

# **WAVERLEY BOROUGH COUNCIL**

## **EXECUTIVE**

**4 OCTOBER 2022**

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**Title:**

**Fairground Car Park Development Project**  
**Progress update report**

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**Portfolio Holder:** Cllr Mark Merryweather, Portfolio Holder for Finance, Assets and Commercial Services

**Head of Service:** Peter Vickers, Head of Finance and Property

**Key decision:** No

**Access:** Part Exempt

**Note pursuant to Section 100B(5) of the Local Government Act 1972**

Annexe 1 to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:

**Paragraph 3**

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

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**1. Purpose and summary**

- 1.1 Executive on the 3 March 2022 received a report to inform Members of the proposal to develop the Fairground Car Park site in Haslemere which is vacant land currently undeveloped and used as a free public car park.
- 1.2 The Fairground site is in the centre of Haslemere and is used by local shoppers and commuters. The draft Local Plan Part 2 (LPP2) designates the site as brownfield, to yield at least 20 dwellings, as a mixed-use development and identifies the need to retain parking spaces where possible whilst recognising that the Weydown Road Car Park is currently underutilised. The March report informed Members that an options appraisal to assess the wider development potential of the site, and specifically the viability of a mixed used development scheme, showed the scheme is achievable and likely can achieve circa 30-35 residential units.
- 1.3 The March report included a high-level timeline to take the project forward and identified the need to work with the Haslemere Hub on reprovision of their facilities provided in the Wey Centre, either onsite or at an alternative suitable location.

- 1.4 This report is to update Members on progress made since the 3 March 2022 and request budget to move to the next stage of the project which is to run a procurement for a development partner.

## 2. Recommendation

It is recommended that Executive approve:

- a budget of £125,000, to be met from the Property Investment Reserve, to put funds in place to see the project through stages 3 and 4 as detailed in the revised timeline below and to allow the feasibility work detailed in exempt annexe 1.

		£
Stage 3	Procurement - prepare tender documents and go out to procurement	50,000
Stage 4	Tender returns, dialog with interest parties and contract negotiations	50,000
Incidental work	Feasibility work to free up site and aid project delivery – as detailed in exempt annexe 1	25,000
		£125,000

## 3. Reason for the recommendation

- 3.1. Following the Executive approval in March 2022, officers have been working with external property advisers, Montagu Evans, on progressing the project with the focus on a mixed-use housing and supermarket provision in support of the Local Plan Part 2. The project has been undertaken in stages as detailed in the revised timeline summarised below.

<b>Stage 1 - Valuing The Site &amp; Objective Setting</b>	
<ul style="list-style-type: none"> <li>• Assess the site and its potential, research the market and gather comparable evidence and provide a valuation of the site, comparing residential and commercial (discount food) uses to inform the baseline for the next steps.</li> <li>• Objectives setting on key matters such as housing and revenue implications.</li> <li>• Work with the Haslemere Hub on reprovision of facilities provided in the Wey Centre - either onsite or at an alternative suitable location.</li> <li>• Determine appropriate tender route.</li> </ul>	March – June 2022
<b>Stage 2 – Site Feasibility/Site brief – pre-procurement preparation</b>	
<ul style="list-style-type: none"> <li>• Preliminary planning feasibility work to draw out planners and highways views on key principles regarding parking/highways access/site density and uses.</li> <li>• More detailed financial analysis to demonstrate viability and affordability.</li> <li>• Appoint architect to prepare a design brief and concept scheme compliant with LPP2 scheme in preparation for a pre-app submission and to form part of the tender documents.</li> </ul>	July - September 2022

<b>Stage 3 - Procurement</b>	
<ul style="list-style-type: none"> <li>• Prepare the tender documentation compliant with objectives.</li> <li>• Tender for development partner (design and build contract) (likely eight-week tender period).</li> </ul>	October 2022 – January 2023
<b>Stage 4 – Transactions Management</b>	February 2023 – June 2023
<ul style="list-style-type: none"> <li>• Review tender returns and engage with retailers.</li> <li>• Legal support for contract negotiations.</li> </ul>	

## Project process

- 3.2. The project has been progressed in a staged way to ensure robust project governance to protect capital invested and compliance to objectives. An approach of de-risking the project has been employed throughout work undertaken to date to ensure that when the project moves into stage 3, the procurement stage, a successful outcome is achievable. This work has included:
- Seeking a high-level, informal planning view of the principle of the proposed development, the main applicable policies and likely key planning considerations ahead of submitting for pre-application advice. This has helped inform the concept scheme which will go out as part of the tender pack to aid a more informed proposal by interested parties.
  - External car parking review to assess parking standards for residential dwellings and a food store whilst also considering sustainable transport.
  - Tree surveys to ensure protection of the trees on site and to fully understand the implications of their root area in any scheme layout.
  - Seeking highways advice from Surrey County Council – initial feedback has been generally supportive.
  - Consideration of housing mix.
  - The use of an external architect to develop a concept scheme design for the procurement documentation that emphasises the need for parking solutions and sensitive architecture.
  - Consultation with Haslemere Hub on reprovision to ensure their services can continue.
  - Dialog with potential development partners to understand their requirements alongside the need to deliver LPP2 in keeping with the surrounds.

## Project summary - Stage 2

- 3.3. Work to date has shown the project can deliver:
- Circa 30-35 residential units over two storeys
  - Circa 2,150sqm gross internal retail space
  - Parking in the region of 120 in total with circa 20-25 earmarked for the residential units subject to the pre-app discussions. Parking will likely be a mix of surface and undercroft
- 3.4. Further viability testing is being undertaken on the pre-app concept scheme.
- 3.5. A car park capacity study has been undertaken to demonstrate as part of the pre-app that there will be adequate parking available in the vicinity to support the local shops.

3.6. Also at the completion of stage 2 it is appropriate to re-appraise the project in light of the original objectives and against the Asset Investment Strategy to gain reassurance that it:

- Delivers Corporate priorities – detailed in section 4. below
- Is financially viable – work to date shows the project is viable. The final award to a development partner will only be concluded following successful negotiation of favourable terms to the Council
- Risk management has been undertaken – risk management will continue through the further stages of the project
- Robust governance has been followed at each stage of the project – the project has been undertaken in accordance with the Asset Investment Strategy and in line with the Council's Project Management methodology

Whilst:

- Bringing Public value to Haslemere through the selection of the optimal design scheme sympathetic to the surrounding area
- Being commercially viable and attractive to potential development partners – this has been confirmed by engagement with potential partners.
- Retaining short-term parking for retail users, allowing long-term parking to transfer to more appropriate car parks
- Giving reassurance for successful delivery by the Council and its partners – as documented in the Asset Investment Strategy officers will continue to work alongside Montagu Evans to deliver the project and ongoing dialog will continue with prospective delivery partners

### **Next stage of project**

3.7. Officers are now seeking a budget to move on to Stage 3 of the project which is to procure a development partner. Officers will work with Montagu Evans on the preparation of the tender documentation and the subsequent review of returns. This tender documentation process will take some eight weeks and be followed by a circa seven month staged tender process (stage 4) with the aim of a recommendation in Summer 2023.

3.8. The pre-app will form part of the next stage of the project. Work to the end of Stage 2 will form part of the tender process and be used to ensure the potential development partners are fully aware of the requirements to avoid unexpected surprises.

3.9. The outcome of the tender process will be brought back to Executive as appropriate.

### **Other considerations**

3.10. One of the other success factors in the delivery of the project is the reprovision of the Haslemere Hub. Officers will work with the Hub to find a solution that fulfils the needs of the Hub. More detail is given in exempt annexe 1. The cost of the reprovision will be factored into this project.

#### **4. Relationship to the Corporate Strategy and Service Plan**

- 4.1. Asset management in the Public Sector is about delivering public and community benefits such as regeneration of local economies and new housing as well as supporting the corporate priorities.
- 4.2. Development of the site aligns directly with several of the corporate strategy priorities, namely, affordable housing and economic regeneration. It also aligns to the Government guidelines around 'Investment for Service Purposes' being expenditure on assets that form part of the Council's public service which also support the corporate priorities.
- 4.3. Under the Local Plan Part 2 the site has been allocated for 20 dwellings as part of a mixed used development. Therefore, the scheme for the site will focus on mixed use housing and supermarket provision in support of the Local Plan Part 2 as supported by service and planning demand.

#### **5. Implications of decision**

##### **5.1 Resource (Finance, procurement, staffing, IT)**

The original approval given on the 3 March 2022 of £50,000 has been used on work to date. Work to take the project through stages 3 and 4 to procurement will require up to an additional £100,000. A further budget of £25,000 is also sought to progress feasibility works of other sites in Haslemere as detailed in exempt annexe 1. It is proposed the additional £125,000 is met from the Property Investment Reserve taking the total use of the reserve for this project to £175,000.

The funding of the development will be assessed as part of the outcome of the development proposal and will be brought back to Executive at the appropriate time.

On completion of the project the asset will sit in the General Fund and, depending on housing mix, affordable housing units appropriated to the Housing Revenue Account.

##### **5.2 Risk management**

Risk will be managed in line with the requirements in the Asset Investment Strategy through the governance framework and robust due diligence.

Officers have worked with external property advisors on each stage of the project to supplement internal expertise. This has included work to de-risk elements of the project as far as possible to pursue successful project delivery.

The risks associated with the investment spend will be mitigated through careful scheme design and financial analysis in considering risk and return and the Council's financial capacity to absorb losses without unmanageable detriment to local services, this will include appropriate decision gateways.

### **5.3 Legal**

The Council as landowner is empowered to use its assets in ways which benefit the community, this can include the provision of parking as well as housing and community or commercial space. In undertaking its duties, the Council has to consider its best value duty and any development proposal will have to be considered in relation to the financial returns for the disposal of the land.

Whilst noting that there has been a designation under the Local Plan for development on this site, this will be subject to formal determination through the planning process and the decision of the executive in the development of proposals does not fetter or predetermine the functions of the Council in determining any subsequent planning application.

This report does not empower the disposal or entering into a development contract however moves the Council towards a point at which it is able to make a formal decision on these points.

### **5.4 Equality, diversity, and inclusion**

Equality impact assessments are carried out when necessary, across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

### **5.5 Climate emergency declaration**

There are no direct climate emergency declaration implications in this report. However, the council's environmental and sustainability objectives will be considered in the development specification.

## **6. Consultation and engagement**

6.1 This proposal has been to the Property Investment Advisory Board on the 16 December 2021 as part of the wider Wey Hill Development PID.

There has been initial engagement with the Haslemere Youth Hub and further engagement will take place as the project progresses.

A formal communications plan will be activated following the tender process.

## **7. Other options considered**

7.1 This investment gives the Council an opportunity to invest in the Borough in support of the corporate priorities. The alternative options are to do nothing, a housing only development, re-surface the car park as a Pay and Display car park or sell the land for development. These alternatives do not support the LPP2 designation for mixed use development or fully support the Corporate Plan objectives.

## **8. Governance journey**

8.1 The governance journal to date:

- Property Investment Advisory Board 16 December 2021
- Executive Briefing 22 February 2022
- Executive 8 March 2022

**Annexes:**

Exempt Annexe 1 – Feasibility work

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**Background Papers**

There are / are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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**CONTACT OFFICER:**

Name: Vicki Basley  
Position: Corporate Asset Manager  
Telephone: 0148 3523250  
Email: Victoria.basley@waverley.gov.uk

Agreed and signed off by:

Legal Services:

Head of Finance:

Strategic Director: date

Portfolio Holder: date