

Subject:	Regeneration Delivery Strategy for Basingstoke Leisure Park
Status:	Routine Matter for Decision
Report Ref:	
Ward(s):	All Wards
Key Decision:	CSC
Key Decision Ref:	770/FP
Report of:	Head of Resources
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Appendices:	Appendix 1: Aerial Photograph of Leisure Park Appendix 2: Drive Time Map Appendix 3: Demographic Graphs Appendix 4 Airkix Image Appendix 5 Proposed Airkix Location in the Park Appendix 6 Indicative Framework Plan Appendix 7 Tenancy Schedule Appendix 8 Evaluation Criteria Appendix 9 Saunders Field Engineering Plan Appendix 10 Risks identified Appendix 11 Leisure Facilities Survey
Papers relied on to produce this report	None

SUMMARY

1 **This Report**

- 1.1 The purpose of this paper is to seek approval from Cabinet on the proposed way forward to deliver new investment into Basingstoke Leisure Park. The report sets out the background of the Leisure Park; identifies its strengths and weaknesses and sets out a proposed strategy for the future, informed upon consultation with the market, tenants, the Leisure Park Members Advisory Panel and OSCOM C & W.
- 1.2 Approval is sought from Cabinet on the recommendations and findings contained within this report.

2 **Recommendation**

2.1 It is recommended that Cabinet:

- Approve the principles of the regeneration strategy as set out in this report and which can be summarised as follows;
 - To seek innovative proposals from parties to create a regional leisure destination within the Council's landholdings at the Leisure Park and encourage re-investment within existing facilities.
 - To enable the whole of the Leisure Park, to include Saunders Field, to be part of any regeneration proposal.
 - To secure a development partner to bring forward holistic development on the Park and offer that party a long term partnership to incentivise them to deliver.
 - To control and steer the nature of development through retention of the Park's ownership and through a governance structure to manage the partnership.
- Approve the principles of the evaluation criteria as set out in Appendix 8 of the report.
- Approve the proposed way forward and partner selection process as set out in section 9 of the report.
- Approve the proposal to seek a development partner who would work with the council, as land owner of the Leisure Park and with the existing tenants, given the leasehold structures already in place, with the remit of attracting investment in both new and existing facilities.
- Notes the continued progress regarding the work to secure Airkix on the Leisure Park.
 - Delegates to the Property Manager, in consultation with the Head of Resources and Head of Governance and Monitoring Officer, the appointment of specialist property advisors and external legal support, within the available budget (the latter where necessary, if the work required cannot be done in house for reasons of experience, expertise or capacity) to provide advice in dealing with the selection and documentation of the future partner.

PRIORITIES, IMPACTS AND RISKS

Contribution To Council Priorities

This report accords with the Council's Budget and Policy Framework

Council Plan Ref 2012-15:	
3-Year Action Plan:	Property Services Action Plan
Other References:	

Impacts

	Type	No significant impacts	Some impacts	Significant impacts
Impacts for BDBC	Financial			√ (8 & 17)
	Personnel	√		
	Legal			√ (18)
Impacts on Wellbeing	Equality and Diversity			
	Rural/Urban	√		
	Crime and Disorder	√		
	Health			√ (8)
	Environment and Climate Change			
	Economic			√ (8)
Involving Others	Communication/Consultation			
	Partners			√ (20)

Risk Assessment

Number of risks identified:			
Number of risks considered HIGH or Medium:			
Strategic:	Already identified on Corporate Risk Register?	Yes	
		No	√
Operational:	Already identified in Service Plans?	Yes	
		No	√

GLOSSARY OF TERMS

Term	Definition

DETAIL/MAIN CONSIDERATIONS

3 Background

- 3.1 The council owns and manages Basingstoke Leisure Park which comprises 45 acres and provides 200,000 square feet (18,580 square metres) of leisure and restaurant floor space. The Park is Basingstoke's prime leisure destination and there are 11 tenants currently located on the site. The council is the landlord of the Park and has granted commercial leases to various tenants on a ground lease basis, whereby the council retains the land and the tenants have developed the buildings and have full responsibility for them. This is synonymous with much of the council's property portfolio. The council manages the Park in-house and charges the tenants an annual service charge which pays for the maintenance and security of the Park. The older lettings are at nil rent but the more recent are let at a market rent.
- 3.2 Since its inception, the Park has been developed in an ad hoc fashion with the western area of the Park being originally developed out, predominantly in the early 1980's and which still provides for the majority of the attractions. Part of the eastern section of the Park has followed, with the Milestones Museum being developed by Hampshire County Council in the late 1990's and two lettings to fast food take-away restaurants being developed some 10 years ago.
- 3.3 The Park currently comprises:-
- Basingstoke Aquadrome which includes: a 25m competition pool; a 20m pool with an adjustable floor; a lagoon area with three large flumes, baby beach, rapids, water features and spa pool; a fitness studio community gym and crèche
 - Bowlplex ten pin bowling alley
 - Gala Bingo club
 - Odeon 10 screen Cinema
 - Planet Ice - ice rink
 - Loddon Vale Indoor Bowls Centre
 - Milestones 'living history' museum
 - Premier Inn Hotel and 'The Spruce Goose' restaurant
 - Little Frankies, McDonalds and KFC restaurants
 - Approximately 1,700 parking spaces (including park and ride provision) within 9 car parks of varying size for the use of all tenants. There is also a coach park and private car parks serving Milestones, KFC, McDonalds and the hotel.
 - 10 acres of vacant land laid out to grass and vegetation within the eastern section of the Park

- 3.4 The occupiers have been granted leases over the respective areas of the Park that they occupy. Most notably, the County Council has a lease for Milestones Museum which includes 4 acres of the existing vacant land on the Park and this space is used as an infrequent events space. Regeneration and reinvestment within these areas of the Park will therefore require the council to secure the agreement and work closely with its tenants.

4 Location

- 4.1 The Park lies due south of the Winklebury residential area and Winklebury Park, which includes Hampshire FA's headquarters and is separated by the Winchester to London Waterloo main train line. The residential area of South Ham lies to the south west, buffered by Lidl's and the fire station. Due east, lies Morrisons supermarket and Wickes whilst immediately to the south, there is vacant land, known locally as Saunders' Field, which is also in the council's ownership, along with West Ham industrial estate and a commercial car show room and petrol station.
- 4.2 The Park has very good infrastructure links, being accessed via two entrances, off both West Ham roundabout and via on and off slip roads on to Churchill Way West in close proximity to the fast food outlets. The Park is accessed by dual carriageway from both entrances, across Thorneycroft roundabout to the town centre, via Churchill Way West and to Black Dam roundabout and the M3 via the Ringway. The Park forms the western loop of the shuttle bus route, which links this, the town centre and Basing View. This bus runs every 15 minutes during the day.
- 4.3 As stated above, the Park has considerable parking capacity. Available data indicates that the current parking provision is underutilised.
- 4.4 The buildings on the Park generally comprise freestanding facilities, the majority of which are constructed at the western end of the site. Considerable land lies vacant within the eastern area of the park (See aerial plan in Appendix 1), albeit, as mentioned above, much of this is leased to the County Council. Further development land could potentially be released through the more efficient layout of the existing car parks and hence there is thus scope for new facilities to be located within the Park and enhance its visitor appeal.

5 The Objective of the Strategy – Regeneration & Re-Investment

- 5.1 Given the age of the majority of the buildings, the Leisure Park has a dated image and the Park has suffered from both enhanced competition from other leisure facilities being developed in other towns and the presence of the more modern cinema in the town centre. As illustrated within the financial implications section of this report, the council subsidise some of the facilities and hence it is in its' financial interest to encourage new uses onto the Park. New uses on the Park would likely increase overall visitor numbers to the Park which, in turn, could have a positive effect on existing uses and could lead to a possible reduction in current subsidy levels.
- 5.2 Many of the existing leases on the Park limit the use of the particular facility, to their present offer, for a prescribed period of time. Under the terms and conditions of these agreements, uses can be varied in the coming years and

hence there is a chance that some of the existing attractions could be replaced. The council, in its capacity as landlord, needs to encourage the uses to stay on the Park and thrive, which in turn will provide confidence to the tenants to re-invest into their facilities.

- 5.3 The key output of the regeneration strategy is to attract new inward investment into the Park through the provision of new leisure uses. It is considered that this will protect and enhance the Park's standing as the premier leisure facility in the town whilst attracting visitors to the town. This key output should be accompanied by the need to encourage re-investment within the existing facilities. The provision of new uses should provide an opportunity to drive up overall visitor numbers to the Park and enhance expenditure on the Park generally, in turn, incentivising existing tenants to invest in current facilities.
- 5.4 The vacant areas on the Park provide an opportunity to locate the development of new uses onto. In view of this, officers commissioned a consultancy team, with specialist leisure market experience, to undertake an exploratory analysis of the Park and consider the demand for any such future opportunities, whilst ascertaining how new investment could be encouraged.
- 5.5 The findings of this consultancy report reinforced the need to provide further attractions the Park to maintain and enhance its draw, maximise the council's property returns and recommended that the council take a proactive approach to encourage new uses onto the Park. This was opposed to taking a passive approach, waiting for events to unfold. This could include key assets ultimately deciding to vacate because of dwindling footfall. This was seen as a particular threat given neighbouring towns have enhanced their own commercial leisure offer in recent times, which is believed to have had a negative impact on the Park's visitor numbers.

6 The Potential Opportunity

- 6.1 In shaping the regeneration strategy, which is set out in detail later in this report, it is fundamental to understand what the potential opportunities of the Park could be and further consider its' strengths and weaknesses. The consultancy report highlighted that the Park is unusual for two key reasons;
- Firstly, that it has room for new development, given it encompasses an unusually large 45 acre site over a c.1km width.
 - Secondly, the usual main draw to a Park, being a cinema, is diluted given the Festival Place offer in the town centre.
- 6.2 Against the backdrop of needing to take an active approach, the consultants identified that the Park (and Basingstoke) has a very positive catchment area for potentially securing a destination leisure use, which would typically have a 60 minute drive time area to the location of the attraction. In Basingstoke's case the potential catchment area over this travel time distance is approximately 4.4 million. The travel map in Appendix 2 illustrates such.
- 6.3 The demographic profiling within this drive time area was also highlighted as a key strength given the area taps into the Thames Valley, south coast and western M25 region's population. The profiling figures (see Appendix 3) were

compared to Milton Keynes, which is considered to be one of the most successful destination leisure park commercial draws in the UK and includes an indoor ski slope as its main attraction. This particular attraction is supported by numerous other leisure and ancillary restaurant and retail outlets, which are sustained from the footfall drawn to the facility. As can be seen from the figures, the Basingstoke 60 minute drive time catchment is seen to be strong in comparison to the same figures for a similar catchment area for Milton Keynes, evidence therefore, that the town could attract new destination style leisure facilities.

- 6.4 This notion is supported by recent discussions with Airkix to provide a facility which would provide for an indoor environment which replicates the effect of free fall parachuting and as reported to the Portfolio Holder in March under reference DN27/2012. Developers working for Airkix were alerted to the prospect of Basingstoke Leisure Park through discussions testing the market, as detailed later in section 7.0 of this report and they are very keen to be part of a prosperous future on the back of a drive to secure new investment, in what they consider to be a very good location.
- 6.5 Basingstoke is the preferred option for Airkix's south of England requirement, which would see the first of a small number of new Airkix facilities planned in the UK following their existing operations in Manchester and Milton Keynes. A conditional planning consent was granted in July and legal documents relating to the proposed development and lease of land are being worked upon. It is hoped that construction will start later this year.
- 6.6 Supporting the opportunity for the Park, Airkix considers the facility will bring in approximately 75,000 visitors a year from a 2 hour drive time catchment area. The proposal creates a strong supportive statement as to how the Park and town can thus attract major new leisure operators, reinforcing the consultants' view of the Park's potential. The facility is within the west of the Park (see Appendix 5) and hence will not interfere with any aspirations for the vacant sites to the east.
- 6.7 In terms of potential new uses that the consultants indicated could be situated on the Park, it was considered that an indoor ski slope and the associated other facilities it would bring, would achieve the aim of bringing major levels of footfall to the Park, raising its profile above any other existing or potential use. Developers in the market are however, considering new concepts in the leisure market, such as indoor caving and potentially looking to cluster various extreme sports under one roof which could accommodate such activities as climbing and diving.
- 6.8 Whilst some proposals are more conceptual/ realistic than others, the leisure market should be recognised as a fluid and to some degree innovative industry with new uses coming forward. It is worth pointing out, for example, that the indoor ski market is relatively new to the UK, these facilities having been developed in the last 15 years. In planning ahead, the council as landowner should be in a position to capture such uses in the future, repositioning what is a dated facility and moving ahead with the times.
- 6.9 The key attribute of these types of facilities is that they attract visitors from a wide catchment area, meaning that some are more likely to spend a day at the facility and are drawn to a location that they would otherwise likely not visit. This should have positive knock on effects to the Park's other facilities

and could have benefits to the town at large. Such uses would need a large site, which the Leisure Park could potentially provide, and would afford the Park with the potential to reposition itself positively, increasing footfall and in turn, attracting the demand needed to support ancillary facilities, such as restaurants, which are in relatively short supply at the Park.

7 Soft Test Marketing & SWOT Analysis

7.1 Officers have met with a small number of developers, to conduct a soft test marketing exercise to ascertain the potential scope for future development on the Park and to test out the consultant’s findings. The aim was to enable meaningful discussions to take place, to ascertain the sentiment, ideas and thoughts of the market to again shape the proposed strategy in how to best deliver regeneration and new investment.

7.2 The results of these discussions has enabled the following SWOT analysis to be carried out and the findings of which are detailed below;

<u>Strengths</u>	<u>Weaknesses</u>
<p>Good sized site as a whole and for its vacant areas. Rare opportunity to develop for leisure and could provide for large scale scheme with multiple uses.</p>	<p>Linear shape to the Park could pose connectivity issues if new development was purely at the eastern end. This could be overcome if the whole site was available.</p>
<p>Good communication linkages</p>	<p>Basingstoke is a good location but not necessarily the best place in the south east. Developers would prefer a good 60 minute catchment plus a higher base population e.g Reading, Guildford. That said it is unusual for there to be large sites, in such conurbations, available for leisure development.</p>
<p>Abundant, existing car parking and existing infrastructure would save on development costs</p>	<p>Existing leases will be a challenge to restructure to provide for positive viability, as most are on peppercorn leases.</p>
<p>Good 60 minute drive time catchment demographics</p>	<p>Massive costs of construction make the viability of a major scheme a challenge. To mitigate, ancillary retail space would be needed to support the viability as well as needing to maximise value on every spatial opportunity. Significant land values are highly unlikely, given the level of build costs.</p>
<p>Open minded approach and face to face engagement with developers welcomed and seen as refreshing and illustrates a council ready to do business.</p>	
<p>Seemingly a clean site, free from the need to remediate land which has been a significant challenge elsewhere in the UK in bringing forward large scale leisure led development schemes.</p>	

<u>Opportunities</u>	<u>Threats</u>
<p>Potential for a scheme to form part of a linear regenerative spine to the town including the Central Area, The Malls and Basing View. This builds on the ambition of the council to move the town forward.</p> <p>Good potential to intensify on site for a large scale development</p> <p>Basingstoke has available land as opposed to other South East centres.</p> <p>Potential for asset management opportunities if the Park as a whole became the opportunity, rather than part and enhance the connectivity of the asset as a whole.</p> <p>Opportunity to draw existing operators into a scheme if the whole Park was the subject of the procurement exercise. This should encourage the best response from the market rather than marketing purely the vacant land.</p> <p>An opportunity to raise the profile of the Park/ town if a major scheme could be delivered.</p>	<p>A procurement process needs to be streamlined, the OJEU process has increased bidder costs.</p> <p>Other town's promoting competing schemes is a threat and for example, Southampton and Swindon are promoting major leisure schemes. To mitigate against this, any OJEU notice should be flexible to enable developers to shape any scheme having regard to the competing market offer at the time of the project proposal.</p> <p>The council should not ask for a multitude of loss leader products to be developed out as part of any scheme as this is likely to undermine viability. Other authorities have tried this unsuccessfully.</p> <p>Retail space is likely to be needed to support the financial viability of a large scheme and obtaining planning for such is uncertain.</p> <p>Capturing sufficient demand from retailers themselves could be a challenge in the current economic climate.</p> <p>A limited pool of developers in a specialist area of the property market.</p> <p>Challenging economic situation at present with continuing severe difficulties in raising funding.</p>

7.3 To summarise, the reaction of the market to the opportunity has been positive and a number of messages were conveyed through the SWOT analysis and the viability testing, as outlined. It was clear from developers that the site should not be marketed for one single use, such as an indoor ski slope, and instead the council as landowner should be flexible to allow for a possibility of locating various new and different uses on the site. To maximise the chance to secure regeneration and investment into the Park, this information has been used to formulate the proposed strands of the Regeneration Delivery Strategy as detailed in the next section of this report.

8 The Proposed Regeneration Delivery Strategy

8.1 As stated earlier in this report, the objective of the strategy is to encourage regeneration and reinvestment into the Park by attracting new leisure uses. Based upon the consultants' report and the soft test marketing exercise, there are four proposed principles to the strategy which are recommended to be adopted to help deliver the strategy's objective.

8.2 The four proposed principles to the strategy are set out below;

- 1. To seek innovative proposals from parties to create a regional leisure destination within the Council's landholdings at the Leisure Park and encourage re-investment within existing facilities.**
- 2. To enable the whole of the Leisure Park, to include Saunders Field, to be part of any regeneration proposal.**
- 3. To secure a development partner to bring forward holistic development on the Park and offer that party a long term partnership to incentivise them to deliver.**
- 4. To control and steer the nature of development through retention of the Park's ownership and through a governance structure to manage the partnership.**

Each strand of the strategy is outlined in turn to provide further explanation.

- 1. To seek innovative proposals from parties to create a regional leisure destination within the Council's landholdings at the Leisure Park and encourage re-investment within existing facilities.**

8.2.1 The catchment and demographic statistics illustrate that the Leisure Park has the ability to secure a major scheme which would bring the potential benefit of a number of new uses to the Park and hence meet the strategy's objective.

8.2.2 There are considerable advantages in securing a major scheme and these are outlined below;

- Delivery of a destination draw leisure facility raising the profile and marketability of Basingstoke;
- Significant opportunity to increase the level of inward investment into the local economy;
- Provision of additional leisure attractions to improve the existing offer for local residents and visitors;
- The ability to attract new visitors to Basingstoke from a wide area who would otherwise be unlikely to visit the town;

- The provision of an opportunity to utilise the increased visitor catchment with other town facilities
- The opportunity to act as economic driver for regeneration within the town, the Leisure Park forming the eastern extent of a linear spine of regeneration encompassing the town centre and Basing View;
- Job creation – based on a major leisure proposal at Weston Super Mare, 580 direct and 280 indirect jobs could be potentially created;
- Potential to deliver a landmark building within the Leisure Park and make a bold design statement;
- Meeting the aspirations for the councils healthy living agenda;
- Improving choice for sports and recreational facilities for schools and local groups;
- The potential to reduce the level of subsidy provided to operate the shuttle bus service;
- The potential to reduce the current level of subsidy provided to support the museum in the event that more visitors to the Park made Milestones museum more profitable;
- Additional business rates which the council could benefit from in the future.

8.2.3 In meeting the aspirations of the strategy, new leisure proposals on the Park should provide for a regional leisure destination. It is anticipated that this could form a major use such as an indoor ski facility with supporting facilities or similar leisure draw(s) capable of attracting significant visitor numbers. Equally, this could form a multitude of smaller uses which would appeal to a wider demographic audience. The proposals should enhance the existing assets at the Park and this could be achieved by new facilities increasing visitor numbers at the Park and encouraging tenants to re-invest, as already outlined. Additionally, existing facilities could form part of any new scheme so long as a holistic view was taken over the future success of the whole Park. In supporting the financial viability of this objective it is recommended that a scheme could provide for ancillary supporting and complimentary uses.

8.2.4 One of the existing facilities at the Park is the Aquadrome, owned by the council and managed by a Trust. The Aquadrome is one of a number of swimming facilities in the borough which requires significant investment in the coming few years and, in order to assist the council to assess the various needs and opportunities relating to swimming provision, a strategic options appraisal of swimming facilities is to be commissioned. The findings of this study are expected in early 2013 and any recommendations for the Aquadrome will need to be factored into considerations for development of the Leisure Park.

- 8.2.5 Informal discussions with developers, through the soft test marketing process, indicated that the viability of a major scheme, crucially, depends on the provision of retail and restaurant facilities, ancillary to the main use. These facilities bring value to a scheme which, in the case of say an indoor ski facility would cost a significant capital outlay to build and would not be viable as a standalone facility. The message from developers and financial analysis undertaken by the leisure consultants, illustrated that in the region of 100,000 square feet of supporting retail/ restaurant accommodation would be required to support the viability. The typical split on similar schemes is 60% ancillary retail (60,000 square feet/ 5,574 square metres) and 40% restaurant space (40,000 square feet/ 3,716 square metres) and is commensurate with that provided, for example, at the XScape scheme in Milton Keynes. Putting this in context, Boots occupy 52,000 square feet/ 4,830 square metres in The Malls.
- 8.2.6 The tenancy schedule at the Milton Keynes scheme (see Appendix 7) illustrates that the majority of the retailers can be classed as “ancillary retailers”, falling broadly into the heading of lifestyle/ sporting offers, rather than typical high street brands. Middle market restaurant brands would form the basis of the restaurant provision.
- 8.2.7 To achieve viability for a large scale scheme there must be interest from the ancillary retail and restaurant market. The consultants advise that whilst the mid-market restaurant industry has held up relatively well even in the recession, the overall economic situation is challenging. We are also advised that occupiers will not commit to any scheme until planning permission is being worked up and a preferred developer appointed. Therefore, there will always be a degree of uncertainty over deliverability until such time as a preferred developer is selected and is able to work up a scheme in earnest.
- 8.2.8 In order to aid viability for the scheme, some retail and restaurant accommodation should not be automatically precluded so long as it is ancillary to the scheme. Any scheme of this nature would be ultimately considered by the Local Planning Authority and a sequential test and retail impact assessment would be needed to demonstrate that the town’s existing centres would not be adversely impacted. This paper merely considers the position of the council as a land owner however.
- 8.2.9 The Air Kix proposal illustrates how fluid the market is to new concepts coming forward and accordingly development should not preclude emerging uses from a procurement exercise.
- 8.2.10 A proposed award criteria to assess future bids is detailed within Appendix 8, which carries a strong emphasis on design, deliverability, use and demonstrable financial and economic impact to the council’s assets.

2. To enable the whole of the Leisure Park, to include Saunders Field, to be part of any regeneration proposal.

- 8.2.11 The reaction of the market has been that the whole of the Park should be included in any future invitation for private sector led regeneration proposals, not just the current vacant parts of the site. This would include sites that are already leased.
- 8.2.12 By taking a holistic approach and including the whole Leisure Park site plus the land known as Saunders Field to the south, as a regeneration opportunity, maximum development flexibility will be provided for. This will provide for the ability to incorporate opportunities arising out of the whole site and maximise the chances of securing investment throughout the Park. This will also enable opportunities involving existing tenants' premises to be incorporated should for example, they wish to upgrade/ relocate within the Park.
- 8.2.13 An indicative framework plan (The Plan) has been worked up (See images within Appendix 6) to provide steer as to how the Park could facilitate further development. Whilst it is acknowledged that any final proposals will be market lead, this plan outlines how future development of the 45 acre site could occur, based around a central east to west axis and which identifies key areas which are under-utilised and should be considered for redevelopment. The Plan illustrates how these development areas could be linked and potentially expanded, showing that the two main areas for development to the east comprise some 10 acres).
- 8.2.14 The Plan also identifies the potential to rationalise the existing car parking, which could free up further development potential. It also illustrates the ability to link Saunders Field from the Park, which as referred to in Section 4 of this report, lies directly to the south of the Park.
- 8.2.15 Whilst never intended to be a definitive solution, the Plan provides a steer as to what could be accommodated on the site and should provide future reassurance to the market that new uses have the room to be physically accommodated on the Park. The Plan can therefore, be utilised as a base for potential developers to evolve a scheme, should an opportunity be taken to the market.
- 8.2.16 It is recognised that any large scale scheme would inevitably have to involve works to improve the vehicular access and egress onto Churchill Way West. The impact of increased traffic generation on congestion on the surrounding road network would also require careful assessment in due course with the potential requirement for improvements to be made to the highway network and public transport. This paper however purely identifies the opportunities for the council as land owner and such issues would be required under a planning application for a scheme if and when it ever happened.
- 8.2.17 The report has already outlined that much of the vacant land on the Park is leased to Hampshire County Council. The County is represented on the Leisure Park Members Advisory Panel (see section 15 of this report for full details) and is supportive of the principles put forward in this report and are, in principle, supportive of including that part of the site lying vacant and which is

included within their leasehold demise within any potential future development. Any requirement to include their leased land within any new scheme will require their formal consent which could include a proportion of any scheme's development value, if one were to be generated. This is also the case if any scheme needed to incorporate other leased areas within the Park whereby those particular leaseholders' consent would be needed.

- 8.2.18 Saunders Field lies within zone 2 and 3B of the flood plain which limits any development potential here. An engineer's report carried out on behalf of officers has however, indicated that land set aside for drainage on the Leisure Park and which sits at the front of the Park could be re-located on to Saunders Field if culvert enhancement works were carried out underneath Churchill Way. The advantage would be to bring into play more of the Leisure Park site for development, particularly as this sits in a prominent location to the front of site. Rain water run off would be directed on to Saunders Field where it is considered there is ample capacity to cater for such.
- 8.2.19 The engineers report also considers that the northern section of the Saunders Field site and which lies immediately opposite the Park, could be developed if mitigation works were provided on site to ensure the flood plain was not interfered with. Whilst detailed studies would need to be undertaken, the plan illustrated within Appendix 9 indicates the extent of the possibility. Furthermore, the site could be linked to the Leisure Park site if say a pedestrian bridge was provided for, albeit the cost of such could be prohibitive.
- 8.2.20 Any proposals for Saunders Field would be expected to be treated sensitively and have full regard to the land's flood plain status, the impact on the River Loddon and the impact/ contribution to the green infrastructure of the surrounding area. Any proposals on Saunders Field would be subject to consultation with the EA through the undertaking of detailed investigations, funded by the prospective developer. Finally it is recommended that stand alone commercial development should not be provided on this site alone, although the site should be considered in the overall context of proposals for the Park.
- 8.2.21 Accordingly, there are a number of options that this site could provide and hence it is proposed that from a landowner's point of view, this site should be included in any future disposal, subject to the points outlined above, given as this could help the development of the Park itself. The site is presently vacant, save for a grazing licence which could be terminated at any time upon short notice.
- 8.2.22 If the Saunders Field area was not included at the outset, then due to procurement rules it would be very difficult to include it at a later date. It is considered that this would be detrimental to the holistic approach recommended by this strategy and by including it, the costs of carrying out surveys to ascertain its suitability would be borne by the prospective developer. The inclusion of Saunders Field would not necessarily mean it would be seen as a development opportunity in itself. Instead, this area could be used to offset water run off from the main Park or be used as an opportunity to improve the green area itself, offsetting the loss of green space on the Park and potentially offering wider public access to this area.

8.2.23 A larger scale of opportunity with more critical mass is likely to improve the prospects to attract development opportunities and partners to develop such and hence the proposed inclusion of the whole site in any future opportunity recognises this.

3. To secure a development partner to deliver development and offer that party a long term partnership

8.2.24 It is considered that securing a private sector partner to work with the council, as land owner, would provide the best chances of delivering the objective of the strategy. The over-riding reason for this would be that the partnership would leverage private sector funding and expertise into it, to deliver regeneration. The council does not have the expertise to physically deliver any large scale project in what is a very specialist market. The council does though have the land needed and hence this is what it will bring to the partnership.

8.2.25 The partner would take responsibility for delivery of the scheme, with the pre requisite of providing new destination style facilities. The aim would be to attract an experienced developer with a demonstrable track record with the financial capacity to undertake the delivery of development as well as comprehensive preparatory work, such as master planning, highways studies, and working up a planning application for the project. A similar approach has been taken on Basing View in securing Muse Developments as a lead partner. The council has successfully been working with Airkix on a small part of the Park, but it is considered that a holistic view on the regeneration of the whole Park is needed and hence this is why a development partner on the whole should be sought, rather than dealing with potential occupiers on an ad hoc basis.

8.2.26 The preferred developer would be provided with an exclusivity period whereby it would have the ability, at their own cost to carry out preparatory work as mentioned above and to engage with the council and its tenants to work up a comprehensive scheme.

8.2.27 The pre requisite would be the delivery of a major destination style facility. Through a partnership agreement, the developer could then draw down further sites within the Park which remained vacant or say could be provided through the re-organisation of existing assets, such as car parking. The use of such further development would again be leisure led and or with ancillary facilities.

8.2.28 A developer would be incentivised by a long term partnership opportunity to deliver high quality new development in the knowledge that there are linked benefits in laying the foundations for the success of the area which will manifest itself in increasing demand, in time, and benefit latter phases. On this basis a developer is more likely to be able to justify spending up-front costs on preparatory work, such as master planning and transport studies, key to delivering development through the planning stages.

8.2.29 It is envisaged that a partner with a long term opportunity would invest time in working with the council to consider other asset management opportunities

arising from the existing tenanted estate which may lead to new redevelopment opportunities.

4. To control and steer the nature of development through retention of the Park's ownership and through a governance structure to manage the partnership.

- 8.2.30 As landowner, the council should influence design and the use content of any scheme and therefore the opportunity would see the council retain ownership and grant a long leasehold interest on those areas redeveloped.
- 8.2.31 The intention would be to adopt a partnership structure based on a single development agreement which will document the ability to bring forward a single or multiple phase development, as per the approach adopted on Basing View.
- 8.2.32 The advantage of this arrangement compared with a more complex corporate (joint venture) structure is to simplify (and reduce the set-up costs) the legal process from both the council's and partner's point of view, and to provide a relatively simple mechanism for the parties to work together. The advantage being that the council would not be passing over control of the land until such time as scheme pre-conditions are met for each site/phase before they are drawn down.
- 8.2.33 The council would retain control by keeping the freehold ownership of the Park. The objective of this strategy is to deliver regeneration and re-investment and hence through a retention of control, the council could steer any development proposal.
- 8.2.34 As with the majority of other leases on the Park, a long ground lease would be granted on the future scheme's demise and the leaseholder would contribute to the park's service charge, to ensure the park's on-going management was funded appropriately.
- 8.2.35 The development agreement would bind the council and the partner together, placing obligations on the partner to undertake a series of general obligations. The agreement will give the partner effectively a first right of refusal over the councils vacant sites, together with an option to become involved in the redevelopment of further sites assuming that certain pre-conditions are met and the partner has been filing its general obligations.
- 8.2.36 The council will not grant a lease of the site until such time as pre-conditions are met by the developer which will typically relate to the grant of planning permission, securing occupiers/funding and demonstrating to the council the scheme is viable. This follows a standard model for development agreements where the developer would look to ensure from their own protection as well that prior to acquiring the site and entering into an obligation to build a new development that appropriate risks have been addressed and the developer is capable of proceeding to build out the scheme.
- 8.2.37 The length of the partnership is yet to be determined and will be an area for discussion with shortlisted parties in a selection process. However, it is

envisaged the partnership could last somewhere in the region of 15 years, as per Basing View. There will be review points in the intervening periods which would allow the council and the partner to consider earlier termination in the event that satisfactory progress is not being made and or key performance indicators have not been met.

- 8.2.38 The council will be setting out minimum requirements which relate to obligations that it is looking for the partner to undertake in the early years of the partnership, prior to construction work starting on the first phase. The general obligations would relate to site preparatory work, such as master planning, transport studies, site wide tenant discussions, securing funding and attracting interest in the occupational market.
- 8.2.39 The agreement would contain provisions to allow the council to terminate the agreement in certain circumstances e.g insolvency of the partner, non-performance on key aspects which leads to a material default or failure to reach pre-agreed key performance indicators. The detail of these arrangements will need to be considered during the negotiated process and will form part of the final recommendations to members following the completion of the selection process.

9 The Way Forward

- 9.1 It is proposed officers proceed to appoint external advisors to enable the preparation of a disposal brief which will encapsulate the Regeneration Strategy outlined above and to further help attract market demand in what is a specialist field of the property industry.
- 9.2 Officers have received advice that this proposal would fall within the remit of the OJEU procurement regulations and thus it is proposed to undertake a staged process in order to comply with the regulations. The proposed process is set out below;

9.2.1 Stage One - Prequalification & Marketing

This stage would formally commence with the publication of a contract notice in OJEU alongside a marketing campaign to raise the project profile and ensure that the target audience are fully aware of the opportunity. This would typically include an advertisement in the property press and a mail shot campaign to selected bidders that operate within the target market. Organisations that express an interest in response to the contract notice will be issued with a pre-qualification questionnaire (PQQ) and a marketing document/ disposal brief, which will provide a summary of the opportunity and marketing process. The documents will also clearly set out the selection criteria that will be used to evaluate the PQQ responses. The selection criteria (as opposed to the 'award evaluation criteria' that is used for the next stages of the process) will comprise questions on track record, technical ability and relevant experience, as well as financial standing and eligibility.

9.2.2 Stage Two – Outline Proposal Stage

Following the pre-qualification process and at the commencement of the Outline Proposal stage, long-listed bidders would be issued with an invitation to submit outline proposals (ISOP). This will set out information covering items such as the Council's objectives, the tender evaluation criteria and weightings / sub-weightings and heads of terms for the proposed legal documentation, whilst inviting bidders to submit initial information relating to their bid. From this stage a smaller number of short listed bidders would be asked to enter into stage three.

9.2.3 Stage Three – Best and Final Offer Stage

This would build upon the previous documentation and include more detailed questions and requests for information on the proposed schemes. The submissions would be assessed in line with the award criteria to enable a preferred bidder to be selected. The selected bidder would enter into final contractual discussions with the council.

In the event that the council was not satisfied with any of the bidders/ schemes then it would not be bound to proceed with any of the proposals.

The indicative timetable going forward is set out below:

- Late 2012/ Early 2013 – Prepare to market and commence developer selection competition
- 2013/14 – Select partner and conclude legal documentation
- 2014/15– Partner undertakes preparatory and commences planning application process
- 2016 - Potentially first phase under construction

10 Alternative Options

10.1 The approach set out is considered to be the best strategy for the Park at this time to try and maximise opportunities, be proactive and encourage investment.

10.2 A doing nothing option carries a high risk of competing markets/ towns upping their offer further which would cause the Leisure Park to be further polarised and could ultimately lead to operators shutting premises down. This would obviously have adverse effects on the running of the Park given the service charge would diminish and for the general appeal/ role of the Park as a whole, the town's destination appeal as well as for the rents received from the Park's assets by the council.

10.3 The council could sell either its whole or part of its interest, however this would lead to an inability to steer development on the Park, save through the planning process. Given that large scale leisure facilities do not create a high level of land value, any private investor would likely seek smaller scale development to maximise value, for example through the development of say additional restaurants.

11 Planning and Policy Context

11.1 Further potential development of the Leisure Park is consistent with the following council policies and decisions:

- (1) In 2009 the council adopted the Council Plan 2009-2012 which included an action 'To improve the range of facilities at the Leisure Park'.
- (2) The Strategic Plan for Sport and Recreation in Basingstoke & Deane to 2025, adopted by Cabinet in July 2011, identifies the need to 'Develop a long term plan to refresh and where possible enhance the Leisure Park'
- (3) The Delivery Schedule for the Strategic Plan for Sport and Recreation, approved by Cabinet in January 2012 includes an action 'To present a strategy for improving Basingstoke Leisure Park to members for approval'
- (4) The Council's Asset Management Plan, approved by full Council in November 2011, recognises the need to pro-actively manage the council's assets.
- (5) In accordance with the Council Plan 2012-2015, to maintain key leisure, community and cultural facilities that improve the quality of people's lives including a focus on activities for young people, driving up participation.
- (6) The regeneration of the Leisure Park is a corporate priority identified in this year's Council Plan.

11.2 The vacant areas of the Park are considered to be informal public open space. However it should be noted that the principle of development has previously been granted on the vacant area lying to the south of the bowls club. In October 2000, planning consent for a children's play area and for two fast food restaurants was granted but only the fast food restaurants were developed. The council's open spaces officer does not have an objection to their development for further leisure provision.

11.3 Development proposals affecting open space are subject to Saved Policy C7: The Protection, Enhancement and Replacement of Existing Leisure and Community Facilities or Open Spaces of the borough's Adopted Local Plan. This policy states that development may be permitted on open space where the proposal will be of sufficient benefit to the community to outweigh the detriment caused by the loss of the space. There may thus be a case to be made for a redevelopment proposal if a major leisure facility could be provided which would have significant benefits to the community and destination appeal of the town. Such issues would be considered as part of any future planning application.

11.4 The National Planning Policy Framework (NPPF) states that commercial leisure development should be located within defined centres in the first instance. As such, it is necessary to apply a sequential test and an impacts assessment to proposals for leisure uses which are above a certain threshold in order to consider the impact on the vitality and viability of established

centres such as Basingstoke Town Centre. However, given that this is an established Leisure Park, there should be justification for locating further leisure facilities in this location. The magnitude any retail provision, irrespective of whether it is considered “ancillary” within a major scheme, given its location outside of any defined existing retail centre, would require both a Retail Impact Assessment and a Sequential Test to be undertaken in line with the NPPF.

- 11.5 The land known as Saunders Field and which is located due south of the Park, is also subject to Saved Policy C7, referred to above. The River Loddon runs through the site and the source of the River Loddon lies just to the west of the site. At the east of the site the watercourse becomes culverted and runs under Ringway West. The Environment Agency’s (EA) Indicative Floodplain Map illustrates that much of the land has been classified as being Flood Zone 2 and 3a. Zone 2 is considered by the EA as having a medium chance of flooding (between 1 in 100 and 1 in a 1000 annual chance) whilst zone 3a is considered to have a high chance of flooding (up to a 1 in 100 annual chance).

12 Financial Implications

- 12.1 The Leisure Park currently provides annual rent income of just over £200,000 and it is an important part of the council’s asset management plan to maintain this and generate additional value from currently vacant sites. The future of the Leisure Park is also important for services such as the Aquadrome (annual running cost £202,000), Milestones Museum (annual grant budget £168,000) and the town centre shuttle (annual net cost of £199,000).
- 12.2 The intention is for the Council to retain the freehold of the leisure Park and to continue to receive annual rental income. Disposal of any vacant areas will be via long leases.
- 12.3 It is likely that the cost of employing agents/ drawing up sales material for the appointment of a development partner would be in the region of £75,000 spread over the next 2 years. A request for this to be funded from savings in the 2011/12 budget was submitted to Cabinet in June 2012 as part of the outturn report and agreed by Council on 12 July 2012.
- 12.4 To minimise the council’s exposure to risk, in terms of failure to deliver, costs could be staged through the process. As part of the procurement process, agents will be invited to outline innovative solutions by which the council’s costs/ exposure to risk is minimised by linking fee payments to the agent’s performance in attracting a suitable development partner.
- 12.5 Legal fees may also be required at the end of the selection period, if internal legal services require additional support in drawing up a development agreement. If this does prove necessary, provision will need to be made in the 2013/14 budget as part of the budget process, funded from additional income e.g. from the rent expected from the AirKix facility or savings in other areas.
- 12.6 The possible letting to AirKix could result in on-going additional rental. The site proposed is currently a car park for which no charges are made and therefore does not generate any income to the council. Due to surplus parking

capacity that already exists on the Leisure Park it would not be necessary to incur additional expenditure in replacing the lost spaces. In accordance with disposal procedures, an independent valuation report has been received in order to demonstrate that the council is receiving best consideration for the land.

13 Legal Implications

- 13.1 A partnership arrangement would be subject to the full procurement regime of European Law as explained in the body of this report. Not complying with this regime, can result in penalties and invalidation of the agreement.
- 13.2 As mentioned earlier in the report, there are a number of current legal relationships by way of leasehold and other contractual arrangements with tenants and operators. Depending on the proposed regeneration, these could require variation of existing leases and legal agreements, as well as the completion of new leases and legal agreements.
- 13.3 The council has the power to dispose of land in any manner it wishes under the Local Government Act 1972, subject to its duty to achieve best consideration and has the power to do anything which is likely to promote the economic and social well-being of its area. The regeneration of the Park would fall into that category. Accordingly, the council possesses the necessary legal powers to enter into a partnership agreement so long as it conforms with best consideration and the principles of fair competition, in particular with The Public Contracts Regulations 2006 (the "Regulations").
- 13.4 Lastly, any open space land would have to be disposed of in accordance with s.123 of the Local Government Act 1972, which would require the council to advertise and consider objections to the disposal, which includes leasehold disposals

14 Risks Identified

- 14.1 See Appendix 10

15 Consultation

- 15.1 A Members Advisory Panel (MAP) has been set up to provide strategic direction for the future development of Basingstoke Leisure Park in the council's capacity as landowner. The MAP comprises of members from all parties and includes representation from the Ward of South Ham and the adjacent Winklebury and Brookvale Wards. Representation from Hampshire County Council, as tenant of Milestones Museum and the adjacent, vacant, plot of land is also provided for. The MAP meetings on 13th February and 16th July 2012 endorsed the need to consider the future of the Park, adopting the strategy set out in this paper with the aim of encouraging development and investment into the Park. The MAP will be consulted and updated throughout the process.
- 15.2 OSCOM Community and Wellbeing endorsed the recommendations on 5th September 2012.
- 15.3 A survey conducted last year by Research Qurom on behalf of Destination Basingstoke interviewing people in Basingstoke, Farnborough and Winchester indicated that an indoor ski facility was the most sought after attraction not

currently provided on the Leisure Park. This survey was part funded by the tenants on the Park who, working with officers, are keen to see the Park's profile raised to boost their own businesses. Details of this are contained within Appendix 11.

- 15.4 Tenants of the Park have been notified through liason meetings and are supportive of any additional uses on the Park which will bring in more business. Any future partner would be expected to work with the council and the existing tenants. As outlined previously, much of the Park is subject to leases that tenants hold, most notably the County Council and hence their consent to anything affecting their interests would be needed to bring forward a scheme, achieved through dialogue and negotiation.
- 15.5 Public consultation will be carried out in the usual manner through any planning application process.