

PART I - DELEGATED

**13. THE SOUTH OXHEY INITIATIVE  
(DCES)**

**1. Summary**

1.1 This report is to advise of the recent progress of work on the South Oxhey Initiative and seek Members' views on pertinent matters. In particular the report addresses the following issues:-

- Current status of the Developer Partner procurement
- Review of alternatives
- Proposed way forward

**2. Details**

2.1 Members will recall that the Executive Committee on 22 July received a report on the status of the negotiations with the leading bidder, otherwise referred to as CHL, together with the envisaged summary commercial terms and timetable.

2.2 Regrettably after an intensive several months of working with CHL in bringing forward their proposals and the resultant financial outworkings, the negotiations have stalled.

2.3 CHL have effectively walked away from this opportunity by indicating their unwillingness to progress further work unless the Council confirm they will contribute a large and currently unsubstantiated figure, being the deficit in their appraisal. They are continuing to add further costs that, hitherto, officers would have expected them to have included in the original bid submission. This in effect widens rather than reduces the deficit the Council are being asked to contribute.

2.4 It is clear that CHL consider this project to be too difficult for the resources available to them and presumably can acquire other easier sites to satisfy their development ambitions. Much of this is not specifically said in correspondence, probably for fear of their reputation in TRDC and the wider Hertfordshire area. Nevertheless officers and Deloitte Real Estate, our advisors, believe it is in the Council's best interests to move on.

**3. Review of alternatives**

3.1 There are four primary options as regards the Council's interests in the SOI area, some of which have been considered previously:-

- Do nothing
- Refurbishment
- Outright sale
- Redevelopment

3.2 The first two options were considered and rejected at Executive Committee in January 2012. Whilst all of the previous constraints still prevail, there are further factors which militate against either of these two options. The option of outright sale has not been considered in any detail previously but would carry substantial reputational risks for the Council and substantially reduce ability to influence a new scheme.

3.3 Continuing with a redevelopment option remains the best solution, but clearly it is necessary to re-examine the situation and do what is required, to make delivery of the scheme more certain, ahead of another procurement exercise. The further analysis needed is set out in outline below.

#### **4. Proposed way forward**

4.1 It is clear from lengthy discussions with CHL that a number of factors give cause for concern (and probably other Developers) as to the scheme actually coming to fruition. In summary these are:-

- Vacant possession of the land (in phases) when required
- Certainty that the retail elements of the scheme are secure
- Confirmation of the community and affordable housing elements of the scheme.

4.2 All of these aspects are capable of being worked through and ultimately will benefit the Council by giving greater certainty as to any deficit, ahead of Developer selection, that may remain in the project viability, once a further procurement process is concluded. There are, of course, cost & programme implications in pursuing this route and a separate report on such matters will be prepared at the appropriate point. The funding offer from the LEP Growing Places Fund is still available if so required.

4.3 It may well be that an Outline Planning application is made, in parallel with the above analysis. This would benefit the CPO process when triggered and demonstrate action and certainty to the local community. Consideration needs to be given to avoid any "blight" potential.

#### **5. Options/Reasons for Recommendation**

5.1 This project comprises a number of complex elements, all of which require clarity as to the risk & reward impact for all parties to the scheme, before certainty and full commitment can be secured. Accordingly Officers and Deloitte Real Estate are of the view that the further work described above is now necessary before a Developer Partner can be procured. Once complete this work will give greater certainty to prospective Developers and a more robust view of the potential financial outcome for the Council.

#### **6. Policy/Budget Reference and Implications**

6.1 The recommendations in this report are within the Council's agreed policy and budgets.

#### **7. Financial, Legal, Equal Opportunities, Staffing, Environmental, Community Safety, Customer Services Centre, Risk Management and Health & Safety Implications**

7.1 None specific.

#### **8. Communications and Website Implications**

8.1 A vital part of this project is to ensure that the residents and tenants immediately affected by this project are kept informed of the progress and are fully consulted about the relevant planning issues that arise. Accordingly Officers are managing an active Communications Plan involving all information formats including TRDC Website, press releases and briefings. Additionally as part of the planning process there will be further consultation events later in 2013, before the application is made.

9. **Recommendation**

- 9.1 That members discuss the current situation as described and endorse the actions proposed.

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