

# Scrutiny Committee



Report of Strategic Director

Author: Matt Prosser

Telephone: 01235 540399

Textphone: 18001 01235 540399

E-mail: matt.prosser@southandvale.gov.uk

Cabinet member responsible: Matthew Barber

Tel: 01235 540391

E-mail: matthew.barber@whitehorsedc.gov.uk

To: Scrutiny Committee

DATE: 21 November 2013

## West Way, Botley

### Recommendation(s)

That committee notes the contents of this report that sets out the background to the decisions taken on West Way, Botley, and makes any appropriate comments for the Cabinet to consider whilst it has oversight of the schemes development.

### Purpose of Report

1. This report sets out the sequence of decisions taken by the former Executive and current Cabinet on land owned at West Way, Botley. This follows a motion at full council on the 23 October 2013 that was subsequently withdrawn in light of the offer of the Leader of the Council, Matthew Barber, agreeing to bring this report to Scrutiny.

### Strategic Objectives

2. The sale and redevelopment of the West Way shopping centre will contribute to the Vale Council's corporate objective of building the local economy, specifically to "enter into a commercial partnership to secure new retail development at Botley and use some of the proceeds to improve the West Way shopping centre". In addition it will contribute to the corporate objective to deliver effective management of resources and specifically the ability to "agree prudent and sustainable medium term financial plans".

## Background

3. The issue of the potential redevelopment of part or all of West Way Shopping Centre (WSC) has been considered in a number of formal reports to the Executive as it then was, to the current Cabinet and to the individual cabinet member for property, taking decisions on behalf of Cabinet. These reports date back to November 2010. These reports culminated in the Vale Council entering into conditional contracts for the sale of its interest in WSC to Doric Properties Limited (Doric).
4. All reports were classified as exempt for reasons of commercial sensitivity around current or future negotiations including
  - if this contract were not fulfilled the Vale Council and/or its partner landowners may wish to renegotiate a new contract
  - if information on the detailed contracts were in the public domain this would undermine this process
  - the adverse impact on Doric in relation to future negotiations with other parties if the precise financial arrangements were known
5. As a consequence this report will set out the events but not consider the contractual detail that Members can consider in confidential session at the end of the meeting.
6. The Vale Council acquired West Way Shopping Centre as an investment in 2000 for some £5,800,000. At that time, the total rental income was some £560,000 a year. The centre was constructed in the late 1960s and includes 25 shops. The centre is poorly designed with little or no visibility and is looking tired and dated. Of late significant issues have been arisen with the state of the extensive flat roof which is in need of replacement. The buildings are of basic construction common in the 1960's for speculative commercial development including poor standards of insulation. The public areas have had virtually no investment. Presently all of the shops are let although possession proceedings are underway in one case and the most recent lettings have been achieved but only at reduced rents. Whilst rental income from the site as a whole has grown since 2000 the increase has been modest and has not kept pace with inflation, with growth running at 10.94% over thirteen years of ownership as against RPI over the same period being 46.7%.
7. The initial report that was taken to the previous administrations Executive in November 2010 envisaged a smaller scale of development. The land take for the original scheme incorporated part of the Co op building and the adjoining car park plus Seacourt Hall as well as adjoining land owned by other parties. At that time the Executive agreed to the Vale Council entering into a joint venture sale agreement with the adjoining landowners (plus a party who had an agreement with the Baptist Church) and this document, termed a marketing and co-operation agreement (MCA) was completed in February 2011. The thrust of the agreement was that the parties would jointly market the overall site with a view to achieving certain common objectives, these being a sale on the best terms subject to delivering a development within five years that complemented the existing WSC. The MCA also provided the mechanism for the distribution of receipts. It is fair to

say that at that stage the parties to the MCA had in mind a large food store development together with replacement community hall and Baptist Church and potentially a space for a new library also – subject to agreement with Oxfordshire County Council as Libraries authority. Various proposals were received for a large food store with associated car parking and residential accommodation proposals. The food store proposed by the two front running bids would have been slightly larger than Waitrose in Abingdon, with car parking in the region of 450 spaces provided.

8. The site was subsequently marketed by the strategic property advisers working for the joint venture parties and this produced 13 firm offers from a mixture of developers and food retailers. Six bids were shortlisted and these were analysed further, including input obtained from planning officers at the Vale, and each of the parties were interviewed jointly by the agents and landowners, including representatives of the Vale Council. Having regard to the both the suitability of the schemes and the financial offer, two parties emerged as frontrunners, one of which was Doric. Negotiations went on for an extended period, initially with the other bidder but ultimately all the parties to the MCA agreed that Doric's bid was the one that they wished to proceed with. Doric's interest in the site and the bid they made had been fully market tested and the Vale Council's strategic property agents approved the proposed terms.
9. The concept of a more comprehensive redevelopment was initially borne out of discussions between Doric and its professional team with the Vale Council's planning officers. There was concern that a large food store placed next to the existing West Way shopping centre would mean the centre became unsustainable, especially given the higher than normal number of food chains already in the centre. This was consistent with planning guidance in that the Vale Council core strategy (preferred options) January 2009 outlined the council's expectations for Botley, including that there are opportunities to redevelop the shopping areas built in the late 1960's and early 1970's. West Way shopping centre and Elms Parade were proposed as a site for comprehensive redevelopment to include a large supermarket, shops, offices and other town centre uses.
10. It had originally been the intention to use some of the proceeds from the originally planned, smaller scale site disposal to fund the refurbishment of the WSC, however Doric produced proposals for a comprehensive development of the existing tired and poorly laid out buildings which it is believed would continue to serve the local needs but would additionally serve greater numbers of local people and widen the overall catchment producing a modern vibrant centre for Botley. In addition the poor quality community buildings could be replaced. Doric presented their ideas in person at Cabinet briefings and the benefits of a comprehensive redevelopment were recognised by Cabinet members. The Cabinet briefings that Doric attended were held on: 13 April 2012 14 September 2012 and 13 September 2013.
11. The possibility of a comprehensive development gave rise to discussions over possible terms for a second transaction involving a conditional sale of the Vale Council's remaining interest in the WSC. Again the Vale Council was professionally represented. The WSC produces a significant revenue income to the Vale Council and an important consideration was whether any capital receipt could be expected to at least replicate the current level of income. The culmination

of these discussions was a report to cabinet in December 2012 where cabinet agreed that the Council should use its ownership of WSC to facilitate the regeneration of Botley and approved the conditional sale of the asset to Doric.

12. The report considered the options including that of withdrawing from all negotiations to restart the tendering process based on a redevelopment of the whole site. However, this was considered to be a backward step and would result in considerable further delay in the process. The offer that had been negotiated was believed to be a good one, that could replicate the present level of revenue income from WSC, and the scheme that Doric had tabled would produce a comprehensive redevelopment producing a vibrant new district centre for Botley.
13. It was also the case that withdrawing from all discussions with Doric would have risked losing the co-operation of the other parties under the original MCA (who were aware and had agreed to Doric's comprehensive redevelopment proposals) and potentially excluding the office buildings (Grant Thornton House and Elms Court) from the scheme.
14. Following the cabinet meeting in December 2012 the Council exchanged contacts with Doric in relation to the remaining interest in WSC (the agreement with Doric and the other parties to the MCA for the smaller site having already exchanged). Both agreements are conditional on a number of matters as is common for agreements of this type including the achievement of a satisfactory planning consent. A planning application is expected to be received before the end of the year and will be determined in 2014
15. None of the decisions in relation to these proposals have been called-in by Members in accordance with the Council's procedure for this.
16. Over the years there have been several public meetings and consultations about various elements of the proposed development. Back as far as February 2012 North Hinksey Parish Council hosted a public meeting at which the Vale, then in negotiation on site one only, were invited to speak. This was at a very early stage and the consultation undertaken by the Vale at that point produced a mixed level of response from the very high level and aspirational to very detailed responses on the specific brand of shops people wanted to see. The results were published on the Vale web-site at the time. Subsequent to that the consultations have been led by the developer seeking feedback on proposals. One in February 2013 with a very high level proposal just showing zones of activity and then a more detailed consultation in September 2013 showing draft proposals for land usage.
17. The Vale has all times been kept informed of what consultation is being undertaken and our property staff have spent time at the consultations listening to the views being presented by residents and other interest groups to the developers. In addition we have attended a public meeting hosted by West Way Community Concern and have similarly hosted West Way Community Concern with the Parish Council and local members to help them understand the planning context to the site.
18. Doric are currently reviewing the proposals for development in the light of feedback from the recent consultation events in September /October and the revised

proposals are awaited that take account of these consultations. It is anticipated that a planning application will be made by the end of the year.

## **Financial Implications**

19. There are no direct financial implications arising from this report.

## **Legal Implications**

20. There are no direct legal implications arising from this report

## **Risks**

21. Risks in relation to the proposals were highlighted in the relevant reports referred to above.

## **Other Implications**

22. The council is already in a contract with both the joint venture parties to the MCA and directly with Doric in relation to site two. These agreements are important and have taken nearly three years to get to this point and input from legal and property experts to protect the interests of all the parties concerned. Whilst some have voiced concern about the scheme being proposed, there needs to be an understanding that these contracts cannot simply be unpicked or stopped without significant cost to the council and the other parties involved. In addition to stop the process now (the do nothing option) is not sustainable long term for WSC.

## **Conclusion**

23. The above can only be a summary of a long process out of which the present proposals have emerged. However, the process has involved discussions between officers, members and the Vale Council's professional advisors throughout and as well as a number of formal confidential reports.

24. The centre of Botley is in need of significant investment and the Vale Council is committed to achieving this. Naturally there will be great interest in the precise proposals and a wide variety of views both for and against. The 'do- nothing' in relation to the centre is not sustainable. The choice therefore is to work with the existing old and poorly laid out buildings to achieve a result that will inevitably be compromised, or to take this opportunity to achieve a step change for the area to serve the community for the next 30 years and beyond. Clearly, however, it is vital that the consultation processes are given a chance to work and Doric's revised proposals will therefore be of great interest when they are submitted.

## **Background Papers**

- Map of land ownership