

Introduction

- 1.1 At its meeting on 10th July 2002 the Council resolved (inter alia) to select a consortium led by Bond Group for the development of the St James's Area and to undertake negotiations with a view to resolving key issues outlined in the Next Steps Report (Annex C to the report for the 10th July meeting). Subject to these issues being satisfactorily addressed it was also resolved to enter into an exclusivity agreement with the Bond Group consortium. With respect to the York Street site it was resolved to select BNB Bond as the Council's conditional preferred developer subject to certain conditions being met.
- 1.2 Since then further discussions have taken place with the Bond/Discovery/Bowmer and Kirkland consortium with respect to the St James's Area and BNB Bond with respect to the York Street site with a view to addressing the specific issues and conditions. This paper reports on progress and provides recommendations for the Council to consider on the way forward.
- 1.3 The paper entitled Next Steps Report (Annex C to the report for the 10th July meeting) proposed a four stage process providing the opportunity for the full Council to review progress at key stages; prior to entering into a collaboration agreement, i.e. now at the end of stage 1, and then to consider revised design and financial proposals and "heads of agreement" (stage 3) prior to instructing solicitors to draw up legal agreements (stage 4). Arrangements for more regular progress reports will be made through Officer and consultants liaison with the developer and meetings of the Members Working Group.

St James's Area

- 1.4 The following table provides a report on progress against each of the Stage 1 tasks. This should be read alongside the Bond Group letter dated 2nd September 2002 attached as Annex A.

Stage 1	
Task	Progress
Secure agreement to risk sharing matrix accompanying the original ITN Brief	Confirmation has been received from the developer that it is prepared to accept the risk-sharing matrix. (This was originally attached to the Invitation to Negotiate (ITN) brief, but had not previously been signed)
Scope with relevant agencies work required leading to submission of planning application and prepare a programme including:	See letter attached as Annex A. An essential first step is the selection of the food store operator (see marketing section below). This will influence design, site investigations, traffic

<p>a) archaeological investigations b) site investigations and survey work c) traffic impact assessment d) an agreed site based (in the context of the town centre) car parking strategy e) consultation process including public, other agencies (Environment Agency, English Heritage)</p>	<p>impact work and the overall financial viability of the proposals. Prior to selection of the food store operator pre planning work will be limited to further consultation with KCC re archaeological investigations and consideration of car parking issues (numbers/pricing policy in the context of the towns overall parking needs). Following selection of a food store operator more detailed site investigation work, traffic impact assessments, air quality assessments, design development and public consultation will take place leading to the submission of a detailed planning application</p>
<p>Provide research to underpin demand/values for residential component and demonstrate ability to deliver</p>	<p>The developer has commissioned reports from residential property agents Savills and Cluttons which both present positive views on the demand and viability for the quantum and mix of private housing proposed</p>
<p>Prepare a marketing strategy and proposals for taking forward interest from key occupiers with a view to encouraging competitive bids</p>	<p>Further market testing with food retailers is underway and formal expressions of interest have been invited from Asda, Morrison, Tesco, Sainsburys, Safeways and Marks and Spencers. The Council will agree a joint brief with the developers in order to invite detailed proposals from those companies which confirm interest. The developer and the Council will then need to agree on the selection of the food operator</p>
<p>DDC and Developer to agree terms of exclusivity agreement (Stage 2)</p>	<p>See commentary on the collaboration agreement below</p>
<p>Appoint “reserve” developer</p>	<p>Dover Odyssey has been nominated as “reserve” developer. This is a non-contractual arrangement which provides the Council with the ability to re-enter negotiations with this consortium in the event that satisfactory progress is not achieved with the Bond Group</p>
<p>Confirmation of status of contracting party</p>	<p>The consortium has confirmed that Bond Group, Discovery Properties and Bowmer and Kirkland will form a special purpose company to undertake the development and that Bowmer and Kirkland (a substantial UK construction/engineering company) will guarantee the companies obligations</p>

Collaboration Agreement

1.5 The arrangements and obligations for the Council and the developer over the period leading to an exchange of legal documents are to be set out in a collaboration agreement. This will provide undertakings for the developer to progress marketing, design development and viability assessment to form the basis for “heads of agreement” consulting closely with Council officers and its advisers throughout. For its part, the Council will undertake to deal exclusively with the developer. Additionally, the developer has agreed to enter into a confidentiality agreement with the Council.

1.6 A work programme will set out tasks to be undertaken and key milestones together with target dates for achieving them. This will provide a basis for the Council to be able to closely monitor the developer’s performance. The agreement will provide for some flexibility in the

work programme recognising that it is not possible to predict all eventualities, however it is proposed that there will be three critical dates, namely:-

- a) selection and agreement of the heads of terms with a food store operator (jointly with the Council) by 31st January 2003
- b) submission of revised financial and design proposals together with an agreed draft set of heads of terms for consideration by the Council by 11th March 2003 and finally
- c) completion of a conditional development agreement by a long stop date of the 11th June 2003. The agreement to be conditional upon detailed planning permission, acquisition of the necessary land/property interests, a pre-letting to a foodstore operator and detailed site investigations

1.7 Failure to achieve these critical dates will entitle the Council to determine the collaboration agreement if it should wish to do so. The collaboration agreement represents a statement of intent for the parties to negotiate in good faith to achieve certain objectives, but it does not commit either party to proceeding any further beyond the steps outlined above.

York Street

- 1.8 The Addendum Report prepared for the York Street site submitted with the Council papers for the 10th July meeting highlighted a number of steps to be taken by the Council prior to the appointment of BNB Bond as the Council's conditional preferred developer. These related to a review of previous marketing efforts and the potential to attract acceptable occupiers to this location recognising that development of the site needs to be demand led.
- 1.9 Further discussions have taken place with BNB Bond which have revealed that occupier interest previously expressed from hotel groups and a night club operator has fallen away. In light of this BNB Bond has proposed passing responsibility to its related company the Bond Group (Clive Lynton who is leading the St James's Area proposals). Bond Group has expressed an interest in taking forward the York Street site (see letter dated 29th August from Bond Group to BBP attached as Annex B) and has undertaken to fully disclose the conditional land agreements/options reportedly entered into by BNB Bond. In essence, their proposal is to prioritise securing key operators for the St James's Area in the expectation that this will generate new market/investment opportunities which could be directed to the York Street site. As will be noted from the letter current interest from the Accor hotel group is being followed up. Based upon identified occupier demand fresh design proposals will be drawn up by the professional team working on the St James's Area scheme leading to a formal design and financial submission to the Council.
- 1.10 This proposal appears to have some merit from the Council's standpoint as it ensures that marketing of the two development areas is undertaken in a complementary manner. It is

therefore proposed that a simple marketing agreement is drawn up with Bond Group to market and bring forward development proposals on the York Street site for the Council's consideration and that this should run for a period of 6 months. In the interim, it is proposed that the Council should resolve to use its compulsory purchase powers (see next section).

- 1.11 In the event that this approach is not successful, further advice will be issued regarding the Council's acquisition of the property interests to enable re-marketing of the site with a view to achieving comprehensive development to take place at some stage in the future.

Compulsory Purchase

- 1.12 In view of the time that has lapsed since the Council's previous resolution of its preparedness in principle to use compulsory purchase powers (Joint Finance, Land and General Purpose and Policy and Resources Committee held on 26th February 1999), recent developments in planning policy and also the availability of the developers proposals, it is recommended that the Council should re-confirm in principle its intention to use CPO powers to enable the acquisition of the property interests for both the St James's Area and York Street sites.
- 1.13 The extent of land comprised within the agreed development sites are shown on the attached Plan (Annex C). It is proposed that the extent of land that may be acquired should exclude shops and flats at Dolphin House with the exception of two garage premises to the rear.

Recommendations

- 1.14 That the Council should enter into a collaboration agreement with the Bond/Discovery/Bowmer and Kirkland consortium on the basis described in paras. 1.5 –1.7 above.
- 1.15 That the Council should authorise the preparation of a simple marketing agreement with Bond Group for a period of 6 months in respect of the York Street site on the basis described in paras. 1.9 and 1.10 above
- 1.16 That the Council should resolve in principle to use its compulsory purchase powers on the basis set out in paras. 1.12 and 1.13 above

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Ref: garr-r.0209

2nd September 2002

Dear Richard,

RE: ST JAMES'S SITE, DOVER

I refer to our various discussions regarding the above site and specifically your letter dated the 2nd August 2002 and your e-mail and confirm the following: -

- (i) Bond City/Discovery Properties (the Consortia) will be joint signatories to both the Co-operation Agreement and the Confidentiality Agreement; Discovery will sign on behalf of Bowmer & Kirkland (as per our original submission). We are, however, still awaiting first drafts.
- (ii) The Consortia confirm their agreement to working on an open book approach including full transparency of the financial details, landowner agreements, and other relevant matters.
- (iii) The Consortia confirms their acceptance to the risk sharing matrix that was attached to the original ITN brief.

(iv) Marketing: -

- a. Commercial: - as part of the original submission (Technical Brochure No. 3), the joint commercial agents Colin Buckie and Co, and FPD Savills undertook a considerable amount of work in highlighting prospective tenant interest.

Since our selection as preferred development partner the agents have been instructed to re-approach the anchor “supermarket” tenants; contact has been made and discussion are ongoing with Sainsburys, ASDA, Safeway, Morrisons, Waitrose, Tesco and Marks & Spencer to establish interest. Expressions of interest have been requested by mid September 2002, following which we intend to set a date for best offers.

- b. Residential: - meetings have taken place with both Cluttons and FPD Savills, and reports will be available on demand/values, when we meet on the 2nd September 2002.

(v) Site Boundaries / Design:

Thank you, and the Councils representatives for meeting us on site on Wednesday 14th to agree in principle the site boundary. The Architects will be sending through a revised plan for approval this week.

The general planning comments made by Mike Ebbs at the site meeting were taken on board by our architects, Dyer Associates and these along with the general comments made by Council Members during our formal presentation will be included within the ongoing review/revisions to the scheme layout and design.

(vi) Land Acquisition:

Both prior and since selection we have made contact with various landowners and/or agents;

- a. Burlington House/Car Park (Oaklea Properties): - have confirmed their willingness to sell on a subject to planning basis.
- b. County Hotel (Corus Hotels): - contacted us immediately following our selection, and confirm their wish to dispose of their interest.

- c. Charringtons Site (Agent: Smith Woolley & Perry, Folkestone): - have confirmed their willingness to sell; have been waiting two years.
- d. 12 King Street (Agents: Tursons): - property recently acquired by private client off the receiver. Currently “stripping out” the building on the basis of converting the upper parts to residential, but would be interested to sell.
- e. Former MFI Store: - currently being marketed for disposal by King Sturge (buyer pulled out last week). Agent has requested a meeting.
- f. Stagecoach: - contact made with Oliver Liggins Stagecoaches agent; possible relocation site identified through SEEDA.
- g. 11 King Street: - I have been informed by Tersons that this is owned by a national advertising hoarding company.

Furthermore, until the valuation reports are made available (as confirmed by yourselves in the competition process) and updated, it will be difficult to progress discussions meaningfully.

(vii) Other issues:

Again as part of the original submission (Technical Brochure No. 4: site specifics) our professional team undertook a considerable amount of work utilising their own knowledge of the site and the various background reports included as part of the information pack.

- a) Traffic and Highway Matters - see attached letter dated 16th August from W.A Fairhurst and Partners.
- b) Geotechnical - see above letter.
- c) Archaeological - Foundations Archaeology Limited carried out detailed investigations of the archaeological situation of the site as part of our original submission. Since selection they have begun discussions with Kent County Council who confirmed their willingness to become involved during the design process once the anchor footprint and siting is known.

- d) Car Parking - Mike Ebbs passed us his briefing note (dated April 2002) which agrees with our own thinking in that it will evolve once discussions begin with the supermarket operators. The principles behind the current car parking numbers, i.e. circa 600, is derived from the size of the site, occupiers preference for surface spaces, the minimum number required by the supermarket operators and currently planning policy guidelines on car usage.
- e) Air quality issues - Mike Ebbs briefly commented upon this and further details are awaited as to how this policy may impact on the setting of the various different use buildings.
- f) Consultation Process - this will be agreed in detail with the council as the marketing/design process involves.

With regard to your e-mail of the 16th August, I enclose our first draft Gantt Chart so that you can discuss this with the Council prior to our meeting on the 2nd September (I have also sent you an e-mail of the same on both excel and MS project formats).

In the meantime, I would like to reiterate our wish to progress to agreed Heads of Terms as soon as possible and also our commitment to progressing the development using a prudent and achievable timetable which in turn will create a sustainable high quality scheme.

Regards,

Yours sincerely
FOR AND ON BEHALF OF BOND GROUP

CLIVE LYNTON

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Ref: garr-r.2908.2

29th August 2002

Dear Richard,

RE: YORK STREET SITE, DOVER

I refer to our discussions regarding the above site, and confirm the following: -

(i) BNB/Bond: -

I attach self-explanatory copy correspondence sent to yourselves on the 16th August by Alex Arthur at BNB Bond and confirm that Bond City Limited has now taken over as lead on the project, with myself being liaison.

(ii) Land Acquisition: -

I have met with Jim Goddon who has confirmed to me the correct status of his land interests in the above site. I have also agree with Alex that the solicitors supply me with correspondence detailing all land deals agreed, re: options/conditional contracts.

(iii) Planning: -

Following comments made by various council officers regarding quality of design. I confirm that the BNB Bond scheme submitted for planning should be held in abeyance. It is our current thinking that this scheme could then be substituted by a revised scheme drawn up by Dyer Associates in consultation with the planners.

(iv) Marketing: -

As stated previously we feel that this demand led design scheme has been hampered by the uncertainty surrounding the adjoining sites such as St James's. Consequently it is sensible and prudent to first progress the anchor tenant and other occupiers on the St James's site, so that York Street site can be brought forward as a Phase II. Although it could be built out before completion of St James's.

Therefore once we have established the tenants/occupiers for St James's we will begin formally marketing York Street, and this in turn will dictate the viability and quality of design.

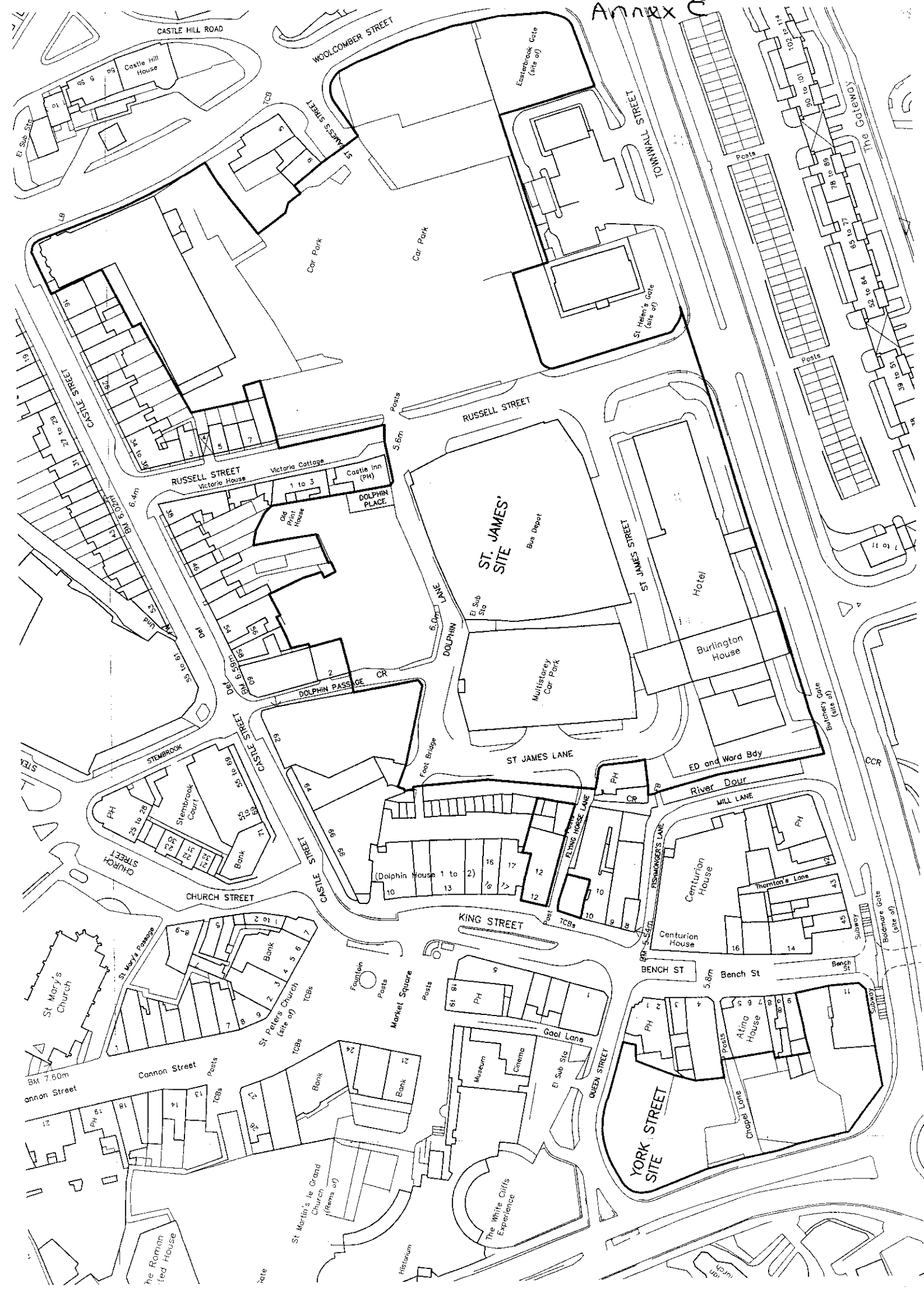
In the meantime, I confirm that we have been re-approached by Accor for a 110 bed budget hotel, and have begun informal discussions. However, other users/occupiers are needed to make the scheme viable, and the sitting/size of this space will only be known once discussions are better progressed with Accor.

We therefore confirm our interest in carrying out a scheme on this site, but reiterate the previous viability surrounding the site, and the need to explore demand occupiers and then design in a logical manner.

Yours sincerely
FOR AND ON BEHALF OF BOND GROUP

CLIVE LYNTON

encl



Annex C

CASTLE HILL ROAD

WOOLCOMBER STREET

Castle Hill House

Eastbrook Gate (site of)

TOWNHALL STREET

ST JAMES STREET

Posts

Posts

Posts

Car Park

Car Park

St Helen's Gate (site of)

RUSSELL STREET

Victoria House

Victoria Cottage

Castle Inn (PH)

DOLPHIN PLACE

Old Print House

RUSSELL STREET

ST. JAMES' SITE

Bus Depot

Hotel

Burlington House

Multistorey Car Park

DOLPHIN PASSAGE

DOLPHIN LANE

ST JAMES LANE

ED and Ward Bay

STEMBROOK

Stembrook Court

CASTLE STREET

CHURCH STREET

CHURCH STREET

(Dolphin House 1 to 2)

ST JAMES LANE

MILL LANE

Centurion House

Thorton's Lane

KING STREET

BENCH ST

Bench St

St Mary's Church

St Peter's Church (site of)

Market Square

Fountain

Posts

Posts

PH

Cannon Street

Bank

Bank

Museum

Cinema

BENCH ST

Bench St

YORK STREET SITE

Aling House

St Martin's le Grand Church (site of)

St Martin's le Grand Church (site of)

The White Cliffs Experience

Chapel Lane

BM 7.60m

Cannon Street

St Mary's Church

The Roman Red House

St Martin's le Grand Church (site of)

St Martin's le Grand Church (site of)

CCR

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