

## **Report to the Cabinet**

**Report reference:** C-025-2018/19  
**Date of meeting:** 10 December  
2018



**Portfolio:** Commercial and Regulatory Services (Councillor A. Grigg)

**Subject:** St John's Road, Epping - Development

**Responsible Officer:** D. Macnab (01992 564051)

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### **Recommendations/Decisions Required:**

- (1) That the Cabinet note the failure to conclude the tri-partite agreement between the District and Town Council and their development partner, for the redevelopment of the St John's Road site in Epping;
- (2) That the Cabinet agree to proceed with an alternative scheme in accordance with the previously adopted Development and Design Brief in order to seek to deliver the community and economic benefits sought;
- (3) That the Cabinet formally seek to enter into a partnership with Epping Town Council as part of any new scheme to ensure a strategic approach to this important Town Centre site;
- (4) That in the event of a partnering arrangement not being possible with Epping Town Council, the District Council proceeds with the St John's Road Redevelopment project, on land within its ownership;
- (5) That as a result of the assessment undertaken by independent consultants as required by Sport England, that the St John's Road site becomes the preferred site for the re-provision of Epping Sports Centre, in a final form to best meet the future Leisure needs of the local community;
- (6) That, subject to recommendation (5) above, the new leisure centre is sought to be delivered through the existing contractual arrangements with the Council's Leisure Management Partner Places for People;
- (7) That if the Cabinet elects to choose St John's Road, Epping as its preferred site for a new Leisure Centre to replace Epping Sports Centre, then the North Weald Airfield Masterplan is amended accordingly within the Local Plan;
- (8) That, subject to recommendation (7) above, a full assessment of alternative community provision is undertaken as part of the wider North Weald Masterplan to ensure that the needs of current and future residents are met as part of the implementation of the Local Plan;

- (9) That in order to proceed with the completion of a full development appraisal and bring forward a planning application for the site, appropriate external consultancy expertise is procured, to be funded by the anticipated balance of £150,000 from the £400,000 the Council has previously agreed for the partial demolition of the site; and
- (10) That appropriate governance arrangements are put in place through the establishment of a multi-disciplinary project team and that regular reports are brought forward on progress and key decisions to both the Asset Management and Economic Development Cabinet Committee, the Cabinet and the Council.

### **Executive Summary:**

The St John's Road development is an important strategic project for the Council. A Development and Design Brief for a mixed-use scheme was approved by the Council in September 2012, after a period of stakeholder and public engagement. After competitive expressions of interest, a development partner was appointed. Negotiations on a tripartite agreement between the Council, Epping Town Council and the developer failed to reach a mutually acceptable agreement and terminated in October 2018. This report considers future options for the site, to include the relocation of Epping Sports Centre.

### **Reasons for Proposed Decision:**

The St John's Road development site in Epping comprises of the former Junior School, Town Council Offices and Hall and the District Council's housing repairs depot. Located in an important town centre location, redevelopment could deliver considerable community and economic benefits for residents, businesses and visitors to Epping. As the former school buildings have not been utilised for a considerable number of years, it is imperative that the Council, as owners, now determine the future of the asset, in the wider public interest.

### **Other Options for Action:**

There are a number of potential alternative options available to the Council to include the sale of the core site on the open market, to potentially include the Town Council's premises and the adjacent depot. Alternatively, the Council could seek another private sector development partner. Although the site does have an adopted Design and Development Brief and an allocation in the Submission Version of the Local Plan, these marketing approaches would see a loss of direct control, potentially incurring further delay, and the risk that any new owner/partner would not produce a scheme, which fully realises the community benefits sought.

### **Report:**

1. With the opening of the new Epping Primary School in 2008, the former Junior School site in St John's Road, Epping, became surplus to requirements. A defining feature of the former school site is that it is co-located with other areas of land in the ownership of other public bodies, namely Epping Town Council, (Council Offices and Epping Hall) and the District Council's Housing Repairs Depot. By virtue of this, the opportunity was taken to strategically consider the wider area in a holistic manner, to include the Library and Registry Office and also adjacent property owned by St John's the Baptist Church. To assist in this process, the District Council and Essex County Council jointly appointed Town Planning Consultants, Allies Morrison (formerly Urban Practitioners) to produce a Development and Design Brief for this area of Epping.
2. The Design and Development Brief was prepared in conjunction with key stakeholders

and underwent community consultation. This exercise produced more than 400 responses from local residents who felt the most important considerations in any form of future redevelopment, were improved community and leisure facilities, (to include a cinema) retention of historic buildings, space for adult education and protection of existing trees.

3. The final Development and Design Brief recommended a mixed-use development, which not only set a vision for the future of the site, (based on the aspiration of local residents), but on adoption by the Cabinet and Full Council in September 2012, now represents non-statutory planning advice. As such, the Development and Design Brief is a material consideration for any planning application for the site. The St John's Road site has also subsequently been allocated in the Submission Version of the Council's Local Plan, which outlines a number of specific site requirements, again in accordance with the Development and Design Brief.
4. In order to move the project forward, a joint marketing exercise was undertaken in 2013, by Essex County Council's Agents, Lambert Smith Hampton in conjunction with Savills acting on behalf of Epping Forest District Council. Offers were received for a number of uses. These ranged from stand-alone individual site proposals as well as mixed use development, on combined sites. After a joint evaluation by the partners, the scheme submitted by Frontier Estates (an experienced retail development company with a track record of successful projects including Waitrose Foodstores), was assessed as most closely meeting the desired outcomes of the Design and Development Brief and also achieved financial best consideration. In summary, the form of development proposed by Frontier Estates comprised of a Food Store (20,000 sq. ft.), Hotel (20,000 sq. ft.), Restaurants (15,000 sq.), Cinema (10,000 sq. ft.), 34 residential units, together with 200 car parking spaces, and ancillary open space. Heads of Terms were negotiated which split the purchase price offered by Frontier, pro-rata to the land ownership i.e. Total Site 3.72 acres, Essex County Council 2.59 acres, Epping Forest District Council 0.54 acres and Epping Town Council 0.59 acres.
5. However, following entry into Heads of Terms, the County Council advised that they had received an unsolicited unconditional offer which would give them an additional Capital Receipt of £2.1M above the Frontier Scheme. The County Council felt that this was a "best value" issue for them and in order to expedite the scheme, they proposed that they would sell their land to the District Council. In December 2016, the District Council reached an agreement with Frontier for them to contribute to the additional cost of purchase of the County Council's land ownership by the District Council. The Secretary of State's approval was obtained for this transaction. The County Council as part of the sale, negotiated an overage agreement in their favour, which is triggered if the form of development changes and results in increased value, for which they would receive a share.
6. Since early 2017, negotiations have been ongoing with Epping Town Council and Frontier Estates to complete a tri-partite agreement for the onward sale of the site to Frontier. This negotiation included the refurbishment of the Centre Point Building as replacement community space and offices for the Town Council. It was proposed that the freehold of the Centre Point building would also be transferred to the Town Council by Frontier after they had purchased the building from the District Council. However, despite the length and complexity of the negotiations, in October 2018, a point was reached when it was apparent that a mutually acceptable position could not be reached by the parties to enable the scheme to proceed. As such, the District Council and Town Council are now considering alternative options.

## Future of Epping Sports Centre

7. As part of the preparation of the Local Plan, the Council was required to undertake a number of evidence based studies to establish demand for future sport and recreation facilities, up to the end of the plan period 2033.
8. External Consultants were engaged, who prepared not only the open space and playing pitch strategies, but also a built facilities strategy which has provided a set of conclusions and recommendations for future sport facility development across the District. The full study is published on the Council's Website.
9. In response to the Regulation 19 Consultation on the Submission Version of the Local Plan, Sport England propose a modification to the effect that any potential closure of the existing Epping Sports Centre and redevelopment of this site, should not take place until an "equivalent of better facility in a suitable location is delivered and is operational". This is to ensure that the public have uninterrupted access to sports/leisure facilities in the local areas. It should be noted that Ongar Leisure Centre was withdrawn from the Regulation 19 Consultation. Sports England and the Council agreed to enter into a Statement of Common Ground to assist the Planning Inspectorate during the Examination of the Local Plan. This Statement of Common Ground required the Council to undertake further feasibility work to support the location of a new Leisure Centre at North Weald Bassett or an alternative location, as set out in the Built Facilities Strategy, in order to ensure that the facility would be in an appropriate location to service communities that are affected.
10. The Council commissioned external consultants, recommended by Sport England, to undertake this further feasibility work. At the inception of the work by "The Sports Consultancy", the focus was to explore the feasibility of alternative sites, to the proposed location identified at North Weald Airfield as part of the Local Plan North Weald Airfield Masterplan. However, with the collapse of the negotiations with Frontier, the St John's Road site was then included within the scope of the study as an alternative which up until this point had not been available. The review exercise, which involved engagement with local Members as well as users of the existing Sports Centre in Epping, concluded that the most viable site for a new Leisure Centre is the St John's Road site in Epping. In summary, the key reasons for this, are the sustainable location of the site in terms of access, that the facility mix proposed would drive increased participation and enhance financial viability of the Leisure Management Contract and that Epping Sports Centre users would suffer less displacement.
11. Emerging findings also suggest that the schedule of accommodation for the new Epping Leisure Centre should include:
  - 6 lane x 25m main pool with potential spectator seating
  - 15m x 20m learner pool with moveable floor
  - Steam room and sauna
  - 4 court sports hall
  - 2 x squash courts
  - 120 station health and fitness suite
  - Cycle studio
  - 2 x group studios
  - Crèche facility
  - Community space/multi-functional space
  - Café provision
  - Parking provision

*NB. It is important to note that these are emerging findings and due diligence is still being undertaken to determine the most appropriate potential facility mix.*

### **Proposed Next Steps**

12. The procurement of the Council's current Leisure Management Contract, sought not only investment into the Council's existing leisure facilities, but the construction of a new leisure centre in Waltham Abbey to replace the ageing Waltham Abbey Swimming Pool. Places for People, who were successfully awarded a twenty-year contract, have delivered on these requirements with the refurbishment of Ongar Leisure Centre, the new health and fitness facilities at Epping Sports Centre, the major extension of Loughton Leisure Centre and the construction of the new Waltham Abbey Leisure Centre which opened on the 17 November. The level of investment in these schemes was in the region of £14 million and they were all completed to a high quality and largely on-cost and time.
13. In addition, the tender process for the Leisure Management Contract asked for bidders to submit a hypothetical bid for a new Leisure Facility to replace both Epping Sports Centre and Ongar Leisure Centre, potentially at North Weald Airfield. This not only demonstrated a potential revenue saving, but importantly also enables the Council to enter into a contract variation with Places for People for a new Leisure Centre to replace Epping Sports Centre, without the need to formally re-tender.
14. As highlighted earlier in the report, both Ongar and Epping Sports Centre were allocated in the Regulation 18 Consultation of the Local Plan, but Ongar was withdrawn at the Regulation 19 Stage. However, Epping Sports Centre is now allocated for residential redevelopment in the Submission Version of the Plan.
15. Places for People have been consulted as part of the Sports Consultancy review and have expressed a strong preference for the St John's Road site, over North Weald, particularly as Ongar will remain operational until its longer-term future is determined. If the Council elected to proceed to replace Epping Sports Centre in St John's Road, Epping, an amendment would be sought for the North Weald Airfield Masterplan as part of the Local Plan Examination and adoption process. However, as the Submission Version of the Local Plan has an allocation for 1100 homes in North Weald over the period of the Plan up to 2033, it is important that appropriate provision is made for additional community, leisure and sporting facilities for the village. It is the intention that the North Weald Masterplan clearly identifies any additional need and that any new facilities are practically delivered through the planning process. Local residents and the Parish Council will be consulted as part of this.
16. Initial feasibility suggests that it would be possible to locate a new leisure centre on the St John's Road site, with the preferred location being where the Epping Town Council Offices and Hall stand. This is due to the layout of the current protected heritage buildings and the topography of the site. This location in the previous Frontier Scheme was where the foodstore and car parking were proposed. However, it would not be impossible to provide the leisure centre in another location on the site. Clearly if any new scheme was to be brought forward, a masterplanning exercise would be required to determine the best form of development. However, the Town Council have been consulted on the potential of a new leisure centre on the site and the potential of combining the land ownership to deliver the best overall scheme, in terms of the outcomes sought through the original Development and Design Brief. Clearly, in the event of the Epping Town Council Hall and Offices forming part of any new redevelopment, alternative accommodation would need to be provided for the Town

Council and the community uses of the existing hall.

17. As part of the potential new Leisure Centre facility mix, it can be seen that a community space is proposed to re-provide for space lost in the current hall. The most efficient approach to letting the space would likely be through the Leisure Management Contract.
18. Irrespective of any final decision on the St John's Road site, since the District Council purchased the former Junior School Site from Essex County Council, it has incurred considerable costs in maintaining the security of the vacant site which has attracted ongoing anti-social behaviour and attempted incursions. In order to mitigate these costs and on the assumption that the site will still be developed for an alternative scheme, the District Council has already agreed that the current unoccupied buildings be demolished, with the exception of the buildings highlighted as of Heritage Merit within the Local Plan Site Specific Requirements EPP.R4. The demolition will be subject to the necessary planning requirements. Supplementary expenditure in the sum of £400,000k was secured from Council for this to be achieved within this financial year. Similarly, in order to ensure progress on any form of redevelopment, site investigation works will be required. These specialist surveys have also been funded at a cost of £75,000.
19. A planning application has been submitted for the demolition and site surveys have commenced. Procurement has also started for the demolition works.

#### **Summary and Decisions Required:**

20. The report provides an insight into the history of the St John's Road Development Site and the considerations and previous decisions up to this point. With the failure to proceed with the tri-partite scheme with Frontier, the opportunity now exists to adopt an alternative approach. In planning policy terms, the Council has both the adopted Development and Design Brief and an allocation has been made in the Submission Version of the Local Plan. The community and economic benefits sought can still be delivered through the form of mixed use development proposed.
21. An opportunity has also arisen to consider the option to replace Epping Sports Centre on the site by way of a new Leisure Centre to replace the Food Store component. The St John's Road site has been assessed as the preferred location in terms of sustainability, participation and viability. Members are asked to consider if they wish to formally agree to take this vision forward. On reflection, one of the causes of delay to the original scheme was the inability to achieve agreement with a private sector partner. The scheme could proceed without the land ownership of the Town Council, but this would not achieve the best form of development and compromise the economic and community benefits. If a partnership was to be formed, a legal agreement will need to be entered into with the Town Council which satisfies the needs and aspirations of both Councils.
22. Whilst the school site will be cleared next Spring and the Housing Repairs Depot vacated by relocation to Oakwood Hill Depot, there is still a need for masterplanning of the site to be undertaken and a considerable amount of technical feasibility work around highways issues etc, to be undertaken in bringing the scheme forward to a full planning application. Similarly, a full cost and development appraisal will need to be undertaken to establish the capital costs of the project and the potential revenue benefits/consequences for the Council. A similar appraisal was undertaken as part of the feasibility of the new Epping Forest Shopping Park, which is now achieving a significant return.

23. Finally, consideration is required as to whether the Council wish to involve any other partners to deliver aspects of the scheme e.g. the housing or cinema. An assessment of the risks and benefits of this will need to be undertaken. In order to start to explore these issues, a multi-disciplinary project team lead by the Acting Chief Executive has already been established and it is considered that there would be merit in not only involving the Town Council on the project team, but other stakeholders as required. It is proposed that this project team report regularly into the Asset Management and Economic Development Cabinet Committee.

### **Resource Implications:**

A full Development Appraisal will be required to be undertaken identifying the potential capital costs and revenue returns achievable through any preferred form of development. This will include the value of investment by other partners and reflect the risks involved.

The estimated costs of the potential new leisure centre, dependent on the outcome of further site surveys, masterplanning, site specific location and facility mix, is estimated at between £16-£18 million. The current contracted arrangements with Places for People allow for the Council to lend the contractor capital, which is repaid through the management fee. This approach has been successfully applied in the construction of Waltham Abbey Swimming Pool.

In order to undertake the Development Appraisal, Masterplanning, Programme Management and Technical Assessments in support of any Planning Application, it will be necessary to engage some external specialist consultancy expertise in addition to the input of the in-house project team. A budget allocation for Fees will be required. At this stage, soft market testing indicates that demolition costs are likely to be in the region of £225,000-£250,000. As such, it is proposed that the balance of the current budget allocated at £400,000 is used for the procurement of professional services subject to further reports.

In the long-term the Council would seek to achieve both revenue savings on the Leisure Management Contract, increased asset value, Capital Receipts and revenue returns on the commercial elements of the scheme i.e. house sales, restaurants and cinema. A capital receipt will also be generated by the sale of the current Epping Sports Centre site. In the longer term the Council would also benefit through the retention of Business Rates.

### **Legal and Governance Implications:**

A new governance structure will be put in place around the management of the project in accordance with the Council's adopted project management systems. This will include regular reporting to the Asset Management and Economic Development Cabinet Committee. Some external legal support will be required with respect to the completion of development agreements and leases/licences to prospective future tenants.

### **Safer, Cleaner and Greener Implications:**

The current St John's Road site is subject to anti-social behaviour. The new scheme will address this through producing a vibrant town centre leisure and retail venue. A considerable positive environmental impact could be achieved with additional public open space provided. A new leisure centre would be built to high energy efficiency standards.

### **Consultation Undertaken:**

With shareholders and public as part of the Development and Design Brief.

With the wider community through the Local Plan consultations at Regulation 18 and 19. Informal discussions with the Town Council and Places for People Leisure. By the Sports Consultancy with local members and users of the Epping Sports Centre.

**Background Papers:**

Development and Design Brief  
Previous Reports to Cabinet.  
Submission Version 2017 Local Plan

**Risk Management:**

The Council is not currently maximising the use of its landholding assets in St John's Road. Further reputational damage may incur, if the site remains vacant for a further extended period of time.