

# **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**6 SEPTEMBER 2007**

## **STROOD RIVERSIDE**

Report from: Neil Davies, Chief Executive

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### **1 Purpose of item**

- 1.1 To advise Members of the background in relation to the negotiations in respect of the compulsory purchase order at Strood Riverside and to report on the current position.

### **2 Recommendations**

- 2.1 That Members consider the contents of the report.

### **3 Background**

- 3.1 In 1998 Rochester City Council made the Rochester upon Medway City Council (Strood Riverside) Compulsory Purchase Order 1998 ("the CPO") in respect of land at Canal Road, Strood. A plan of the site is attached for information at appendix one.
- 3.2 Strood Riverside includes the area from Watermill Gardens, along Canal road towards Commissioners Road, including Strood Dock Terminal. The area is currently a mixture of vacant land and commercial uses. It occupies a prominent position, opposite Rochester Riverside, with riverside views and close proximity to Strood town centre. The site extends to 5.6 hectares and requires remediation, due to possible contamination, together with flood defences and work to the river wall.
- 3.3 The Council is seeking to deliver an integrated scheme covering the whole area, with the creation of a riverside walk. The site itself is allocated for residential development and proposed uses include: housing; community and leisure facilities and public open space. A detailed development brief for the site has been prepared and agreed by members on 5 September 2006.
- 3.4 As the Council did not have sufficient funds to carry out the land assembly of the whole site under the CPO, a marketing exercise was undertaken in 2001 to identify a private sector partner willing to take the development forward.

Although Bellway Homes were selected to work on developing a scheme and establishing costs, only limited progress was made and as no contractual agreement was finalised the arrangement finally lapsed in early 2004.

- 3.5 The Council subsequently received approaches from several house builders and some of the existing landowners to work with the Council on progressing a scheme for the site. Officers met with two of the major landowners, Cathedral and Overseas & Commercial Limited, who indicated a willingness to form a consortium in order to take the development forward. Their proposal was to enter into a development agreement with the Council under which their land and the Council's land would be pooled. The consortium would then fund the remaining land acquisitions and seek a development partner to undertake the remediation works, flood defences and the development itself. Officers also actively pursued other options for possible funding to underwrite the CPO, so that the opportunity to carry out the land assembly was not lost.
- 3.6 These discussions continued, as they appeared to offer a means of securing the comprehensive redevelopment of the site if further public sector funding was not forthcoming. However, once funding was obtained from the ODPM (Sustainable Communities Fund) the Council decided to proceed with the CPO. There was an imminent danger that the CPO would expire and the Council would not be able to reach a satisfactory conclusion with the landowners prior to the CPO expiry date. This would have meant that the opportunity to assemble the land would have been lost.
- 3.7 The CPO could only be implemented up until 19 March 2005, and therefore the Council decided to make the requisite vesting declaration to implement the CPO in early March 2005, subject to unconditional funding being received from the ODPM. As the site is within Medway Waterfront, it was highlighted as a priority in the Thames Gateway under-spend bids prepared for the ODPM and funding was requested to underwrite the CPO costs.
- 3.8 The level of funding obtained was £13m in total - £10m for land acquisition and £3m for a new river wall. The vesting declaration committed the Council to proceed with the acquisition of the site and to the payment of compensation. The report to full Council set out the risks involved in completing the CPO, and these are attached as Appendix Two. One of the main risks highlighted was that the Council would carry the financial risks of any costs not covered by the ODPM approval.
- 3.9 See exempt appendix for details.

#### **4. Disputed claims**

- 4.1 As shown on the attached plan, there are 42 parcels of land, which make up the site. The majority were acquired by agreement with the owners, but the Council was unable to settle the compensation claims of two of the three largest landowners, namely Network Rail and Cathedral Properties ("the claimants").

4.2 to 4.3 See exempt appendix for details

4.4. The Lands Tribunal hearing was set for 16 July 2007. In order to support our position the Council appointed a number of external experts including amongst others planning consultants, Barton Wilmore and surveyors Gerald Eve, who specialise in this type of work. In addition, the Council appointed David Elvin QC to lead our team and represent us. All consultants appointed by the Council were leading experts in this field (for remainder of paragraph see exempt appendix)

4.5. The total cost of the hearing would have amounted to approximately £150,000 to the Council, plus payment of the claimants' costs in the same amount. Officers therefore were advised to try again to settle the claims if possible, prior to the hearing.

## **5. Advice received**

5.1 to 5.6 See exempt appendix for details

5.7. Officers do not have the final costs at this stage as the bills are still awaited, and if the Council is unable to agree these then the Lands Tribunal will arrange for them to be independently assessed ("taxed").

## **6. Current position**

6.1. See exempt appendix for details

6.2. It is now imperative that the site is developed. In the near future a development partner will be selected to assemble the remaining land, secure the flood defences and commence the building phase. As with other waterfront developments design standards and quality in accordance with the masterplan, will be paramount.

## **7. Financial implications**

See exempt appendix for details.

## **8. Legal implications**

8.1 As the amounts set out above were outside the agreed budgetary framework, in accordance with the Constitution and financial rules, it was necessary for the Chief Executive to obtain the consent of the Leader of the Council, together with the Chairman and spokespersons of the relevant overview and scrutiny committee to complete the payments.

8.2 This decision was reported to full Council and Members requested that a full report is brought to the Business Support Overview and Scrutiny Committee.

8.3 See exempt appendix for details.

## **9 Background papers**

Council – 26 July 2007 – Strood Riverside – Land Compensation Claims

Cabinet – 12 December 2006 – Community Enterprise Hub – Water Mill Wharf

Cabinet – 5 September 2006 - Strood Riverside Development Brief (results of consultation)

Cabinet 16 May 2006 - Strood Riverside Development Brief (pre-consultation)

Council – 20 January 2005 - Strood Riverside

Cabinet – 11 January 2005 - Strood Riverside

Cabinet – 19 October 2004 - Strood Riverside

Cabinet – 8 January 2002 - Strood Riverside

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