

**Meeting:** Major Projects Sub-Committee

**Date:** 6 September 2007

**Report of:** Acting Director of Cultural Services

**Subject:** Preston Barracks, Lewes Road – Preferred Developer’s Updated Proposals

**Wards Affected:** All

**1. Purpose of the report**

1.1 To advise Members of the Preferred Developer’s revised proposals and the progress they have made in achieving a financially viable scheme. Also, to advise of the results of the assessment process, the key issues emerging from that, and to secure agreement to moving the project forward. Further detail about the financial assessment of the scheme and the legal negotiations around the Heads of Terms of a Development Agreement are included in a separate Part 2 report on this agenda.

**2. Recommendations**

Members are requested to:

- 2.1 Note the background to the Preston Barracks development and the challenges involved in trying to achieve a financially viable scheme.
- 2.2 Note the developers ‘Updated Proposals’ (full details of which will be provided by the developer as part of a presentation to the Sub-Committee), together with the progress they have made towards a financially viable scheme.
- 2.3 Agree that the current scheme proposals are of high quality with many positive features, a scheme that meets most of the aspirations set for this development.
- 2.4 Note that the Project Board has considered the latest scheme proposal and has agreed its referral to the Major Projects Sub-Committee for support and approval.
- 2.5 Support progression of the scheme and therefore agree its referral to the Policy & Resources Committee to secure landowner consent and approval

for the Acting Director of Cultural Services and the Head of Law to negotiate and enter a Conditional Development Agreement.

- 2.6 Recommend to the Policy & Resources Committee that approval of the final scheme at RIBA Stage D, and prior to the submission of a planning application, be delegated to the Project Board / Major Projects Sub-Committee.

### **3 Introduction**

- 3.1 In June 2007, the Preferred Developer submitted revised proposals for the redevelopment of Preston Barracks. Having been assessed by the Officer Panel, the scheme was considered by the Project Board at its meeting on 3 August 2007, a meeting at which the Board received a presentation from the developer.
- 3.2 The Board acknowledged the schemes many positive features, recognised the challenges (as detailed in this report), and supported the schemes progression to RIBA Stage D leading to the submission of a planning application. The Board therefore agreed to refer the scheme to the Major Projects Sub-Committee for support before reporting to the Policy & Resources Committee to secure landowner consent and approval to enter a Conditional Development Agreement.

### **4 Background Information**

- 4.1 The former Ministry of Defence site was purchased by the city council, with financial support from the South East England Development Agency (SEEDA), in March 2002. Having commissioned a Masterplan that in turn informed the Development Brief and Supplementary Planning Guidance (SPG14), the Development Competition was held in 2003 and, following a Best & Final Offer Stage, the Preferred Developer (the developer) was appointed in April 2004.
- 4.2 The chosen scheme, as with a number of the competing proposals, contained a significant funding gap. Finding a solution to this deficit was known to be a considerable challenge and since appointment the developer has, together with the city council and SEEDA, explored a wide range of options and development scenarios to address the financial shortfall. During the first year the developer submitted a number of detailed proposals, each of which served to confirm the scale of the financial challenge, due mainly to site location, use mix, and the high aspirations and development standards required of this scheme.

### **5 Financial Challenges**

- 5.1 The four main factors, considered by the developer to make the scheme so financially challenging are:

- The standards of building and design proposed for Preston Barracks are those that would more usually be associated with a city centre or seafront development. The costs of building to these standards are not justified by the development values the developer expects to achieve. The provision of 40% affordable housing also presents a high cost to the scheme, as does achieving EcoHomes excellent.
- The use of undercroft / concealed parking is highly desirable in design, environmental and aesthetic terms and also allows building to a higher density. This form of parking provision even on a non-mechanically ventilated basis is expensive to deliver. Again this form of parking is difficult to deliver at the values Preston Barracks can achieve.
- The approach to the public realm is of a higher standard and therefore cost than one would normally look to provide in a development in this location and of this value.
- Uncertainty about values and demand for office space in this location. The developer has promoted the site to some major employers (e.g. Legal & General) who have regarded the site as unproven office location.

5.2 The developer has focused on the need for a retail component by way of enabling development; such an enabler is considered necessary to generate the value required for the aspirations for Preston Barracks to be achieved.

5.3 In June 2006, the developer presented to the Project Board revised proposals containing a stand alone retail unit, with housing units above, together with other ancillary uses. Again, although acknowledged as challenging in some areas, and in need of a far greater level of detail as part of future work, the Board expressed its desire to see the proposals taken forward to the next stage.

5.4 Having undertaken a further review and having completed scheme adjustments in response to our assessment findings, the developer presented comprehensive proposals in the autumn of 2006.

## **6 'Delivering the Vision' Proposals**

6.1 The 'Delivering the Vision' proposals were submitted in October 2006. That scheme was based on the developer's preferred option to incorporate a retail food store on site. The food store was to be a fully integrated part of the development, with housing and private courtyards above. The key elements of the scheme being 12,000m<sup>2</sup> of high quality office space (creating in excess of 650 jobs), 400 new homes, a public square and underground car parking. Full details of the mix of uses and key components of the scheme are shown at Appendix 1, and the responses to it are outlined in Appendix 2.

## **7 Continued Scheme Development / Negotiation (November 2006 – June 2007)**

7.1 The developer's principle task since last November has been to explore the potential for a major food retailer to occupy a store at Preston Barracks. A lot of the work they were doing was around how it might be possible to retain a similar level of food retailing in the local area without having a significant impact on the development finances. Further detail about this work is outlined at Appendix 2. The outcome of this work was the developer's submission of updated proposals.

## **8 'Updated Proposals' (June / July 2007)**

8.1 The developer submitted its 'Updated Proposals' on 11 June. This was accompanied by a formal presentation to the Officer Technical Panel. The latest scheme is in large part consistent with last October's proposals. It is therefore a scheme that retains a significant size food store. Full details of the current mix of uses, together with a comparison with last year's scheme, are shown at Appendix 1.

8.2 As can be seen, the mix of uses is broadly in line with the October 2006 scheme. In addition to which, the earlier commitments to the high levels of sustainability and the integrity of the designs, including the quality and amount of open space, have also been retained. The key changes can be summarised as:

- Retention of the additional food store, but now based on the potential inclusion of a major food retailer with whom they have negotiated an outline commitment
- A revised financial package; profit levels and overage arrangements
- A reduction in total car parking provision (from 596 to 564) with appropriate provision for disabled parking (in response to concerns raised last November)
- Introduction of new student accommodation on site
- Reengagement with the owners of the adjacent Pavilion Retail Park, with the potential for the Preston Barracks redevelopment to lead to regeneration of the retail park which is in need of public realm and other improvements.

8.3 The decision to submit a proposal similar to that submitted in October is certainly not a decision the developers have taken lightly. Having considered alternative options they have concluded, once again, that the inclusion of a food store, for all the challenges that accompany it, offers the best prospect of delivering a successful Preston Barracks scheme. They appreciate the challenges ahead, but remain fully committed to taking the scheme forward and are confident in their ability to present a robust case.

- 8.4 In submitting the 'Updated Proposals' the developer is seeking the city councils support, in its role as landowner, in order that they can progress a detailed scheme design and undertake the technical assessment work needed to inform preparation of a Stage D proposal leading to submission of a planning application.

## **9 Assessment**

- 9.1 Due to the limited changes from the 'Delivering the Vision' proposals, initial assessment has confirmed that the findings reported to the Project Board last November remain valid. As set out above, the current proposals have in fact been enhanced in some aspects as a result of advancement in a number of areas e.g. inclusion of student accommodation, which adds to the mix of uses, and greater potential for improvements to the adjacent retail park and thus its longer term regenerative effect.
- 9.2 As with previous proposals, since submission there has been a series of clarification meetings (Planning, Transport and Finance) with the developer at which areas have been explored and additional information gathered. These meetings also resulted in agreement to the developer submitting further supporting information, assessment of which has been generally positive.
- 9.3 The latest scheme has again been found to perform well against the criteria and has confirmed the generally high quality of the proposals. It is again recognised that further refinement will be necessary as part of the next stage of work. If the scheme were to proceed, officers would prepare a summary of the issues in need of further attention and work with the developer with a view to resolving them.
- 9.4 However, assessment has again resulted in the Planning Officers restating their concerns and reservations about the scheme, particularly its ability to address the policy challenges identified last year. Planning Officers remain concerned about the inclusion of the food store and question whether a planning application can be successful.

## **10 Financial Assessment**

- 10.1 The financial evaluation has been based on the developer's preferred scheme, which includes the 4100m<sup>2</sup> food store. Donaldsons, the councils' development consultant for the project, supported the evaluation. A number of financial clarification meetings have taken place since the June submission and the latest financial appraisal and offer to the council has been amended following those meetings.
- 10.2 It is clear from the financial evaluation that a significant value generator is needed to deliver the outputs required on this site and this is fulfilled by the inclusion of the food store. Alternative proposals have been fully explored

but have not been financially viable. The latest financial appraisal provides a breakeven position having met the developers minimum profit levels.

- 10.3 The appraisal reflects the scheme as presented and includes 40% social housing, a contribution to an off site Innovation Centre, relocation of the MoD facility and a commitment to EcoHomes excellent.
- 10.4 The values assumed for both the residential and commercial aspects of the scheme are reasonable and the build and other costs reflect the quality of the scheme as presented. Reasonable allowances have been made for S106/S278 contributions.

## **11 Benefits and Challenges**

- 11.1 The outcome of the assessment has identified two main challenges: Retail planning policy and transport issues. These are outlined in more detail at Appendix 3, but they include concerns about the impact a new food store might have on the Lewes Road retail centre, as well as general concerns about the fact the site was not identified in the recent retail study. In transport terms there is concern that a major retail element on this site may not sit comfortably with the city's sustainable transport strategy.
- 11.2 The developer has made it clear that they and their planning advisors are confident that a case can be made to overcome these concerns, and that when balanced against the important economic and regeneration benefits the scheme will provide there is the basis for a successful planning application. In supporting the progression of the scheme the city council is only granting landowner consent, and obtaining planning permission is the developer's risk. Given the millions of pounds of fees that are likely to be incurred in the lead up to applying for planning permission it is unlikely that the developer would be looking to progress a scheme at this stage if they did not have confidence in it. The city council's landowner consent in no way fetters the discretion of the Local Planning Authority, though officers will of course be working to positively overcome the planning challenges with the developer.
- 11.3 The benefits that the scheme offers, and which would be enabled by the retail element, include a vibrant mix of uses and design quality that will stimulate regeneration and act as a catalyst for the wider regeneration of the Lewes Road corridor in keeping with its role as a gateway to the city. The development will be an exemplar of high quality urban design and sustainability, with a commitment to EcoHomes and BREEAM 'Excellent' ratings. In addition there will be various public and private realm improvements including:
- High quality public square with active frontages and spaces.
  - Improved integration with Saunders Park View and creation of a Home Zone.

- Effective integration of access and movements for pedestrians and vehicles throughout the scheme.
- No surface car parking, with entire provision below ground and separated from pedestrian movements.
- Retention of a single access road / junction with accompanying junction and crossing improvements.
- Inclusion of a high quality 18 storey landmark residential tower building.
- An integrated landscape strategy that delivers a high percentage of the site area as open space including public realm, private amenity and ecological zones.
- Green roofs proposed on the majority of buildings.
- High provision of access to personal balcony / terrace or wintergarden for each dwelling.

## 12 Future Timetable

- 12.1 As stated earlier in this report, the developer is seeking landowner consent to the pursuit of the current scheme proposals, and to enter into appropriate legal arrangements to enable progression of that scheme. To that end, the developer is requesting support for the scheme at this stage of its development, with agreement to enter a Conditional Development Agreement. Only then are they prepared to commit the considerable resources necessary to work up the more detailed proposals, something they accept will be done on an at risk basis.
- 12.2 The developer previously submitted draft Heads of Terms based on an earlier scheme. They have been asked to review, revise and submit this in order to facilitate early discussions should agreement to the scheme be secured. A copy of the latest draft of the Heads of Terms from the developer is included in the Part 2 report.
- 12.3 Having been supported by the Major Projects Sub-Committee, and with agreement to refer the scheme for landowner consent to Policy & Resources Committee, an indicative timetable would be as follows:

Event	Timescale
Project Board referral to MPSC seeking agreement to proposed way forward and referral to Policy & Resources	6 September 2007
Report to Policy & Resources Committee regarding land owner consent, approval to proceed to Stage D, and authority to enter a Conditional Development Agreement	27 September 2007
Development Agreement negotiated / completed	October – December 07
Preparation of Stage D submission – technical reports i.e. Retail Impact Assessment, Transport Assessment etc	March 2008

Event	Timescale
Submission of Stage D proposals	April 2008
Consideration by Project Board and MPSC	June / July 2008
Submit detailed Planning Application	August 2008
Start on site	Early 2009
Phased development over 5 years	2009 - 2014

- 12.4 The timetable is recognised as challenging, and achieving it very much depends on the developers delivering. In order to assist the timetable and decision making process, consideration needs to be given to the most effective method for agreeing any further iterations of the design and for securing approval to the scheme at Stage D (detailed proposals), prior to submission of the planning application. Approval of this stage has, on occasion, been delegated to Project Boards e.g. Circus Street development. It is therefore recommended that Major Projects Sub-Committee seek delegated authority for the approval of the final scheme from the Policy & Resources Committee.

### 13 Conclusions

- 13.1 Not for the first time the Preston Barracks redevelopment has reached a critical stage; effectively a cross-roads. It is now more than 5 years since the city council purchased the Preston Barracks site and more than 3 years since appointment of the Preferred Developer. The financial challenge has been clear from the outset and numerous detailed submissions from the developer have evidenced the scale of the challenge and the difficulties of delivering a scheme entirely consistent with the aspirations set for this site.
- 13.2 All previous reports have confirmed the challenges presented by the Preston Barracks redevelopment and both the Project Board and Policy & Resources Committee have acknowledged the absence of simple solutions. It is against this background that the developer has since early 2005 investigated the potential inclusion of high value elements to enable the cross-subsidy of the core scheme. On each occasion the developer has reviewed the scheme, particularly scheme finances, it has concluded that the only viable option is the inclusion of a significant retail element.
- 13.3 Having undertaken further analysis during the past 6 months, and having pursued the “no substantial increase in retail provision locally” option, the developer has that a scheme involving a food store is the only viable option to bring about the redevelopment of Preston Barracks in line with the agreed development brief and vision for the site.
- 13.4 It is clear, and the developer accepts, that more detailed work is necessary, much of which it is considered can be addressed through further development. The developer is aware of the planning policy challenges and is confident in its ability to meet them as part of the next phase of work.

In order to commit the resources needed to prepare the case and advance the scheme the developer is seeking landowner consent and agreement to enter a Conditional Development Agreement. This will provide the developer with the commitment it needs to advance the scheme through to submission of a planning application, which will be the ultimate test, and the risk involved in this rests entirely with the developer.

- 13.5 There is no readily available alternative scheme to fall back on. If Members consider that the proposals should not be supported, then the only viable option, given all the previous schemes explored with the Preferred Developer over the past three years, is to review the Development Brief and to recommence the development competition. This is something in itself that will add considerable delay and perhaps not result in dissimilar proposals coming forward.

<b>Meeting/Date</b>	<b>Major Projects Sub-Committee 6 September 2007</b>
<b>Report of</b>	<b>Acting Director of Cultural Services</b>
<b>Subject</b>	<b>Preston Barracks, Lewes Road – Preferred Developer's Updated Proposals</b>
<b>Wards affected</b>	<b>All</b>

**Financial implications**

The Preston Barracks Site was purchased with SRB grant funding from SEEDA. A condition of the grant is that any proceeds from disposal are ringfenced for economic regeneration within Brighton and Hove.

The proposal from the developer presents a financial breakeven position and provides an overage agreement whereby the council will receive a proportion of any profits above certain thresholds. The council's costs of progressing this project to date have been met from Major Projects Support funding from the Strategic Investment Fund. The council is providing no direct support to the development itself.

The council will continue to incur costs for the site including safety, security and Business Rates and income from the former MoD dwellings that are let to Horizon Housing until the site is transferred to the developer. This income and expenditure is expected to be break-even.

If the decision to enter into a Conditional Development Agreement is approved, the agreement will safeguard the council against the financial risks of the project including the risk of failure to gain planning consent.

*Finance Officer consulted: James Hengeveld*

*Date. 03/08/2007*

**Legal implications**

The Co-operation Agreement between the council and the Preferred Developer expires on 30 September 2007. As stated in part 12 of the report, it is proposed that draft Heads of Terms will go to the next Policy & Resources Committee meeting and that the conditional Development Agreement is completed by the end of the calendar year. Delivery of this development is only going to be achievable if the developer readily agrees to important changes to the Heads of Terms they proposed, as explained in the confidential report.

*Lawyer consulted: Bob Bruce, Principal Lawyer*

*Date.30/07/2007*

**Corporate/Citywide implications**

Preston Barracks represents an outstanding opportunity to deliver a strong regeneration catalyst for the area as well as a benchmark for sustainability and urban design for the region.

**Risk management**

A risk register has been in place since 2005 and is continually assessed and updated by the Project Manager.

**Sustainability implications**

Sustainability issues remain at the fore in this project with BREEAM and EcoHomes

**Equalities implications**

The employment and training opportunities created at Preston

<p>excellent ratings demanded. Sustainability forms one of the key assessment criteria.</p>	<p>Barracks will be open to all but it is hoped will specifically benefit residents in the eb4U area.</p>
<p><b>Implications for the prevention of crime and disorder</b> It is intended that the density and form of the development will encourage a high level of natural surveillance that will significantly contribute to the reduction of crime and vandalism.</p>	
<p><b>Background papers</b> Preston Barracks Masterplan &amp; Development Brief (2003) Supplementary Planning Guidance – SPG14 (2003) Report to Policy &amp; Resources (November 2005)</p>	
<p><b>Contact Officer</b> Scott Marshall, Acting Director of Cultural Services – 29-1100 Mark Jago, Capital Projects Team Manager – 29-1106</p>	
<p><b>List of Appendices</b>  Appendix 1 – Summary of proposed use mix Appendix 2 – Scheme Development and Evolution Appendix 3 – Further Details on Challenges and Constraints</p>	



### Use Mix Summary Comparison October 2006 and June 2007

Set out below is a summary of the currently proposed use mix with a comparison against last October's 'Delivering the Vision' proposals:

Land Use / Benefits	October 2006	June 2007
<b>Commercial Offices *</b>	12,000 sqm	12,000 sqm
<b>Residential</b>		
Affordable Rented (20%)	80 units	80 units
Affordable Shared Equity (20%)	80 units	80 units
Total Affordable (40%) -	160 units	160 units
Market Sale	240 units	240 units
<b>Total Housing Units -</b>	400 units	400 units
Student Accommodation	0	130 units
<b>Retail</b>		
Main retail	4,100 sqm	4,107 sqm
Ancillary retail	1,750 sqm	1,750 sqm
Bars / Cafes	1,020 sqm	1,020 sqm
Total Retail -	6,870 sqm	6,877 sqm
<b>MoD (replacement facility)</b>	1,233 sqm	1,233 sqm
<b>Jobs Created</b>		
Offices	650	650
Retail	350	350
Construction	250	250
<b>Total Jobs Created * -</b>	1250	1250
<b>Car Park Provision</b>		
Offices	258	136
Residential	168	168
Retail	160	250
Car Club	5 – 10	5 – 10
<b>Total Car Park Spaces -</b>	596	564

\* In addition, the proposal, consistent with each of the previous 3 submissions, included financial contribution towards an Innovation Centre, potentially a University of Brighton facility on their Watts Banks site. In line with previous proposals, a 4,000 sq.m building is assumed, which if realised would bring

total office (B1/B2) space delivered to 16,000 sqm and increase job creation by approximately 200 i.e. near to 1,500 in total.

The proposals (October 2006 and June 2007) also include / demonstrate:

- A vibrant mix of uses and design quality that will stimulate regeneration and act as a catalyst for the wider regeneration of the Lewes Road corridor.
- Its role as a gateway to the city.
- That it will be an exemplar of high quality urban design.
- High quality public square with active frontages and spaces.
- It has a focus on delivering a sustainable development and creating a sustainable community.
- How the incorporation of a 4,100 sqm (gross) foodstore contributes to the overall development and sense of place.
- Improved integration with Saunders Park View and creation of a Home Zone
- A commitment to EcoHomes and BREEAM excellent ratings.
- Effective integration of access and movements for pedestrians and vehicles throughout the scheme.
- No surface car parking, with entire provision below ground and separated from pedestrian movements.
- Retention of a single access road / junction with accompanying junction and crossing improvements.
- Inclusion of a high quality 18 storey landmark residential tower building.
- Full connectivity and integration with adjacent land i.e. Saunders Park View, University of Brighton and the Pavilion Retail Park.
- An integrated landscape strategy that delivers a high percentage of the site area as open space including public realm, private amenity and ecological zones.
- Green roofs proposed on the majority of buildings.
- High provision of access to personal balcony / terrace or wintergarden for each dwelling.

### Scheme Development and Evolution

- 1.1 It was against the background of a large funding gap in the chosen bid scheme and a subsequent years work exploring options, all of which served to confirm the scale of the financial challenge, that the developer presented in July 2005 proposals for a wider and more comprehensive regeneration scheme. That scheme incorporated adjacent sites, the most significant being the Pavilion Retail Park to the south, and in so doing created a substantial cross-subsidy to enable the development of Preston Barracks broadly in line with the aspirations set out in the Development Brief.
- 1.2 That scheme required the city council to release approximately 10% of the barracks site to enable retail development linked with the adjacent Pavilion Retail Park, and it was by this route that the additional value and cross-subsidy was to be generated. Although having many positive features and wider benefits, the scheme brought with it very real challenges, among the most important of which being planning policy and transport issues. However, for all the uncertainty and in some cases the potential negative consequences, it was recognised that such a route may be the only realistic means of unlocking the Preston Barracks redevelopment. It was for this reason that the Policy & Resources Committee agreed, in November 2005, that the proposals were potentially supportable and should therefore be pursued.
- 1.3 Unfortunately, in April 2006, despite initial good progress, that scheme fell away when the identified occupant for the retail unit pulled out. As a consequence, the developer, having reviewed the impact on scheme finances, advised that the funding gap was back to the original size. It was known through the work already undertaken that such a gap would not be bridged through a range of small-scale adjustments across the scheme.

#### 2.1 'Delivering the Vision' Proposals

The 'Delivering the Vision' proposals were submitted in October 2006. That scheme was based on the developer's preferred option to incorporate a retail food store on site. The food store was to be a fully integrated part of the development, with housing and private courtyards above. The key elements of the scheme being 12,000m<sup>2</sup> of high quality office space (creating in excess of 650 jobs), 400 new homes, a public square and underground car parking. Full details of the mix of uses and key components of the scheme are shown at Appendix 1.

- 2.2 As with all earlier submissions, the proposals were assessed against the originally agreed evaluation criteria. In summary, evaluation confirmed that the developer had made considerable progress in many areas and that the scheme was, in many respects, the highest quality scheme received. It

confirmed that the developer had responded well to issues raised previously and that they had overcome many of the weaknesses of earlier schemes.

- 2.3 Assessment also confirmed that the scheme had the potential to enable the regeneration of Preston Barracks as a key gateway into Brighton and Hove, and to deliver change through a genuine mixed-use scheme that creates jobs, homes, high quality design and architecture, and public open space. Overall, it was considered that the scheme met the brief and had the potential to deliver a successful and innovative scheme.
- 2.4 As with the previous wider regeneration scheme involving the Pavilion Retail Park expansion, it was recognised that the scheme brought with it a number of challenges, many of which considered capable of resolution as part of the next stage of development leading to progression to a RIBA Stage D submission. After almost three years of development and submission of numerous scheme options and alternative scenarios, the 'Delivering the Vision' proposals were acknowledged as having the potential to deliver the type of mixed-use employment scheme required of Preston Barracks.
- 2.5 Unfortunately, however, the scheme presented significant concerns in some areas. These stemmed mainly from the overall increase in the retail component, particularly the inclusion of a significant food store, which would mean Preston Barracks becomes a new shopping destination. The scheme was considered to present considerable retail planning policy challenges, and would add further pressure to an already near capacity highway network.
- 2.6 The Project Board was advised of the assessment findings at its meeting on 13 November 2006. The Board agreed that the developer had presented a high quality scheme with much to commend. However ultimately it was agreed, following advice from the City Planner, that a scheme including such a retail component might have potential merit if it was considered as part of a wider ranging scheme that included wider benefits to the area and the Lewes Road District Centre. The developer agreed to pursue this option and to present revised proposals.

### **3.1 Continued Scheme Development / Negotiation (November 2006 – June 2007)**

Although not stated explicitly with the November report to the Board, such a scheme was effectively reliant on the food store becoming a replacement for the existing food store at the Vogue Gyrotory as there was an intention to retain the existing level of food retailing locally. The developer agreed to pursue this option and to present revised proposals. However, due to issues around the ownership of the Vogue Gyrotory store and other financial considerations it became clear that the risks involved had a substantial negative effect on scheme finances. Based on figures presented by the developer, the funding gap would potentially increase well above that originally identified.

- 3.2 The Project Board was advised of progress, accompanied by a presentation from the developer, at its meeting on 27 February 2007. The Board noted the latest developments and agreed that negotiations should continue, and that the developer should submit final proposals by end of May 2007.
- 3.3 Since February, the developer has, therefore, in the knowledge of the financial constraints inherent in the Vogue Gyrotory relocation option, worked simultaneously on progression of that scheme alongside other options. The outcome of this work was the developer's submission of updated proposals.

## Further Detail on Challenges and Constraints

- 1.1 The main challenges, which resulted in last years decision not to proceed, therefore remain relevant and these relate to:
- Retail planning policy
  - Transport
- 2 Retail Planning Policy**
- 2.1 The development brief identifies ancillary retail as a potential enabling element of any Preston Barracks scheme, and each of the developer's previous submissions has included such an element. It is the scale and nature (i.e. food store) of the retail element that causes the concern. The main issues, as presented in last November's Board report, are summarised below.
- 2.2 The planning policy context for the proposals is set out in a range of national, regional and local policy and guidance, among the most significant of which is Planning Policy Statement 6 (PPS6): Planning for Town Centres. This sets out the Government's agenda for town centre development, with the key aims:
- To promote the vitality and viability of town centres;
  - To locate high trip generating uses within the town centres; and
  - To adhere to the 'sequential test' approach to site selection.
- 2.3 The retail element of the scheme needs to be assessed in accordance with the criteria and tests set out in PPS6. Assessment includes the following:
- Whether the 'need' for the development has been demonstrated;
  - Identification of the appropriate scale of development;
  - Application of the 'sequential approach' to site selection, considering alternative sites in the following order of priority:
    - Locations in appropriate existing centres;
    - Edge-of-centre locations
    - Out-of-centre sites.
  - Impact of development on the vitality and viability of existing centres; and
  - Assessment of the site's accessibility by a choice of means of transport.
- 2.4 Regeneration, employment and other economic benefits of the proposals can be regarded as material considerations for the above.
- 2.5 Brighton & Hove Retail Study  
 PPS6 is supported by the Brighton & Hove Retail Study. The Brighton & Hove Retail Study was commissioned in August 2005 and completed in May 2006. The study, prepared by GVA Grimley Consultants, provides an up to date picture of the current and future capacity for retailing in Brighton & Hove

and was approved by the city council's Environment Committee in July 2006.

- 2.6 The Study assesses the existing network of larger and smaller centres in Brighton and Hove and the function and effectiveness of the existing hierarchy of centres, and includes health checks of our Regional Centre, Town and District Centres.
- 2.7 The Study concludes with numerical capacity forecasts for Brighton & Hove for the periods 2009, 2011 and 2016. The figures forecast both the total available expenditure that is available to be spent in Brighton & Hove, and a calculation of how much actual floorspace this represents.
- 2.8 The capacity projections indicate a strong increase in population growth of 9% between 2005 and 2016. Convenience goods expenditure is expected to increase by £144m over the period 2005 to 2016 and comparison goods by a significant £1.2bn over the same period. Applying a nominal floorspace figure to these projections gives a capacity projection of approximately 15,032m<sup>2</sup> of available convenience floorspace and 53,675m<sup>2</sup> of comparison goods floorspace by 2016.
- 2.9 The report is very clear that just because significant capacity is identified, it does not necessarily have to be absorbed, and any new retail development should be directed to Brighton & Hove's defined shopping centres in the first instance.
- 2.10 Any proposal for new retail in an edge of centre or out of centre location will be assessed against the rigorous tests set out in PPS6 and local plan policy by demonstrating that there is firstly a need for the development, that it cannot be fitted on a more central town centre site, that it is of appropriate scale, that it does not cause detrimental impact to the vitality and viability of surrounding centres, and that it is accessible by a choice of means of transport.
- 2.11 Planning Policy Summary  
The council's planning officers believe that retail planning policy evidence submitted by the developer has been insufficient to date to justify the current proposal, both in respect of national planning guidance and Local Plan policy. Moreover, the Brighton & Hove Retail study undertaken by GVA Grimley on behalf of the council and completed last year emphasises the vulnerable nature of the Lewes Road District Centre. The latter document is a background paper to the emerging Local Development Framework and there is concern that an out of centre retail development of the type proposed may conflict with policy objectives of protecting and improving the district centre. Even more important from the planning policy perspective is the concern of setting an undesirable precedent for proposals involving retail enabling development on other employment sites in the city. The developer's consultants (Drivers Jonas) are confident that a

sufficiently robust case can be presented through more detailed work. The developer believes firmly that the inclusion of a food store will add to the vibrancy of the development and to the sense of place, as well as contribute to its long-term success. They feel strongly that the regenerative case for the inclusion of a food store is a powerful one and believe they will be able to evidence this through future work.

- 2.12 The developer acknowledges that the appropriateness of including a food store within the scheme isn't yet proven and appreciates that this requires careful further consideration. They consider that a strong case may exist, however a comprehensive retail assessment will be required to demonstrate that relevant national and local planning policy tests can be overcome and that Preston Barracks is a unique case that should not set a precedent for retail permissions on other employment sites in the city. There is no doubt that the onus of proof rests firmly with the developer.
- 2.13 As stated above, weight is attached to the wider regeneration, employment and other economic benefits of the proposals and it is for the council to judge the weight it attaches to the 'enabling development' arguments.
- 2.14 Innovation Centre  
Inclusion of an Innovation Centre is a long-standing aspiration for the Preston Barracks redevelopment. Having firstly been identified in the Masterplan, it forms part of the development brief and Supplementary Planning Guidance. Furthermore, it is reflected in the Local Plan, alongside other employment related uses e.g. high tech offices, University related uses and business starter units. The University of Brighton's proximity to Preston Barracks and the significance of the two sites within the 'Academic Corridor' has meant there has always been a desire to see the University engaged in the development.
- 2.15 The current proposal does not directly provide an Innovation Centre but instead includes a sum towards its delivery, whether on adjacent University of Brighton land or elsewhere in the city. This was an approach agreed by the city council some two years when the complexity of the scheme became fully apparent and at a time when there was uncertainty as to the University of Brighton's requirements / preferred location.
- 2.16 In considering the scale of the planning policy challenges and the prospect of a sufficiently robust case being presented, planning officers advising the council as client have highlighted the likely significance of the Innovation Centre as part of that case. They believe its inclusion would strengthen the justification for the retail enabling element and that provision of an Innovation Centre should therefore be given greater attention and prominence.

- 2.17 This issue has been explored at planning clarification meetings, as a result of which the developer has stated its commitment to review its position with regard to inclusion of the Innovation Centre, most likely as part of the 12,000m<sup>2</sup> office element, and to consider the financial implications. This they propose to do as part of the next phase of work, if the current proposals are supported and if a Conditional Development Agreement is entered into.
- 2.18 That being the case, it is recommended that the developer and the city council undertake a general review of the Innovation Centre. Such review to include confirmation of the type of Innovation Centre envisaged; its size, focus and management arrangements. The review should also involve the University of Brighton to again establish its aspirations for the Innovation Centre.

### **3 Transport**

- 3.1 Last years transport assessment (October 2006) raised concerns about the schemes contribution to 'modal shift' and highlighted concerns regarding car parking numbers. The headline issues at that time, together with an update on progress, are summarised below.
- 3.2 Modal Shift  
The inclusion of significant retail floorspace, particularly the food store, has, consistent with the earlier Pavilion Retail Park expansion scheme, raised concerns about additional trip generation. The November 2005 report to Policy & Resources Committee stated "it is unlikely that proposals of this nature will ever sit comfortably with the city's sustainable transport strategy." With the continued inclusion of a significant retail element, this view remains. It will put further pressure on an already near capacity network in this area, especially around the Vogue, thus impacting on air quality within an existing Air Quality Management Area that the council is already committed to improving.
- 3.3 Despite taking an overall sustainable approach to the development in terms of transport, the level of forecast traffic generation from the site was in excess of that proposed in July 2005 (the wider scheme).
- 3.4 Car Parking  
The October 2006 proposal included a total of 586 car park spaces (excluding the car club), all of which underground. This was similar to the level of parking in the June 2006 submission and was broadly in line with current car parking standards. However, there was no allocated provision for disabled drivers. The developer was advised that this would require redesign to accommodate appropriate numbers of spaces for disabled drivers.
- 3.5 It was considered that this was capable of resolution but, with parking extending under the entire site, and knowing the disabled provision can

currently only be provided by reducing the number of standard spaces, it was not as straightforward as it otherwise might be. Disabled spaces take approximately 1.5 standard spaces, thus reducing significantly the standard spaces, which has a bearing on marketability. Again, the developer was advised of this significant concern.

### 3.6 Transport Update / Progress

The developer's latest proposals begin to demonstrate improvements in these areas. For example, total car parking provision has reduced from 586 to 554 and this now includes appropriate disabled parking provision. This has been achieved through the proposed introduction of vehicle stacking devices for the office parking spaces. Following a transport clarification meeting with the Head of Transport Planning and Policy, they have since submitted additional supporting information demonstrating a reduction in the level of vehicle trip generation.