

To: City Executive Board

Date: 22 July 2010

Item No: 5

Report of: Interim Head of Corporate Assets

Title of Report: Westgate Redevelopment – Agreement to Non Determination of Development Agreement

Summary and Recommendations

Purpose of report: To seek approval to agree not to determine the existing Development Agreement in respect of the above before 30 June 2011.

Key decision? No

Executive Lead Members: Councillor Ed Turner, Finance, Housing and Strategic Planning
Councillor Colin Cook, City Development

Report Approved by: Mel Barrett, Executive Director City Regeneration

Finance: Gillian Chandler

Legal: Lindsay Cane

Policy Framework: Westend Area Action Plan and Regeneration Strategy

Recommendation: City Executive Board is recommended to:

1. Note the completion of the novation of the Development Agreement to the Crown Estate
2. Authorise officers to reach agreement with the Crown Estate that neither party will seek to terminate the Development Agreement in regard to the Westgate Redevelopment Project prior to 30 June 2011, and otherwise on detailed terms to be agreed by the Head of Corporate Assets.

Background

1. Members will recall that at the meeting of the City Executive Board held on 31 March 2010 approval was given to the terms and conditions for the novation of the Westgate Development Agreement to the Crown Estate, also approving the intention to pursue discussions with the Crown Estate in relation to their future development intentions, subject to a report back in due course.
2. The novation was duly completed on 30 April 2010. The Crown Estate have also entered into a 50:50 joint venture with Land Securities. The Development vehicle is now known as the Westgate Oxford Alliance.
3. Following novation, an initial meeting has been held with representatives of Crown Estate, this also afforded the opportunity for your officers to meet with the Land Securities' representatives for the first time. A meeting is also in the course of being arranged between Developer representatives and relevant Lead Members and on the basis that this takes place before 22 July, a verbal update will be given at the CEB Meeting as to its outcome.
4. At the initial meeting with officers the Developer asked the Council to consider a 12 month extension to the Development Agreement to give them comfort during their undertaking of required feasibility work.
5. The existing Development Agreement runs until 30 June 2010, after which time it can be terminated by either party by the giving of the requisite notice. It has to be formally terminated and does not come to an end purely through the effluxion of time.

Report

6. The Developers have confirmed that they will now be commencing a period of feasibility work that will take them approximately 9 months to complete. This work is to prove (or otherwise) that there is a viable deliverable scheme, and this will be in advance of the commencement of any detailed design work required for the submission of a subsequent planning application. The current proposal is that there will be a development/monitoring group set up comprising of key stakeholders (e.g. Crown Estate, Land Securities, City and County Councils, John Lewis partnership representatives) with the Developer providing a feasibility project plan that will include key milestones, decision points, etc. This will, amongst other things, be a tool for stakeholders to monitor progress and to have some comfort that feasibility work remains on track.
7. Your Officers are of the view that the simplest way of dealing with this matter is by way of an exchange of letters whereby both parties agree

that the existing Development Agreement will not be terminated prior to 30 June 2011. Whilst such a letter is not legally binding on either party, the Council is not in any way disadvantaged by proceeding on this basis. Crown Estate have confirmed that this approach will give them the level of comfort that they require.

Financial Implications

8. There are no direct financial implications arising out of the contents of this report.

Sustainability/Climate Change Implications

9. There are no direct implications arising out of the contents of this report.

Qualities Implications

10. There are no direct implications arising out of this report. Any development of the site in due course will accord with current building regulations.

Risk Implications

11. A risk assessment has been undertaken. It is not considered that there are any additional risks arising as a direct consequence of this report.

Recommendations

- a. Note the completion of the Novation of the Development Agreement to the Crown Estate
- b. Authorise offices to reach agreement with the Crown Estate that neither party will seek to terminate the development agreement in regard to the Westgate redevelopment project prior to 30 June 2011 and otherwise on detailed terms to be agreed by the Head of Corporate Assets.

List of Background Papers

CEB Report 31 March 2010
Westgate Redevelopment – novation of Development Agreement
CEB Report 26 November 2008 – Westgate Redevelopment - update and proposal.