

Part A

Report to:	Cabinet
Date of meeting:	5 March 2018
Report of:	Property Development Project Manager
Title:	Resolution in principle to promote a Compulsory Purchase Order for Watford Business Park.

1.0. Summary

- 1.1. This report provides an update to Cabinet on the progress to date regarding the proposed regeneration of Watford Business Park in line with the aspirations set out in the Council's Local Plan Part 1 (Core Strategy adopted January 2013).
- 1.2. It outlines the next steps required to bring forward the first phase of regeneration within the business park through a comprehensive redevelopment proposal.
- 1.3. The report seeks approval 'in principle' for the Council to acquire compulsorily, by means of a Compulsory Purchase Order (CPO) pursuant to section 226(1)(a) of the Town and Country Planning Act 1990 (as amended), land and existing rights and interests where agreement cannot be reached in order to implement the comprehensive delivery of the first phase of regeneration within the business park.
- 1.4. The proposed order lands are indicatively shown in the plan attached to this report at Appendix 1. The proposed site, also referred to as 'Zone A' is edged red in the plan. The area hatched blue indicates land over which the Council proposes to extinguish (or override) any existing rights that these interests may have over the area edged red. It is important to highlight that no land or interests will be acquired over the area hatched in blue. The boundaries may change subject to further feasibility work. Should a CPO be required, the proposed boundary will be confirmed in a subsequent report to cabinet.
- 1.5. Cabinet should be satisfied at this stage that the relevant criteria for making a Compulsory Purchase Order are justifiable. A subsequent report will be

presented to Cabinet seeking authority to progress the making and serving of a Compulsory Purchase Order should the need arise.

2.0. Risks

Nature of Risk	Consequence	Control Measure	Response	Risk Rating
It is not possible to acquire all interests by agreement	CPO powers may need to be exercised to enable comprehensive redevelopment.	Treat	Through its appointed consultants, the Council will exhaust all possible options to acquire by agreement prior to making an order.	8
Financial implications	Abortive costs if CPO application rejected by the Secretary of State.	Tolerate	An order will only be made if the Council is confident it has a strong case. Project holistically budgeted and resourced from the onset.	9
Market uncertainty	Acquisition values fluctuate and impact on budget and/or viability of the scheme.	Tolerate	This should be monitored closely and advice sought from consultants when appropriate.	9
Objections to the CPO	Increased costs and programme with regard to executing an inquiry.	Tolerate	Monitor and assume high probability that inquiry may be required.	8
Business relocation	Risk of extinguishment if alternative premises can't be found.	Treat	Detailed business relocation strategy drafted and implemented at an early stage.	8
Legal challenge /	Significant programme	Terminate	Monitor risk and have a contingency plan in place	8

Judicial review	implications if the CPO decision is challenged.		should this become an eventuality.	
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3.0. Recommendations

3.1. It is recommended that Cabinet:

- a) Supports the comprehensive redevelopment of Watford Business Park Zone A (indicatively edged red in the plan attached at Appendix 1) for the reasons outlined in this report;
- b) Notes that officers are carrying out an options appraisal with regard to the delivery mechanism for the redevelopment of Zone A. The details of which are contained within this report;
- c) Agrees in principle to the use of Section 226(1)(a) Town and Country Planning Act 1990 (as amended) compulsory purchase powers, if necessary, to acquire outstanding land interests and existing rights (which may be extinguished or overridden) in the proposed Watford Business Park Zone A development site (indicatively edged red in the plan attached at Appendix 1) where acquisition by agreement is not possible;
- d) Agrees to authorise officers to take all necessary steps to commence the process for the making, confirmation and implementation of a Compulsory Purchase Order, including securing the appointment of suitable external advisors and preparing all necessary CPO documentation;
- e) Notes that a further report will be presented to the Cabinet to approve the making of the order and confirm the extent of the order lands to be acquired following the finalisation of the necessary preparatory work and delivery option appraisal.

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4.0. Detailed proposal

4.1. Overview

4.1.1. Watford Business Park (WBP) is a major strategic land holding of approximately 75 acres (or 30 hectares) accommodating 65 businesses and employing in the region of 1,000 people. However, a significant proportion of the existing built stock is over 50 years old and is deteriorating.

4.1.2. The Local Plan Part 1 (Core Strategy adopted January 2013) sets out the vision, objectives and spatial strategy for Watford Borough to 2031 and forms the strategic planning context. The Local Plan Part 1 (LPP1) outlines the need to improve and upgrade Watford Business Park to facilitate economic development and environmental improvements. Watford Business Park is contained within Special Policy Area 6 'Western Gateway' of the LPP1.

4.1.3. The objective of Special Policy Area 6 is to deliver redevelopment that improves and upgrades this area from an economic development and environmental perspective.

4.1.4. Whilst Watford Borough Council holds the freehold title to the park, the majority of the buildings have been sold with long leasehold interests, many of which now have less than 40 years remaining. This fragmented leasehold structure is a significant barrier to comprehensive redevelopment or regeneration in the form of new investment either from occupiers, the Council or in attracting third party funding.

4.1.5. Without a significant rationalisation of land holdings and uses this strategic site will fail to attract new business, it risks deteriorating further and losing employment opportunities for the borough. This proposal is considered to be a much needed catalyst to regenerate WBP as an employment destination.

4.2. Progress to date

- 4.2.1. In 2013 a joint funding bid to the Hertfordshire Local Enterprise Partnership (LEP), led by Greenhill Asset Management on behalf of Watford Borough Council, secured £1.5m of loan funding to develop a strategy and master plan to bring forward the redevelopment of WBP.
- 4.2.2. The funding consisted of £300,000 to undertake due diligence and develop a regeneration strategy and a further £1.2m for the implementation of identified projects, including strategic purchases, from that strategy.
- 4.2.3. The strategy identified a number of development opportunities within WBP with a phased and comprehensive approach. It recommended that 'Zone A' is brought forward as the first phase in the implementation of the strategic master plan.
- 4.2.4. 'Zone A' is located at the entrance to the business park and has potential to accommodate a gateway development to the estate. It is currently characterised by low density and inefficiently planned buildings comprising low quality office and warehouse accommodation. Zone A is indicatively edged red in the plan attached at Appendix 1.
- 4.2.5. Following the development of the strategy and master plan, the Council have made good progress acquiring interests within Zone A using the remaining LEP funding. However, in order to secure the remaining interests and facilitate a comprehensive redevelopment of the site, the Council may need to use its Compulsory Purchase Powers under Section 26(1)(a) of the Town and Country Planning Act 1990 (as amended).

4.3. Next steps

- 4.3.1. Now a significant number of the interests have been acquired through agreement, the Council is in a position to commence a more detailed site and development appraisal. This will inform a preferred development option for the site which will be progressed with the intention to secure a planning consent. It is possible that the indicative Site A boundary (as outlined in Appendix 1) will be amended following this development appraisal.

- 4.3.2. The scheme that is developed and submitted for planning approval will be designed to achieve a significant and sustained improvement to the economic, social and environmental wellbeing of WBP and the wider borough.
- 4.3.3. Alongside the development of a scheme, the Council will continue to engage with leaseholders in Zone A with the intention to acquire as many interests as possible through agreement.
- 4.3.4. A relocation strategy will be adopted to outline the Council's approach to assisting affected businesses in identifying and relocating to alternative premises. This strategy will be developed with the Council's Economic Development Officer using a similar methodology adopted by the Council on Cardiff Road.
- 4.3.5. A communication strategy will be developed to ensure affected businesses are able to fully comprehend the implications of the potential Compulsory Purchase Order. It will also ensure the process is transparent and expectations are managed.
- 4.3.6. In order to comprehensively establish all those with an interest in or right to occupy the land, the Council will commission a referencing exercise using its powers under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976 to serve Requisitions for Information.
- 4.3.7. It should be noted that Requisitions for Information will be served on a wider area outside of the proposed Zone A boundary. This will ensure that all existing rights over the area edged in red, including rights to park vehicles, are fully established and those interests are properly engaged in the process. If necessary the Council will then seek to extinguish or override those rights in the CPO Process. Overriding rights has the effect of them lawfully being suspended for the duration of the development, authorised subject to the payment of compensation. That applies to most rights and restrictive covenants. Any private rights of way can however be extinguished again subject to the payment of compensation. Given the period of suspension they effectively operate with the same consequence – the rights cannot be exercised and compensation paid.

4.4. Delivery options

4.4.1. A number of delivery and procurement options have been reviewed to bring forward a comprehensive redevelopment of WBP Zone A. The Council will need to ensure compliance with its contract procurement rules for all options presented. Options will be tested with the market to ensure an attractive proposition can be secured for all parties.

4.4.2. It has been concluded that four broad procurement routes should be tested:

- a) A full procurement for a Joint Venture (JV) partner with the Official Journal of the European Union (OJEU);
- b) The addition of the scheme to the existing Local Asset Backed Vehicle framework between the Council and Kier Property Developments Ltd.
- c) The potential for a land transaction agreement with a neighbouring landowner or 3rd party;
- d) The phased direct delivery of individual or smaller zones for redevelopment (potentially requiring a formal OJEU process for each zone);

5.0. Implications

5.1. Financial

5.1.1. The Shared Director of Finance comments that the Council has approved a capital budget for the 2017/18 of £5,295,299 and 2018/19 of £4,412,809 for the WBP project.

5.1.2. This budget will be used primarily for the acquisition of any outstanding interests within the development area and the progression of a Compulsory Purchase Order should it not be possible to acquire the interest through negotiation with the lessees.

5.1.3. Zone A generates approximately £200,000 per annum from the ground and occupational leases the Council presently holds. This contributes to the Council's income from its investment property portfolio. It is anticipated that

there will be some short term loss of income as a result of redevelopment. However, the redevelopment of Zone A is expected to increase long term revenue and capital gain, reversing the erosion of income as a result of progressing redevelopment.

5.1.4. Additionally, the delivery of new industrial units at 18 Caxton Way will bring in a new revenue stream which will offset the loss in income in Zone A to some extent whilst the development takes place.

5.1.5. A full financial appraisal of the development and delivery options is currently being undertaken. In any case, it is anticipated that the redevelopment of Zone A is likely to produce an uplift in business rates income.

5.2. Legal Issues (Monitoring Officer)

5.2.1. The Head of Democracy and Governance comments that the Council is using external legal advisers to advise on both the CPO and procurement options.

5.3. Equalities/Human Rights

5.3.1. A Compulsory Purchase Order should only be made as a last resort where there is a compelling case in the public interest that is considered to outweigh the human rights of the owners and occupiers affected. Together with an Equalities Impact Assessment, that case will need to be set out in a future report to Cabinet to inform any decision on taking compulsory purchase action. This process will be informed by engaging with the various parties within WBP that fall within the proposed area of land for acquisition.

5.4. Staffing

5.4.1. The Property Development Project Manager within the Council's Regeneration and Property Team will be the primary resource for this project. External advisors will be appointed where appropriate to provide additional resource and expertise.

5.5. Sustainability

5.5.1. Many buildings in Watford Business Park Zone A date back to the 1960s and are inefficient both in terms of configuration and do not meet basic energy standards. The comprehensive redevelopment of this site will significantly improve the existing environmental performance of employment accommodation within the business park. Sustainability considerations will be built into the design development process from the onset.

5.5.2. Research by property consultants Savills identifies a lack of 'move on' accommodation for office based businesses in Watford. This exposes the borough to the risk of losing major employers to other locations should the local market not provide an appropriate mix of available premises. This proposal will seek to increase the economic sustainability of the town and provide high quality commercial premises to create and retain jobs in the borough.

Appendices

Appendix 1 Indicative plan of the proposed order lands, Watford Business Park Zone A.

Background Papers

No papers were used in the preparation of this report.

File Reference