

Decision Maker: EXECUTIVE

For pre-decision scrutiny at the Renewal, Recreation and Housing Policy Development and Scrutiny Committee 2ND February 2021

Date: 10th February 2021

Decision Type: Non-Urgent Executive Key

Title: ORPINGTON TOWN CENTRE REGENERATION

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Chief Officer: Sara Bowrey, Director of Housing, Planning, Property and Regeneration

Ward: Orpington

1. Reason for report

- 1.1 Over the past 8 months the Regeneration Team have been working with Areli, the developers who acquired the Walnuts shopping centre in Orpington on the concept of a Regeneration plan for the town centre. This reports updates Members on the work and discussions to date.

2. **RECOMMENDATION(S)**

That Members of the Renewal, Recreation and Housing PDS:

- 2.1 Note the contents of the report.

That Members of the Executive:

- 2.2 Note the contents of this report and note that a future report will be presented to the Executive in the next 6 months with an update and any recommendations pursuant to any land transactions.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Regeneration Strategy's priority areas ensure an inclusive approach to regeneration across the borough for the benefit of all residents.
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Corporate Policy

1. Policy Status: Not Applicable
 2. BBB Priority: Excellent Council Quality Environment Vibrant, Thriving Town Centres Regeneration
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Financial

1. Cost of proposal: £80k for initial feasibility advice
 2. Ongoing costs: n/a
 3. Budget head/performance centre: Regeneration Projects
 4. Total current budget for this head: £80k
 5. Source of funding: Specific earmarked reserve approved in July 2020
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Personnel

1. Number of staff (current and additional):
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: The Regeneration Strategy has no procurement implications in itself.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Walnuts Shopping Centre sits behind Orpington High Street, and whilst the freehold is owned by the Council, the leasehold of the centre was acquired by Tikehau Capital, and their development partner, Areli Real Estate Ltd in 2019, when the former leaseholders Patrizia relinquished their interest in the site.
- 3.2 The Property team in the Council supported the sale of the leasehold to Tikehau Capital, as it offered the opportunity to regenerate the town centre.
- 3.3 As can be seen from Appendix 1, the Council has significant property interests in the town centre, as well as a wider interest in the economic and regeneration objectives for the area. Appendix 1 also outlines Areli's intentions of redeveloping the shopping centre site, to deliver a major new retail offer combined with residential development. The co-location of the shopping centre with other facilities such as the leisure centre, and the facilities at the Saxon Way centre – the children's centre and day centre- broaden the regeneration opportunities on the site.
- 3.4 Due to the scale of re-development being proposed, the Regeneration team have established a Board to steer the direction of the work, and this report provides an update on the work of that Board to date. The Board consists of senior officers from the Regeneration team, Property and Planning Policy officers as well as representatives from Areli, Areli's PR team, Orpington South East Colleges and Orpington Business Improvement District.
- 3.5 The Council is separately receiving valuation and development advice from consultants, Montagu Evans, to better inform commercial decisions and on the commercially sensitive aspects of the scheme. Officers are working with Areli to ensure that the Council's key objectives for this scheme are met:
- The re-provision of the leisure and community facilities;
 - Service continuity or alternative arrangement for the existing services;
 - Delivery of affordable housing.
- 3.6 The Portfolio Holder is briefed weekly, and engagement continues with Ward Members of Orpington and other surrounding wards.

4. Work Completed to Date:

- 4.1 Areli commenced public engagement in March 2020 to inform their proposals for the site. The outputs of this initial engagement were included in the development principles document which was presented to the Portfolio Holder for Renewal and Recreation in November 2020. Areli commenced their second phase of public consultation in December 2020. This second phase of consultation revealed the full extent of the proposed scheme, including the land outside of the Walnuts Shopping Centre leasehold, to the public (Appendix 1 outlines these proposals). The response from the public has been broadly positive so far.
- 4.2 The public engagement by Areli is in order to proceed with submitting a planning application to LBB Planning.
- 4.3 Officers have appointed consultancy advice from Montagu Evans, through a competitive tender process to support the valuation and development advice of this scheme. The consultants will be supporting officers in determining the best value for any recommendations for sale of land, or land transactional arrangements as well as working with officers to determine the best location for council facilities. This also includes understanding the cost implications of the Council's requirements upon the viability of the Areli's proposal.

- 4.4 Officers on the Project Board on behalf of the Council are working with senior officers in other departments to refine the requirements and needs of the Children's Service and Older person's day service to help shape these services into any future regeneration plans for Orpington town centre. Departments will need to have a detailed need analysis of services, including who will be managing these facilities, whether it is expected to be an outside partner on a commercial or non-commercial lease, or whether the Council will be managing these facilities.
- 4.5 The regeneration team have also specified the requirements of the leisure centre. Given this is one of the largest public leisure facilities in the Borough, the specification is broadly based on the existing leisure centre, with options for new enhanced modern facilities, improving the use of space. The specification of the leisure centre has been presented to Areli and the cost is a key discussion point with them.
- 4.6 In the event the development does proceed, officers are working with the services to ensure there is service continuity or alternative arrangements made well in advance of construction taking place. Regeneration officers have been engaging with Areli on these matters and continue to discuss this.
- 4.7 The Walnuts site is also included within the boundary of the forthcoming Supplementary Planning Document (SPD) for Orpington town centre. An online consultation exercise for the SPD has been undertaken using the online community engagement platform Commonplace. The Council has appointed an urban design firm to advise on the SPD.
- 4.8 If the regeneration plan develops further in the town centre, there is likely to be a significant enhancement to the retail offer, as well as an increased number of residential properties, including affordable housing.
- 4.9 Areli are concurrently undertaking a similar project in Maidenhead, for the Nicholson Shopping Centre. This project is about 12-18 months ahead of Orpington, and so Members may like to see some of the plans for Maidenhead. The planning application is a hybrid one (part-outline, part-full) and it is yet to be determined. The planning application reference is 20/01251/OUT (via the Royal Borough of Windsor and Maidenhead planning web pages).

5. Next steps

- 5.1 Council officers continue to engage with Areli on the matters identified in this report. Officers will present options and further analysis on a recommended approach for a potential sale of land or land transactional arrangements at a more mature stage of proceedings within the next 6 months.
- 5.2 Areli have indicated they are seeking to submit the planning application by Spring 2021. The application will be determined by LBB Planning and assessed against the London Plan and Local Plan policies including amongst others affordable housing, community facilities and retail.

6. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 6.1 The redevelopment of the Walnuts site will provide opportunities in terms of increasing housing supply (inc. affordable and other types), a new leisure centre and other council facilities.

7. POLICY IMPLICATIONS

- 7.1 The redevelopment of the Walnuts site is supported by the Council's Adopted Regeneration Strategy. The principles of the scheme also support Building a Better Bromley Priorities.

8. FINANCIAL IMPLICATIONS

- 8.1 Provision of £80k for the cost of initial valuation and development feasibility advice was approved by Leader decision in July 2020. At this stage no further costs are anticipated to progress the project, other than officers. Any requirement for further costs will be bought back to Members with a full business case appraisal. It is anticipated that Areli will bear development costs and the Council will want to retain long term property interests in significant assets on this site.
- 8.2 Depending on the structure of the deal there could be a potential loss of income from rent. The Council currently receives an average of £120k a year from the Walnuts Shopping Centre head rent. However, the future business case will need to take into consideration any wider benefits that the Council may gain from the regeneration of this part of the town centre should the development go ahead.
- 8.3 The Orpington BID will also be impacted by the vacant possession and development process and the business case will also need to take into consideration the impact on the BID's income.
- 8.4 If the development progresses, the developer has agreed to split future legal costs on a 50:50 basis.
- 8.5 Future approval of capital schemes will be subject to the Council's Capital Strategy process including investment business case appraisal.

9. LEGAL IMPLICATIONS

- 9.1 This report is providing the Executive with an update on this Project and as such there are no immediate legal implications at present. As the Project develops and its shape and content become better understood, there will be considerable legal implications and work flowing as mentioned in paragraph 3.9 and elsewhere in this Report. The Council holds certain property interests in the project and is also concerned in the realisation of public/regeneration of assets and objectives whilst observing its duty to obtain best consideration and complying with its fiduciary duties to its council taxpayers.

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| Non-Applicable Sections: | Procurement implications; Personnel implications |
| Background Documents: (Access via Contact Officer) | Appendix 1 – Site map – land interests and indicative plans |