>	<p>The report has been reviewed and endorsed by legal services</p>
<p><b>Financial implications</b></p>	<p>The report has been reviewed and endorsed by our accountants</p>
<p><b>Other implications</b></p>	<p>The council will be operating a pay and display car park on Station Road. A car parking order will be required. Valuers have valued the site at £550,000 market value as a car park. This is slightly below the residual land value for residential, valued at £560,000, however, the council retains ownership of the site which may be disposed of at some future date, allowing the full capital sum for residential to be realised if wished.</p>

<b>Background papers considered</b>	None			
<b>Declarations/conflict of interest?</b> <b>Declaration of other councillor/officer consulted by the Cabinet member?</b>				
<b>List consultees</b>		<b>Name</b>	<b>Outcome</b>	<b>Date</b>
	Ward councillors	-		
	Legal	Pat Connell		
	Finance	Simon Hewings		
	Human resources	-		
	Sustainability	-		
	Diversity and equality	-		
	Communications	-		
Strategic Management Board	Anna Robinson			
<b>Confidential decision?</b> If so, under which exempt category?	NO			
<b>Call-in waived by Scrutiny Committee chairman?</b>				
<b>Has this been discussed by Cabinet members?</b>				
<b>Cabinet portfolio holder's signature</b> To confirm the decision as set out in this notice.	Signature			
	Date	6 Feb 2015		

**ONCE SIGNED, THIS FORM MUST BE HANDED TO DEMOCRATIC SERVICES IMMEDIATELY.**

For Democratic Services office use only			
Form received	Date:	6 February 2015	Time: 9:30
Date published to all councillors	Date:	6 February 2015	
Call-in deadline	Date:	13 February 2015	Time: 17:00