

CABINET

18 NOVEMBER 2008

PRINCIPAL SCRUTINY COMMITTEE

12 NOVEMBER 2008

SILVER HILL WINCHESTER – COMPULSORY PURCHASE ORDER

REPORT OF HEAD OF ESTATES

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RECENT REFERENCES:

CL34 - Silver Hill Development Landowners Approval - 1 February 2006
PDC673 - Silver Hill Development - 27 March 2007
CAB1534 - Silver Hill Proposed Use of Compulsory Purchase Powers - 17 Oct 2007
CAB1535 - Silver Hill Winchester - Land Matters (EXEMPT) – 17 Oct 2007
CAB1554 - Silver Hill Winchester - Land Matters Update (EXEMPT) – 14 Nov 2007
CAB1688 - Upper Brook Street Car Park Winchester (Exempt) – 14 Nov 2007
CAB1733 - Upper Brook Street Car Park Winchester – Revised Terms (EXEMPT) –
15 Oct 2008
PDC768 – Silver Hill, Winchester – 21 October 2008

EXECUTIVE SUMMARY:

At its meeting on 17 October 2007 Cabinet considered the detailed case for the making of a Compulsory Purchase Order (CPO) to secure the redevelopment of the Silver Hill area of Winchester. Cabinet agreed to the making of the order once two preconditions were met, these being the provision of indemnities by the developer (Thornfield Properties) and the completion of the Section 106 agreement required to issue the planning consent that the Council resolved to grant through Planning Development Control Committee at its meeting on 27 March 2007. The Supplementary Indemnity Agreement is now in place, and the Full Indemnity Agreement is now at final draft stage and should be ready to be signed shortly.

For reasons that are explained in the report, the planning application (which the Planning Development Control Committee resolved to grant at its meeting of 27 March 2007, subject to legal agreements and conditions) has been amended by the applicant. The amendments were considered and agreed by the Planning Development Control Committee on 21 October 2008. The report explains the significance of these amendments to the Silver Hill scheme and to the Council's position as landlord.

Negotiations on the detailed drafting of the Section 106 agreement have been continuing, in the light of the amendments to the application, and it is expected that the agreement will be signed shortly.

It is recommended that Cabinet notes the changes to the scheme and approves the making of the Compulsory Purchase Order.

The report seeks approval for a modification to the mechanism contained in the Development Agreement for the grant of the lease of the development site to Thornfield Properties. This modification is necessary to ensure that Stamp Duty Land Tax is not paid at an unnecessary level and will require an amendment to the Development Agreement. The report also seeks approval for an amendment of the so-called Long Stop Date (which is the date on which the agreement terminates if work has not commenced) to bring it in line with the current timetable for the development and for other minor matters to ensure consistency. The report draws attention to a previous decision to agree to receive the benefit of the required element for the provision of CCTV and parking office accommodation as a cash payment so that it can be used off-site rather than within the scheme itself. Variations to the provisions on affordable housing are proposed to take account of the current Supplementary Planning Document on affordable housing. Variations relating to the location of market stalls are also considered. There are also minor adjustments to the site to be covered by the CPO.

The report is also being considered by Principal Scrutiny Committee in view of the fact that at its meeting on 19 November 2007, the Committee resolved that the report to Cabinet on the next stage to authorise making of Compulsory Purchase Orders for the Silver Hill development (i.e. this report) be additionally brought to Principal Scrutiny Committee for comment. Any comments made by Principal Scrutiny Committee will be advised to Cabinet.

Consequential legal advice is provided in Exempt Appendix C of the report.

RECOMMENDED to Cabinet:

- 1 That Cabinet notes the amendments to the planning application which the Council (as Local Planning Authority at a meeting of the Planning Development Control Committee on October 21 2008) resolved to grant subject to legal agreements and conditions and, insofar as it is necessary

under the Development Agreement, agrees to these amendments being incorporated into the Silver Hill scheme and to the Development Agreement being revised accordingly.

- 2 That Cabinet notes the revision to the manner in which the required element in relation to CCTV and the parking office is now to be achieved.
- 3 That Cabinet approves the revision of the Long Stop Date in the Development Agreement to 31 December 2012.
- 4 That Cabinet agrees to the revision of the Development Agreement to delete the requirement for any housing grant received to be used only for the provision of new social rented units.
- 5 That Cabinet agrees to the revision of the Development Agreement so as to provide that the Council may at its sole discretion implement the policy of its Affordable Housing Supplementary Planning Document in relation to off site affordable housing provision as an alternative to the provision of some or all of the required element of affordable housing on site within the scheme.
- 6 That Cabinet agrees to the revision of the Development Agreement to clarify that the relocation of the daily market and Farmers' Market is to be to Silver Hill Square and to the Broadway and High Street, for the appropriate relocation of the market store and for the removal of the requirement for a dedicated market waste compactor.
- 7 That the five additional permanent market stalls adjacent to 163 High Street are included in the area to be leased to Thornfield and subject to ground rent.
- 8 That the Corporate Director (Governance) be authorised to amend the Development Agreement, draft lease terms and to prepare and complete such other documentation as may be necessary to provide for the leases of the undeveloped Silver Hill site (as set out in the report) once the Agreement becomes unconditional and to provide for the other variations as set out in this report.
- 9 That compulsory purchase powers be used to facilitate the comprehensive redevelopment of the Silver Hill area of central Winchester and (subject to the signed Full Indemnity and Section 106 agreements being in place) the Corporate Director (Governance) be authorised;
 - (i) To make a Compulsory Purchase Order (the Order) for the Silver Hill development area pursuant to Sections 226(1)(a) and 226(3)(a) of the Town and Country Planning Act 1990 (as amended) and the Acquisition of Land Act 1981 and Section 13 of the Local Government (Miscellaneous Provisions) Act 1976 (as necessary) for the purpose of acquiring the Order Lands which are shown on the plan attached as Appendix A to this report;
 - (ii) To make all amendments or additions to the Order Lands plan to encompass all additional lands or rights which may be required for the

scheme including but not limited to any interests which have the benefit of restrictive covenants or easements and rights over the development site, subject to prior consultation with the Leader;

- (iii) To advertise the making of the Order and to take all relevant action to facilitate the promotion and confirmation of the Order by the Secretary of State including publication of the Statement of Reasons, the Statement of Case and all necessary evidence in support of the Council's case at any resulting public inquiry. Additionally to appoint any necessary consultants to assist in facilitating the promotion and confirmation of the Order;
- (iv) Upon the Order having been confirmed and becoming operative to execute General Vesting Declarations or, at his discretion, to serve Notices to Treat and where necessary Notices of Entry under Sections 5 and 11 of the Compulsory Purchase Act 1965 in respect of land included in the Orders;
- (v) To negotiate and agree terms with interested parties for the purchase by agreement or payment of compensation for any of the interests or rights included in the Order and where appropriate to agree relocations;
- (vi) To take all necessary steps in relation to compensation issues which are referred to the Lands Tribunal, including advising on the appropriate uses and compensation payable and in issuing any appropriate certificate and be further authorised to appoint chartered surveyors jointly with Thornfield to assist and advise in this regard.

RECOMMENDED to Principal Scrutiny Committee:

- 1 That the Committee considers whether there are any issues which it wishes to raise with Cabinet.
- 2 That the estimated timetable with suggested dates for further reports for the Committee to review the project (as set out in Appendix B) be noted.

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REPORT OF HEAD OF ESTATES

DETAIL:

1 Introduction

- 1.1 At its meeting on 17 October 2007, Cabinet considered report CAB1534 and resolved to authorise the making of a Compulsory Purchase Order (CPO) to enable the assembly of land for the Silver Hill development, subject to it;

“being satisfied that the full indemnity agreement with Thornfield is in place, and the completion of the Section 106 agreement.”

- 1.2 The report updates Cabinet on the outcome of decisions by the Planning Development Control Committee at its meeting on 21 October 2008 as they impact upon the Council as landowner and the Development Agreement with Thornfield Properties. The report explains the work that has been undertaken since the last report in relation to the completion of the Section 106 agreement that is required for the issue of planning consent.
- 1.3 Having made Cabinet aware of those changes, the report invites Cabinet to confirm the making of the CPO and in this regard it should be read in conjunction with report CAB 1534 which set out the detailed reasons why CPO was necessary and expedient (a copy of this report has been circulated to Members of Cabinet, Principal Scrutiny Committee and Group Leaders only, with the agenda). Those reasons are not restated here because they remain valid and Members should refer to CAB 1534 as necessary.
- 1.4 The report also explains minor revisions that are necessary to the provisions contained in the Development Agreement for the lease to Thornfield Properties, the Long Stop Date for the agreement, the provision of CCTV and parking office facilities, affordable housing, market re-location and other matters. The Exempt Appendix C gives further legal advice in respect of the Development Agreement.

2 General Progress Report

- 2.1 For the last few months the Council’s agents Persona Associates have been engaged in a process known as ‘referencing’ which is the collation of all available

information about property interests from owners and occupiers. Persona have completed the land referencing and have an up to date database. The Council will therefore in a position to issue the formal notices on all known owners and occupiers, and advertise the making of the Order, in accordance with the programme set out in Appendix B.

- 2.2 All known owners and occupiers in the land to be acquired were invited to a Compulsory Purchase Information Surgery on 14 May 2008 in Winchester, when representatives of the Council, Thornfield Properties and Drivers Jonas (the Council's advisors) were available to answer face to face questions in connection with the development and the proposed Order.
- 2.3 The Council's advisors, Drivers Jonas, have been working with Thornfield Properties to place a fair market value on all the property interests based upon the compulsory purchase compensation code. This is a complicated calculation taking into account freehold and leasehold values, rents, yields and the value of various other rights and other matters which may arise in calculating the value of landowners' interests. This figure has now been arrived at. It is important that it is broadly correct because it provides information about the scale of financing that Thornfield Properties will require to reimburse the Council for the acquisition of these interests. However, if the figure varies slightly over time this is not critical to the Council as under the provisions of the arrangements entered into with Thornfield, Thornfield must reimburse the Council in full for these acquisitions, whatever the cost of the interests.
- 2.4 In the last 12 months the turmoil that has affected financial markets and property values has had a significant impact on commercial projects of this nature. The viability of the Silver Hill scheme has been reassessed by Thornfield Properties in accordance with the requirements of the Development Agreement and in order to maintain the viability a number of changes in the overall configuration of the scheme have been deemed to be necessary. This reassessment has been reviewed on behalf of the Council by Drivers Jonas and their view is the changes do not affect the overall financial position and therefore the proposals still meet the Council's obligations to achieve best consideration under Section 233 of the Town and Country Planning Act 1990. Further details of the advice on viability and the legal and financial implications of these changes is given in Exempt Appendices C and D. In comparison with many projects the changes proposed are not dramatic in nature but they must be considered by Cabinet before proceeding further.

3 Scheme Amendments through Planning

- 3.1 The Council resolved to grant planning consent for the scheme on 27 March 2007. Thornfield Properties has subsequently sought permission to amend the scheme by way of the formal submission of amendments and a request for a variation in the requirements of the resolution to grant planning consent in relation to affordable housing and open space contributions. These were considered and approved by the Planning Development Control Committee on 21 October 2008.

The two matters which are of particular relevance to the Council as a land owner are set out below.

- 3.2 Firstly, in accordance with the guidance in the Planning Brief and Local Plan, the Silver Hill scheme had incorporated substantial accommodation designed for the Hampshire Primary Care Trust and Friarsgate surgery. For reasons of their own, those organisations have now decided to relocate their premises away from the town centre and not to take space in the new development. This has meant that part of one block of the scheme has had to be redesigned internally to replace this accommodation with additional residential, retail and office accommodation (or medical use instead of office accommodation, were an alternative medical interest to be found).
- 3.3 The provision of accommodation for the PCT was a requirement of the Planning Brief rather than the Development Agreement. As the purpose of this requirement was to protect an existing use which no longer requires protection, this amendment is drawn to Cabinet's attention only for the sake of having a complete overview of the scheme.
- 3.4 Secondly, as mentioned above, the effect of the tightening of financial markets and the reduction in the estimated sale value of market housing has had an impact on the viability of the scheme and in particular the ability to fund 40% affordable housing. Thornfield therefore asked the Local Planning Authority to reconsider the requirement for 40% affordable housing, on the basis that this level of affordable housing would render the scheme unviable. Government policy and guidance makes clear that such considerations are material to the planning process and that the application of policy on affordable housing has to be balanced against the viability of a particular scheme.
- 3.5 At its meeting of 21 October 2008, the Planning Development Control Committee resolved (subject to various conditions) to grant consent to the amended scheme with provision of 35% affordable housing, although this is to be reinstated to 40% if market conditions change prior to commencement.
- 3.6 The figures of 35% affordable (100 units) and 15% of the affordable housing units (or 20 units if greater) are the minimum specified within the Development Agreement and are therefore in conformity with that agreement. Cabinet should therefore note that the scheme now has planning approval on the basis of 287 residential units, of which 35% will affordable housing (with a minimum of 20 units for social rent). The minimum number of residential units specified by the Development Agreement has previously been reviewed by Cabinet to 264 and an increase to 287 is above this minimum.
- 3.7 Discussions through the planning process identified an improvement to the scheme by breaking up the blank wall / return frontage of 163 High Street by the construction of five permanent market stalls. These were not provided for in the Development Agreement and need to be added to the area leased back to Thornfield and be made subject to the same ground rental arrangement.

3.8 The terms of the Section 106 agreement, which must be signed before the planning permission is issued, are close to agreement at final draft stage. The planning consent is therefore expected to be issued shortly, embodying these and other minor amendments.

4 Development Proposals

4.1 The Council has set out its approach to the development of the Silver Hill area and has been proceeding within the planning policy guidance afforded by policy W2 of the Winchester District Local Plan Review and the Broadway Friarsgate Planning Brief (2003) which envisage a comprehensive approach.

4.2 Policy W.2 of the Winchester Local Plan Review states that development proposals for a mix of uses including housing, shopping, leisure, possible civic, cultural and community facilities will be permitted on approximately 2 hectares of land between the Broadway and Friarsgate provided that they:

- incorporate an appropriate mix of uses that reinforce and complement the town centre, including housing, retail and other town centre uses;
- provide a new bus station, retain the existing street market and provide sites for the relocation of existing health care facilities, the post office, taxi rank and other important facilities in the area;
- provide the main vehicular access to the multi storey car park and service areas from Tanner Street, with the closure of Silver Hill to through traffic, except where access is required for servicing;
- retain and enhance key views and provide a series of link public spaces;
- include a satisfactory archaeological assessment;
- provide public art within the scheme and “percent for art” contribution;
- make an appropriate contribution to the improvement of the public realm on the site and in the surrounding area, in particular, Friarsgate, Middle Brook Street and The Broadway;
- provide appropriate on and off site highway works and traffic management arrangements to accommodate a new bus station and associated revised bus routes and stops in the town centre;
- incorporate adequate flood protection measures;
- include an Environmental Impact Assessment and Transport Assessment.

4.3 Paragraph 2.0.1 of the Broadway Friarsgate Planning Brief (2003) states that the Council will require a commitment from the developer to the comprehensive

redevelopment of the area indicated in the site plan, comprising approximately 2 hectares.

- 4.4 Any acceptable proposal for development must therefore be entire in itself or be supported by a Masterplan and implementation mechanism demonstrating, to the Local Planning Authority's satisfaction, that the successful development of the whole is secured, including an appropriate contribution to the non-commercial elements set out in Policy W.2 and the Planning Brief. London and Henley (Winchester) Ltd has criticised paragraph 5.7 of the report to Cabinet on 17 October 2007, which dealt with the question of whether the purpose for which the acquiring authority is proposing to acquire the land could be achieved by other means. However, neither London and Henley nor any other company have proposed any practicable mechanism whereby it could be ensured that the requirements of the relevant policies are met on the Silver Hill site.
- 4.5 The Planning Brief and the Local Plan policy must be read together, with primacy being given to the Local Plan policies. Policy W2 and the Planning Brief both require a comprehensive package of measures to regenerate the site, although the Planning Brief acknowledges that more than one possible approach to achieving comprehensive development might exist. Whilst in principle an alternative approach is conceivable, no alternative to the Thornfield scheme has been submitted for planning consideration and there has been no alternative for the Council to consider. Achieving the regeneration of the area is a highly desirable objective for which there is only one approved scheme. In the light of the multiple ownerships on the site, it is considered that the only sure way of securing development of the Silver Hill area within a reasonable time and in accordance with the relevant policies is for a Compulsory Purchase Order to be made.
- 4.6 In these circumstances, it has been confirmed by the Council's advisors that it is appropriate to proceed with the Compulsory Purchase Order in order to provide certainty of site assembly within a reasonable period of time.

5 The Order Lands

- 5.1 A revised plan to be used for the Compulsory Purchase Order is attached as Appendix A. The dark grey areas show land over which rights only are to be acquired, whilst the light grey colouring indicates the land in respect of which the Council will seek to acquire the freehold (together with any leasehold interests and other rights). There have been four amendments to the area to be included in the land to be acquired since this matter was last reported to Cabinet and these are included in the revised plan:-
- a) The whole (rather than just the rear part) of the buildings 149 and 150 High Street have been included in the land to be acquired, in order to avoid severing leasehold interests;
 - b) A small area of land to the rear of 154 High Street has been excluded from the land to be acquired, as it is not required for the scheme;

- c) A small area at the rear of 143 High Street has been excluded from the land to be acquired, as it is not required for the scheme;
- d) The full width of Middle Brook Street between Friarsgate and Silver Hill/St Georges Street has been included in the land to be acquired to facilitate the repaving of the whole street.

6 Cabinet Pre Conditions

- 6.1 The full indemnity agreement with Thornfield Properties as required by the Development Agreement is now at final draft stage. Once this has been signed, and the associated bond in the sum of £1,000,000 put in place, the first precondition in relation to the making of the CPO will have been met. The full indemnity agreement provides for Thornfield to reimburse the costs which the Council incurs in relation to the making of the CPO including the public inquiry. Once Thornfield have requested that the Council implement the CPO, they are required to pay in advance the estimated amount of compensation payable to interested parties within the development site for the acquisition of land. They must also pay for any compensation over and above this estimate which the Council becomes liable to pay. The supplementary indemnity agreement on planning blight claims has also been put in place. Drivers Jonas and Berwin Leighton Paisner advised on the adequacy of the indemnity arrangements.
- 6.2 As noted above the Section 106 planning agreement is not yet signed although its commercial terms are close to agreement. The planning permission cannot be issued until the agreement has been signed. The Council is now ready to proceed with the making of the Order, and the agreement will be signed and planning permission issued before the CPO is made, thus meeting Cabinet's second precondition to the making of the Order.

7 Future Milestones

- 7.1 If objections are made and sustained once the CPO has been made and published, the next milestone would be a public inquiry to consider these, and (assuming the Order is confirmed by the Secretary of State) the earliest date which vacant possession of the development site could be obtained would be approximately one year after the inquiry.
- 7.2 Once the CPO has been confirmed, the development can go ahead provided the other pre-conditions within the Development Agreement have been satisfied or waived. These relate to, amongst other things, planning, affordable housing agreement with a registered social landlord, pre-letting, funding, financial viability, etc.
- 7.3 The indicative timetable for the project suggests that a start on site would take place in early 2010, with the development being completed by mid 2012. Appendix B sets out the proposed timetable, including milestone dates for regular six-monthly Cabinet and Principal Scrutiny Committee reports throughout the development.

8 Lease Arrangements

- 8.1 The Development Agreement which was signed in 2004 provides for the granting of a building agreement allowing construction to take place, followed by a 200 year lease to Thornfield Properties once the development is complete. This was conventional at the time. Since 2004 however, it has become clear that this is not the most advantageous approach for the purposes of calculating Stamp Duty Land Tax (SDLT). SDLT is chargeable on the grant of a lease, based on the value of the *developed* site, rather than the undeveloped land value. The SDLT is a cost met by Thornfield Properties but it is charged to the scheme Development Account. Given the value of development at Silver Hill, the amount of SDLT payable if the current arrangement is not amended is so great that it might render the scheme non-viable. A straightforward alternative has been proposed by the Council's legal advisors (Berwin Leighton Paisner) after careful consideration of all options. It is proposed that the Council grants separate leases for the Bus Station and Shopmobility sites to nominee companies (unconnected to the Council or Thornfield), and then grants an overall lease of the whole site to Thornfield. These transactions take place before development takes place and SDLT is charged at that point on the land value alone. It would be a condition of the lease that development of the approved scheme takes place within a given timescale. The Council would be able to terminate the lease (by forfeiture) if this did not happen.
- 8.2 The risk to the Council arising from this revised approach is that were Thornfield not to complete the development (having been granted a lease by the Council) the process of forfeiture and obtaining possession would be more time-consuming and might be subject to dispute. However, the practical difference between this situation and one where Thornfield only partially completed a scheme under a building agreement would not be very great. In both cases the partially completed

nature of the scheme would be the City Council's greatest problem going forward. The revised approach would not have any effect on the Council's rent or overage from the scheme. Further details are set out in the Exempt Appendix C.

- 8.3 Given that the scheme cannot proceed unless SDLT liability is minimised, Cabinet is asked to agree to this revised approach. Although the principle is straightforward, the legal work necessary is substantial. It will be carried out by Berwin Leighton Paisner on instructions from the City Council, with the costs being met by Thornfield Properties under the indemnity agreement. Cabinet is asked to give delegated authority to the Corporate Director (Governance) to make all necessary amendments to the documentation to give effect to this decision.

9 Other Minor Revisions to the Development Agreement

- 9.1 In time that has elapsed since the making of the Development Agreement some four years ago, some changes in circumstance have occurred which make it necessary to revise the Development Agreement to bring it into line with the evolution of the scheme and the Council's policy approach to affordable housing issues.
- 9.2 The Long Stop Date, which is the final date by which the scheme must go unconditional, is currently stated as 31 December 2009. In view of the uncertainties over the CPO timetable this is no longer considered reasonable. It is therefore suggested that the Long Stop Date is amended to 31 December 2012. This has no practical effect other than to avoid difficulties relating to the CPO timetable which could run into 2010 or beyond.
- 9.3 The Development Agreement contains a requirement that any affordable housing grant provided by the Housing Corporation to a Registered Social Landlord (RSL) is used only to fund the creation of additional social rented units within the scheme. This would be a significant limitation on any RSL bidding for finance which might find that such a restriction may fetter access to grant for other tenures - and indeed that they may require such funding for their acquisition to be affordable. It is therefore suggested that this requirement is removed from the Development Agreement. There is no impact on the financial arrangements as they affect the Council.
- 9.4 In 2007 the Council adopted a new Supplementary Planning Document which included provision for the Council to take off-site contributions towards affordable housing in those very exceptional circumstances where on site provision was impractical or not in the interests of meeting housing need. The Development Agreement (which was entered into before the Supplementary Planning Document was adopted) is drafted in such a way as to prevent this policy being applied to Silver Hill and it would be consistent to revise the Development Agreement so as not to exclude Silver Hill, should circumstances arise where it was desirable to apply the policy.
- 9.5 When drafted, the Development Agreement did not require Thornfield to fund a very extensive refurbishment of the lower section of the High Street, and of the

Broadway, to provide an excellent location for part of the daily and Farmers' markets. The current scheme does provide for quality new space for the markets to operate from, partly within the development and partly on The Broadway and the High Street. The Development Agreement needs to recognise this change.

- 9.6 Cabinet is also reminded of its previous decision to agree to a financial contribution from Thornfield Properties in lieu of the provision of accommodation within the scheme for the CCTV control room and parking office.

10 Risk Management

- 10.1 Except as stated in 8.2 above and with the further information in exempt Appendix C, the risks to the Council arising from the CPO, Development Agreement and transactions with Thornfield Properties were set out in the last report to Cabinet. The indemnity agreement provides the Council with cover for the cost of fees and professional expenses incurred by the Council in connection with the CPO, which is comprehensive provided the Council continues to act in good faith. Were the scheme not to proceed, the Council would not have incurred a significant financial loss but would have to deal with the consequences of losing a substantial regeneration opportunity.
- 10.2 The international problems of finance and economic uncertainty have undoubtedly increased the risks to the scheme itself by making it more difficult to secure the necessary financial return and/or the debt finance which will be needed. If the scheme were to become non-viable, both the Council and Thornfield Properties would be able to terminate in accordance with the terms of the Development Agreement. Fortunately the scheme is viable at this point and there is every expectation that it will remain so.

OTHER CONSIDERATIONS:

11 CORPORATE STRATEGY (RELEVANCE TO):

- 11.1 The delivery of the Silver Hill redevelopment is an important element of the Council's economic prosperity strategy in that it will deliver a range of new jobs, new infrastructure and an improved environment for business. The redevelopment will also improve and enhance the City's existing high quality environment and improve access to affordable housing.

12 RESOURCE IMPLICATIONS:

- 12.1 The Council's costs of preparing and making of the CPO are met by the indemnity arrangements the Council has with the developer, Thornfield. These costs can include Officer time as well as external professional advisors.
- 12.2 The report includes advice from Berwin Leighton Paisner upon the SDLT implicates of the scheme and the proposed adjustments to the Agreement to minimise SDLT liability which assists in the viability of the project.

- 12.3 Given the nature of the arrangement, and the current practice of HMRC, advice from VAT consultants has been received recommending that the Council need not opt to tax the site when the leases are entered into, although this decision should be reviewed again immediately prior to the lease arrangement.
- 12.4 The SDLT and VAT aspects together with the work done by Drivers Jonas on the land valuation/viability issues are dealt with in this report and are the essential aspects that were necessary at this stage.
- 12.5 The Head of Finance is also obtaining external financial advice to ensure proper accounting treatment of the anticipated transactions by the Council arising from the scheme.

BACKGROUND DOCUMENTS:

None

APPENDIX:

A – Winchester City Council (Silver Hill Winchester) Proposed Compulsory Purchase Plan

B – Silver Hill Development Estimated Timetable

C - **Exempt** Appendix – Legal Advice

D – **Exempt** Appendix – Valuation Advice

Silver Hill Development – Estimated Timetable

November 2008	Planning Permission Issued
February 2009 [CPO]	Council makes the Compulsory Purchase Order
March 2009	End of CPO Objection period
<i>Summer 2008</i>	<i>Cabinet and Principal Scrutiny update report</i>
October 2009	Compulsory Purchase Inquiry Date
April 2010 - October 2010	Secretary of State's Decision
<i>Spring 2010</i>	<i>Cabinet and Principal Scrutiny update report</i>
April 2010 – October 2010	Making of General Vesting Declaration
June 2010 – December 2010	Executing General Vesting Declaration
June 2010 – December 2010	Unconditional date for Development Agreement