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<b>Report of</b>	<b>Strategic Director Policy and Place</b>	<b>Author</b>	<b>Andrew Tyrrell</b> <b>☎ 282390</b>
<b>Title</b>	<b>Update on the “Turnstone” Development at Colchester Northern Gateway</b>		
<b>Wards affected</b>	Mile End		

## 1 **Executive Summary**

- 1.1 This public report accompanies a Part B report and sets out proposed changes to the structure of an existing Development Agreement that Colchester Borough Council (CBC) has with Turnstone Estates (TEL) in so far as information that is not commercially sensitive or prejudicial to any future developments.
- 1.2 Previously, TEL have gained planning permission for a previous scheme and entered into a Development Agreement with CBC to promote and develop a substantial leisure park at the Colchester Northern Gateway. This leisure park requires some amendment, in order to match market demands, although it will remain anchored with a multiplex cinema. The mix of other units would be changed, subject to gaining planning permission, and should this proposal be agreed, then that application would be made soon; with an intention for TEL to begin construction on a new development at the Northern Gateway in June 2021 and complete in 2023.
- 1.3 The changes also propose financial restructuring of the deal between CBC and TEL; with a new model for financing the development over its lifetime. This is not detailed in this report but is set out in the Part B report elsewhere on the agenda.

## 2 **Recommended Decisions**

- 2.1 To note changes to the “Turnstone” development since the Development Agreement was entered into with them, by the Council (also referenced in the accompanying report).
- 2.2 Subject to the consideration of the accompanying report on Part B of the agenda to note that there are financial changes currently proposed, and under negotiation.
- 2.3 To delegate authority to the Strategic Director of Policy and Place to complete a Deed of Variation to the Development Agreement and other arrangements, in

consultation, with the Portfolio Holder for Resources, the Portfolio Holder for Commercial, the Monitoring Officer and the Head of Finance.

### **3 Reason for the Decision**

- 3.1 The Colchester Northern Gateway is a flagship development for the Council, and the town, that has been planned over the last decade. This growth area is now coming forwards at an increasing rate, with developments such as David Lloyd already operating. The new £27m Sports Park being built by the Council and its wholly owned company, Colchester Amphora Trading Ltd, opens later this year and is being closely followed by the imminent development of £3.5m of infrastructure focussed around “The Walk” and the £6.7m renewable heat network that will be delivered by Colchester Amphora Energy Ltd to provide clean energy to new homes (including 350 homes, with 30% affordable housing, being built by Colchester Amphora Homes Ltd) and commercial units in the Colchester Northern Gateway south area.
- 3.2 The development of this site is important; as a visually prominent location on entrance into Colchester from junction 28 of the A12, and a key catalyst for the wider development of the remaining land at the Northern Gateway. The development of this site has otherwise stalled since it was first agreed (in 2015), and planned for longer, and needs unlocking as it meets the Councils key objectives for the growth of the Northern Gateway to:
- support wider economic growth targets and deliver infrastructure to enable regeneration,
  - create a new destination within the Borough to promote new sports participation and provide a regional quality leisure experience
  - generate significant new income streams to support the Council to maintain quality services with social value.

### **4. Alternative Options**

- 4.1 CBC could refuse to collaborate on any amendment to the approved scheme and maintain a status quo. However, this may not see the site come forward at present, with the current operator that the Council has entered into the Agreement with previously.
- 4.2 CBC could sell the freehold of the land, which would generate a substantial capital receipt; but would lose control of the site, have no guarantee that would bring development forward faster, or preserve as much control over quality, and would not provide an ongoing revenue stream to support Council services beyond the capital receipt.
- 4.3 CBC could refuse to amend the financial structure of the development as set out in the accompanying Part B report (not detailed in this public report due to the inherent commercial sensitivity of any land transactions and development proposals). However, this would constrain the development outcomes achieved on this important site, which would then remain a legacy for the lifetime of the development; or would mean a reduced income to the Council that would not meet best value for disposals of a site by public authority (meaning such a deal would not be possible and the current agreement for developing the site would probably need to be abandoned entirely).

## **5. Background**

### **5.1 Original Proposals**

- 5.1.1 A Cabinet decision on 5 September 2012 originally endorsed the “Vision” for the Northern Gateway; which was, at that time, presented within a Masterplan by Allies and Morrison. Members had previously requested that the “Vision” for the Northern Gateway should incorporate the following outcomes:
- A new gateway destination for Colchester, and the wider region.
  - A 21<sup>st</sup> Century vibrant location offering participation sports and family leisure.
  - The creation of 3,500 jobs.
  - Striking design
  - Green credentials
  - Supportive of the Town Centre
  - Significant new revenue streams
- 5.1.2 The Masterplan included land parcels at Cuckoo Farm which had the benefit of outline planning permissions originally granted in 2006. These permissions delivered the Community Stadium, FlaktWoods development, Easter Park, Axial Way and the Via Urbis Romanae, Junction 28 on the A12, the BP petrol station relocation, McDonald’s, Lancaster, and Inchcape. Since then, subsequent permissions have also delivered the David Lloyd Tennis Centre (immediately south of the Turnstone development site). With the Council directly delivering the nearby £27m Sports Park (due to open in September) and about to commence “The Walk” (see other report on this Agenda) and the Energy Centre for the £6.7m Heat Network the Northern Gateway is starting to take shape.
- 5.1.3 The specific parcel of land now known as the “Turnstone” site is immediately adjacent to the (east of the) Community Football Stadium, on the Axial Way roundabout and on approach to or from Junction 28 of the A12 along Via Urbis Romanae. During 2015 a soft marketing exercise was carried out for this site CBC, to establish the level of interest from the Leisure development sector and their funders. With the information gained from marketing, the Council then commenced a disposal process in respect of (then) two parcels of land totalling 18 acres (this site is now reduced, see 5.2.6).
- 5.1.4 From the broad range of interest, five parties were selected for initial interview, before two developers were invited to provide more design detail for their schemes, explain further their financial proposals, and also enter discussions around the prospective legal arrangements that they would be willing to agree to if chosen as a partner to the Council. Both parties presented their proposals to Cabinet Members for Regeneration and Resources on 8 September 2015 before the final scoring process saw TEL become the preferred bidders for this site.
- 5.1.5 At the time they were chosen, TEL proposed a lease of an 18-acre site (two parcels either side of United Way) would be granted to them for a development including the following elements:
- 12-screen regional cinema over 40,000 sq.ft
  - 12 restaurants
  - 80-bed hotel
  - 1,000 car parking spaces (predominantly multi-storey)
  - 80,000 sq.ft of other leisure uses

- Exemplary public realm including large areas of water, created out of a dedicated budget

- 5.1.6 TEL also declared an ambition for the development to achieve a “Very Good” BREEAM rating, to run a service charge regime within the development and contribute to an Estate Charge (to cover the costs of running the wider area, that would be arranged via a Management Company to be established, but not operated by Turnstone).
- 5.1.7 Full planning permission was granted for this scheme in 2016 and a Development Agreement was entered into between CBC and TEL; before changes in the market occurred that have seen the development requiring reconsideration.

## 5.2 New Proposals

- 5.2.1 The proposals have since been revised and discussed with the Planning Service through a pre-application enquiry process. This has achieved informal support for a new mix and layout to the proposed development scheme that would reduce the number of restaurants and introduce other uses; for which demand has emerged. The size of each restaurant has also been reduced in line with market requirements.
- 5.2.2 Overall, that produces 1,269 sq.ft less than originally approved. Conversely the hotel has increased from 80-beds to 83-beds. The changes also result in less parking requirement on site, further helped as part of the original site would now be retained by the Council for alternative development by the Council or another developer in due course. These changes have not yet been publicised but are included herein as any agreement to this report (and the Part B confidential report) would result in the imminent submission of a planning application that will make all of the above public in due course. This would all need to be submitted as a formal planning application and will be subject to the usual planning process.
- 5.2.3 In terms of pre-lets, if the amended scheme gets approved and proceeds then TEL already have agreements signed with a number of known chains and operators, including for all of the D2 (Leisure and Assembly in planning use classes) Units. This demonstrates confidence that the development would proceed quickly. The current estimate is that construction could begin in June 2021.
- 5.2.4 In addition, the financial structure of the development has also been closely scrutinised and amendments are proposed to this. These details cannot be included in the public report but are set out in the accompanying confidential report. It is possible to share that CBC will retain the freehold of this land (in either scenario) and this has always been, and remains, the intention.
- 5.2.5 The development was previously estimated to create circa 700 new full and part time jobs on completion, whilst the construction phase was estimated to bring 260 direct jobs and a further indirect and supply chain employment.

## **6. Equality, Diversity and Human Rights implications**

- 6.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.2 The recommendations will have no disproportionate impact on any protected group. Further Equality Impact Assessment information can be found [here](#).

## **7. Strategic Plan References**

- 7.1 The development would contribute to the following Strategic Plan references:

GROWTH... Ensuring all residents benefit from the growth of the borough

- Help make sure Colchester is a welcoming place for all residents and visitors
- Ensure residents benefit from Colchester's economic growth with skills, jobs and improving infrastructure
- Promote inward investment to the borough

OPPORTUNITY... Promoting and improving Colchester and its environment

- Promote and enhance Colchester borough's heritage and visitor attractions to increase visitor numbers and to support job creation
- Promote initiatives to help residents live healthier lives.

WELLBEING... Making Colchester an even better place to live and supporting those who need most help

- Help residents adopt healthier lifestyles by enabling the provision of excellent leisure facilities and beautiful green spaces, countryside and beaches.

## **8. Consultation**

- 8.1 The Council's original aspirations for this site were consulted upon as part of the Planning application process as far back as 2006. In 2014 a public consultation was conducted in various different locations within the Borough, with a view to explaining the Council's wider Vision for the Northern Gateway, and to listen to feedback from all interested parties.
- 8.2 The development of the Vision for this site, and now its delivery has been continuously and regularly shared both within the Council, and with Members and key stakeholders. The most recent planning application for this site also underwent public consultation; similarly, the next planning application would also undergo public consultation should the Council agree to take the proposals forwards. At that time the detailed schemes will be consulted upon in the usual way.

## **9. Publicity Considerations**

- 9.1 There have already been a significant number of good news stories generated by the development of the wider site. This site is likely to attract a great deal of positive interest from the residents of the Borough, when details of the proposed scheme are made public, and when development commences (which would be accelerated by the decisions requested in these reports).

## **10. Financial implications**

- 10.1 As set out in the Part B confidential report.

## **11. Risk Management Implications**

- 11.1 CATL manage a risk register for each of their projects on behalf of the Council. The key risks associated with this development concern the financial risks detailed within the confidential report.

## **12. Environmental and Sustainability Implications**

- 12.1 The Council has declared a “Climate Emergency” and has committed to being carbon neutral by 2030. This project has elements that will contribute towards the achievement of sustainable development as defined in the National Planning Policy Framework. Achieving sustainable development means that the meeting three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways. These are economic, social and environmental objectives.
- 12.2 This development project delivers jobs, leisure provision, and therefore contribute towards sustainable communities. The proposed development has less parking provision and will incorporate a sustainable travel plan to encourage methods of travel other than the private car (although it will generate some car-borne trips); overall it accords with the Climate Emergency and the sustainable development objectives set out in the NPPF.