

Project Documentation

PROJECT INITIATION DOCUMENT (PID)

Southern Gateway Implementation

Release:	7th Draft
Date:	September 2017
Author:	Paul Over Jane Hotchkiss Amy Loaring
Approved by:	Cabinet

Note: the completion of this document is required for medium and large projects as defined by the Project Type Matrix. The final version should be saved in a sub folder on the x drive under project management / project documentation.

Document History

Revision Date	Version	Summary of Changes	Reviewer(s)
30/11/2016	1	First draft	AL/PO
16/02/2017	2	Second draft	Implementation Sub-Group and strategic land owners
06/03/2017	3	Third draft	Commercial Programme Board
07/03/2017	4	Fourth draft	CPB; HCA and WSCC
15/03/2017	5	Timescale updated	PO/JH/AL
29/08/2017	6	Timescale and outcomes updated to reflect latest masterplan position for OSC consideration	PO/JH/DS/AF
09/2017	7	Additional risk and outcome added & consultants input on timescales and dependencies	OSC & Jones Lang LeSalle (JLL)

Consideration by the Corporate Improvement Team

Date	Reviewing Officer	Comments for Consideration
01/03/17	Andy Buckley	Minor amendments proposed and now included within the report.

Approvals

This document requires the following approvals:

Name of person, group or committee
SLT
Commercial Programme Board (CDC)
Overview and Scrutiny Committee (CDC))
Cabinet (CDC)
Strategic Land Ownership Group
Council – in relation to any consideration of a Compulsory Purchase Order in accordance with Article 4 of the Constitution

Distribution

A final copy of the approved document will be distributed to:

Name	Job Title
Andrew Frost	Head of Planning Services
Steve Carvell	Executive Director
Cllr Susan Taylor	Cabinet Member for Planning
Cllr Jane Kilby	Cabinet Member for Housing

Cllr Tony Dignum	Leader of the Council
Cllr Eileen Lintill	Deputy Leader
Paul Over	Executive Director
Nick Bennett	Legal Services Manager
Jamie Dallen	Highways West Sussex County, Council
Gerard Overton	Homes & Communities Agency
Jane Hotchkiss	Head of Commercial Services
Alan Gregory	Project Manager, Estates
Patrick Harrison	Strategic Surveyor, Estates
Diane Shepherd	Chief Executive
Nick Smales	Director of Economy & Place, WSCC
Steve Oates	Economic Development Manager
Amy Loaring	Partnership Officer
Mark Catlow	Accountancy Services
Mark Regan	Senior Estates Surveyor
Phil Pickard	Procurement Manager
Sarah Parker	Public Relations Manager

1. PURPOSE OF DOCUMENT

- 1.1 This Project Initiation Document builds on the Southern Gateway – Preparation of Masterplan PID approved by Cabinet in June 2016. It sets out why and how the implementation phase should proceed, who is involved and their responsibilities. It will provide the baseline for the projects management and for an assessment of its overall success.

2. PROJECT DESCRIPTION

- 2.1 The regeneration of an area of circa 12 hectares (30 acres) of predominately brownfield land in a mix of public and private ownership with potential housing, business, leisure and commercial uses. The project will bring significant improvements to the public realm, transport infrastructure, enhancements to the quality of the environment including improved pedestrian linkages to the city centre and the regeneration of the only canal basin in West Sussex. The masterplan map showing the key development sites is in Appendix 2 to the report.
- 2.2 This regeneration scheme will be operating at scale. The largest regeneration project in Chichester city centre in living memory it will facilitate missing elements of provision for young people (Chichester is the only University city in West Sussex) and tourist facilities (Chichester is the strongest tourism location in West Sussex (Source: Visit England website (www.visitbritain.org)).

3. BACKGROUND

- 3.1. The Southern Gateway area has long been seen as an opportunity to make better use of the southern approach to Chichester city. In 2001 the Southern Gateway Framework was adopted by the District Council and retains its status as Supplementary Planning Guidance. Whilst much progress has been made (e.g. with the former Osborne's site, the Girls High School and the Southern Sidings development) significant opportunities remain to regenerate the area. These opportunities have not been realised as a result of the recent economic

downturn, the costs of relocating existing users and the extraordinary development costs associated with some of the sites. These barriers are considered to be surmountable with public sector support and investment.

3.2. Recent developments make this an opportune time to resurrect this opportunity. Those developments include:

- I. The announcement that the Law Courts are to be closed;
- II. The approval of the District Council led Chichester Vision;
- III. The anticipated adoption of a new Masterplan for the area; and
- IV. The Government's emphasis on growth and jobs (with new funding streams to assist).
- V. The closure of the Kingsham First and Middle school

3.3. The regeneration area within the Southern Gateway includes the Bus Station and Depot, the Basin Road Car Park, the Courts Buildings, the Police Station, former Kingsham school and the Royal Mail depot

3.4. A Masterplan is in the process of being developed by appointed consultants and is expected to be adopted as a Supplementary Planning Document (SPD) by Council following public consultation in November 2017.

4. PROJECT OBJECTIVES AND SUCCESS CRITERIA

4.1. Outputs

- Successful Local Growth Fund (LGF) and other funding secured which will lever in an estimated £83m of private sector investment (excluding relocation and acquisition costs).
- Purchase of any privately owned property required to deliver the project.
- Successful relocation of existing uses
- Creation of the strategic implementation group.
- Approval of a Compulsory Purchase Order (CPO) if required.
- Securing a development partner.

4.2. Outcomes

The project is estimated to deliver:

- New jobs;
- Existing jobs protected (Stagecoach and Royal Mail);
- New homes/student accommodation delivered;
- Business/retail and leisure floorspace created (onsite)
- New community health facility (subject to funding and specification)
- Possible return on investment for any capital funding provided by CDC (subject to separate reports)
- Improvements to the public realm, the transport system and the appearance of the townscape and buildings in the area.

These proposals, once delivered, will make a significant contribution to and directly support the Community Strategy and Corporate Plan especially in relation to housing, jobs and infrastructure by unlocking predominantly brownfield sites. The redevelopment of much of this area has stalled for decades due to lack of public funding available to unlock the sites. This project will include investment in

infrastructure (waste water treatment, bus/rail interchange, improved access for pedestrians and cyclists) together with enhancements to the public realm.

This project will build on current economic success in an area where performance is already good and where the private sector, by their previous involvement in nearby developments, have demonstrated that they are eager to be involved. Public funding will ensure that these final opportunities are realised.

By directly marketing the new employment space to high growth, high value sectors such as high end finance; digital; pharmaceutical and creative industries will ensure that this regeneration contributes to ensuring that the Chichester area performs well above the UK average. (GVA per head across Chichester, Arun, Adur and Worthing was £21,274 - below both the regional (£27,012) and national (£25,367) figures. Source ONS December 2015)

4.3. Outcome Measures

Based on a viable Masterplan and making reasonable assumptions on the mix of proposals:

- 1434 new jobs;
- protect at least 200 existing jobs (Stagecoach and Royal Mail);
- 335-365 new homes/student accommodation;
- 90% sold within one year of completion
- 21,600-22950 sqm of business/retail and leisure floorspace (onsite)
- Successful relocation of existing uses comprising of 4,000 sqm of off-site relocation space.
- Return on investment on the basis of CDC “Investment protocol”
- Public satisfaction survey – at least 80% of respondents confirm they are either satisfied or very satisfied with the development
- Improved air quality
- Improved travel times

NB. These outcome measures will be adjusted to be consistent with the adopted masterplan.

4.4. Dis-benefits

- Disturbance during construction
- Impact on business viability to existing retail offer
- Behavioural change required if traffic movements are reconfigured
- Potential loss of locally listed/listed buildings
- Potential loss of trees
- Loss of public car park capacity

4.5. Out of Scope

The project will not include:

- Master planning and associated traffic studies – it is assumed this dependency is already signed off.

- Any regulatory processes (other than those associated with a CPO) or obtaining of necessary permissions and consents. This would be done by developers.
- Relocation of the railway line which dissects the southern gateway area
- Excludes management of the building contract

5. PROJECT CONSTRAINTS

- Adoption of the Masterplan as a SPD
- Approval and timescales of any required CPO
- Strategic Partner Agreements
- Timing and expenditure constraints of certain funding streams
- Planning constraints
- Contaminated land
- Fragmented land ownership
- Government and local planning policy.
- Waste water treatment capacity
- Availability of suitable relocation sites

6. PROJECT ASSUMPTIONS

The delivery of the project assumes:

- A viable Masterplan, including traffic implications, adopted by November 2017.
- Public and Private funding can be raised to fund development costs and funding gaps relating to relocations.
- On-going political and public support for the project
- Willingness of partners to engage in the strategic implementation process
- The Law courts to be closed and handed to the HCA by February 2018.
- Waste water capacity for development can be provided.
- Road space reconfiguration is implementable.

7. PROJECT COSTS

7.1. Project Delivery Costs

The cost of the project comprises staff costs of the Project Team which are included within the existing base budget and consultancy/professional services costs which are currently estimated at up to £155,000.

	Description	Cost (£)	Comments
1	Development/marketing surveyor consultant	155,000	This funding is already approved via CDC Cabinet (January 2017) and West Sussex One Public Estate. Some of these costs might be recoverable from the developer once selected. Additional strategic
2	CPO surveyor consultant		
3	Legal CPO consultant		
4	Legal Property Consultant		
5	Waste water treatment/flooding/contamination surveys		

			partnership funding will be sought. This excludes disposal commission at present.
6	Property relocation and acquisition costs	13,500,000	These costs will be funded from the capital receipt of the site being released plus external/partnership funding yet to be secured to fund abnormal development costs and relocation costs. The costs estimates exclude fees, VAT, contingency and SDLT. This excludes any value attributable to Sussex Police land. They assume a developable site with no abnormal costs.
7	CDC capital investment	TBC and subject to separate report	
	Total	13,655,000	

CDC has allocated Executive Director, estates, legal, finance, PR, procurement and project management support for the project. The development costs, which are not included above, will be borne by the appointed developer.

7.2. On-going Costs Following Project Completion

The only ongoing cost to the council would relate to the management function associated with any development share that the council retained. This would be subsumed into the existing role of the estates service.

It is also assumed that what is built is commercially viable and does not require any further public financial support in terms of ongoing operational revenue.

The Council will be forgoing the income from the bus depot, bus station and Basin Rd car park (circa £75,500 per year), although some of the car park income will deflect to the nearby Council owned Avenue de Chartres car park, where there is currently spare capacity. This lost income could be compensated for by the Council taking a share of the development proceeds (capital and/or revenue).

8. OPTIONS SUMMARY

The Council could allow the future development of the Southern Gateway area to be market-led. This option has been discounted since experience over the past few decades has indicated without public sector support the development opportunities that remain are unlikely to come forward. Whilst some of the sites might be capable of independent development proceeding in such a piecemeal fashion weakens the case for public funding and risks the disjointed funding of infrastructure.

There are several alternative ways in which this project could be implemented including:

- Self-Promote – CDC & partners assemble the land, obtain planning permission and undertake the development themselves
- Grant an Option – this will allow a third party to draw down the land at an agreed price during a fixed period of time
- Conditional Sale – this allows a third party to purchase the site once certain conditions e.g. an acceptable planning permission, has been obtained
- Unconditional Sale – following site assembly the site is sold at an agreed sum with no conditions
- Unconditional Contract with Planning Overage – as unconditional sale but with a clause that allows an additional payment to be made to CDC/partners if a more favourable development is achieved
- Public-Private Partnerships – the formation of a new legal entity to deliver the development. The partnership could include landowners and would define the various contributions to costs and benefit sharing arrangements.

Any of these options could proceed with or without a CPO. The major landowners the Homes and Communities Agency, WSCC and CDC have discussed the matter with external consultancy support and the conditional sale to a developer(s) is the agreed preferred route. This minimises financial exposure/risk to the landowners, retains a degree of control over the content of the eventual development and provides an opportunity to participate in the investment if any of the partners chooses so to do.

9. PROJECT APPROACH

The Southern Gateway implementation will involve a mix of in-house, partnership and external consultancy resources. It will proceed via the formation of a Strategic Land Ownership Group that will manage the disposal programme, timescale and selection of development partner(s). It will also agree the way in which costs and benefits are shared.

10. PROJECT PLAN

Task No.	Task / milestone	Completion Date	Responsible Owner	Dependency
Stage 1- Funding Applications/ approvals				
1a	HCA	November 2017	Steve Carvell	
1b	LEP	November	Paul Over	

		2017		
1c	WSSC	December 2017	Jane Hotchkiss	
1d	One Public Estate grant	November 2017	Paul Over	
1e	DCLG housing bid	July 2017	Linda Grange	
1f	Housing Infrastructure Fund (HIF)	September 2017	Paul Over	
1g	Other funding streams	December 2017	Amy Loaring	
Stage 1a – Communications Strategy				
1a.1	Complete Communications Strategy	December 2017	Sarah Parker	Phase 1 Masterplan
Stage 2 – Appointment of Consultants				
2a	Funding For Consultants	February 2017	Paul Over	1d
2b	Procurement process to begin	April 2017	Patrick Harrison	2a
2c	Appointment of Consultants	August 2017	Paul Over	2b
2d	Commission studies: WWT; Contamination and Flooding	November 2017	Paul Over	1d & 2c
Stage 3 – Development of Partnership				
3a	Engagement with Partners	Jan 2017	Paul Over	
3b	Agree development Delivery vehicle	April 2017	Paul Over	
3d	Enter into development partnership/MOU	Sept 2017	Paul Over	Phase 1 Masterplan
3e	Agree strategic approach to CIL	December 2017	Paul Over	
3c	Agree partner investment approach	December 2017	Paul Over	Phase 1 Masterplan
Stage 4 – Relocation and Acquisition of strategic partner sites¹				
4a	Identification of relocation sites	March 2018	Patrick Harrison & Mark Regan	
4b	Completion of acquisition of Law Courts by HCA	February 2018	Gerard Overton (HCA)	MoJ decision on release
4c	Completion of acquisition of Police station site	March 2018	Mark Regan/HCA	Phase 1 Masterplan
4d	Enter into development partnership on High School site Kingsham	March 2018	Nick Smales (WSSC)	Phase 1 Masterplan
4e	Closure of Basin Road Car Park	Post June 2019	Paul Over	7c
4f	Completion of Royal Mail relocation and acquisition	October 2019	Mark Regan	1b & c
4g	Completion of Bus station/Depot relocation and	October 2019	Patrick Harrison	1b, c and 4a

¹ Timeline assumes no CPO is required.

	acquisition			
4h	Engage with Network Rail	Sept 2018	Policy Planning	Phase 1 Masterplan
Stage 5 - CPO resolution				
5a	Council Resolution	Tbc	Nick Bennet	
5b	CPO confirmed	Tbc	Nick Bennet	
Stage 6 – Selection of Developer				
6a	Conclude development brief	Jan 2018	Alan Gregory/JLL	Stage 3
6b	Soft market test	February 2018	Alan Gregory	Stages 1 & 4
6c	Invite to tender (OJEU)	April 2018	Alan Gregory	Stage 1 & 4
6d	Select developer	August 2018	Alan Gregory	6c
6e	Conclude conditional contract to appoint developer	November 2018	Alan Gregory	6c
Stage 7 – Development Delivery				
7a	Design development	December 2018 (prov)	Alan Gregory	6d
7b	Obtain planning permission	May 2019 (prov)	Alan Gregory	7a
7c	Deliver development	June 2019 onwards (prov)	Alan Gregory	7b/Stage 4

11. PROJECT TEAM

Name	Role
Paul Over	Project Sponsor
Jane Hotchkiss	Project lead/Shadow Project Sponsor
Alan Gregory	Project manager (Estates)
Amy Loaring	Project Coordinator/Technical Support
Nick Bennett	Legal
Mark Catlow	Finance
Patrick Harrison	Estates (workstream lead)
Mark Regan	Estates (workstream lead)
John Ward	Governance
Steve Oates	Economic Development
Mike Allgrove	Policy Planning
Gerard Overton	Strategic Landowner (HCA)
Nick Smales	Strategic Landowner (WSCC)
Sarah Parker	Public relations & Communication Strategy (as required)
Phil Pickard	Procurement (as required)

The Project Team will report to a Steering Group, or the proposed Growth Board, whose membership will comprise senior political and officer representation from CDC and WSCC together with the Project Sponsor providing the link between the Project Team and Steering Group. The Steering Group/Growth Board will provide

strategic direction to the project and resolve resource issues that cannot be resolved within the resources delegated to the project team. An observer from the CDC Overview and Scrutiny Committee will sit on the steering group.

12. COMMUNICATION

Elected CDC members will be kept informed through the monthly Members' Bulletin, bespoke email communication, as necessary, workshops and reports, on an exception basis, to the Commercial Programme Board and Steering Group/Growth Board. CDC officers will be kept informed through reports to Corporate Management Team.

Key stakeholders who are not strategic partners i.e. not landowners, will be kept closely apprised of progress and be offered the opportunity to feed into the process at key stages. Such groups would include the Chichester BID, City Council, resident groups and Visit Chichester.

Consultation material will be made available on the website and in hard copy at Council offices and public libraries. All public consultation will be carried out in accordance with the Council's Statement of Community Involvement. A Communication Strategy will be developed.

Strategic Partners will utilise their own communications channels to publicise and inform their stakeholders in accordance with the collectively agreed Communication Strategy.

The normal regulatory communication and consultation process will be followed i.e. Development Plan and Infrastructure Panel and Planning Committee when planning related aspects e.g. pre-application and planning application, require consideration.

13. RISK LOG

The following risks have been identified together with an assessment of their severity and actions that can be taken to mitigate/reduce the risk. Details of all project risks will be recorded as and when they are identified.

Risk No	Risk Description	Likelihood Unlikely Possible Probable Certain	Impact Minor Significant Serious Major	Planned Actions to Reduce Risk	Responsible Officer
1	Masterplan not adopted as a SPD by November 2017	2	4	Member briefing before DPIP/Cabinet	Andrew Frost
2	Law Courts not handed over to HCA by February 2018	2	2	Close liaison with HCA & contingency built into Masterplan.	Gerard Overton (HCA)
3	Disengagement of Strategic Landowner organisations	2	3	Steering group to sign off draft documents and on-going liaison with other partners.	Paul Over

				Completion of MOU.	
4	Consultants don't deliver to deadline	2	2	Contract to ensure delivery	Legal
5	Demand in certain market sectors changes so as to render the Masterplan commercially unviable.	2	3	Constant updating of viability advice as implementation proceeds.	Alan Gregory
6	CPO if required, is not approved	2	4	Consultancy support to ensure well founded grounds for CPO	Nick Bennett
7	Lack of funding to cover relocation costs	2	4	Timely reapplication to LEP/HCA and exploration of alternative funding routes	Paul Over and Amy Loaring
8	Demands for community/public realm type uses make the scheme overall unviable	1	3	Steering group input and regular re-appraisal of the scheme as it progresses	Paul Over
9	Unforeseen abnormal costs	2	2	Key studies undertaken in advance e.g. contamination; flooding and drainage	Alan Gregory
10	Failure to agree terms and complete acquisitions	2	3	CPO and independent valuations	Patrick Harrison and Mark Regan
11	Road space reconfiguration is not implementable	1	4	WSCC Highways input to project team	Nick Smales (WSCC)
12	Availability of consultancy advice	1	2	Use tried and tested framework agreement to source expertise; test knowledge via tendering process	Patrick Harrison
13	Availability of suitable sites for relocation of Royal Mail and Stagecoach	2	4	Estate service and external consultants are working to identify suitable sites.	Mark Regan JLL consultants