



# KINGS QUARTER BUSINESS PLAN

AUGUST 2017

LDÄ DESIGN



# EXECUTIVE SUMMARY

The Council appointed *LDA Design* (LDA) and Jones Lang LaSalle (JLL) to complete a business plan which in response to the Council’s objectives would advise and recommend a delivery model for the regeneration of Kings Quarter.

The team of consultants have been working in situ within the Council offices for the past six months to explore with council officers and stakeholders the delivery and project drivers before using that information to evaluate a series of commercial options/scenarios and recommending a series of delivery actions. The intention is that the business plan will be submitted to Cabinet for approval in September 2017 and will be used to guide the Council’s activities over the next 18-24 months.

Kings Quarter is an exciting redevelopment opportunity situated between the newly formed transport hub (consisting of the railway station and the soon to be constructed bus station) and the city centre retail area. The recent investments made by the Council in both the bus station and Kings Walk Shopping Centre (both of which abut the site) have had a catalytic effect and have already started to demonstrate to the market that the Council is ambitious and committed in its endeavours to redevelop this area. This momentum must be built upon and the current opportunity for potential public sector grant support should be grasped.

After assessing and recording the site constraints, the consultant team was widened to incorporate urban design and engineering/transport expertise. This multi-disciplinary team worked closely in a series of workshops with council officers to agree a preferred development option for the spatial layout which has formed the basis of a development brief. The iterative design process with officers identified the following vision for Kings Quarter:

- >> King’s Quarter is Gloucester’s ambitious new quarter of the city covering the area between East Gate, North Gate, the Railway Station and Bruton Way;
- >> This project site, is the place that will define the character and identity of King’s Quarter, as a new destination with a dynamic mix of development that complements the other places in the city;
- >> It has a vitality and quality in its streets and spaces that places King’s Quarter at the heart of city life;
- >> Situated at a key arrival point to Gloucester City Centre, it is a place though which large numbers of people will pass, leaving them with positive experiences and memories, always wanting to return;
- >> The redevelopment of Kings Quarter will be fully integrated and complementary to the cultural aspirations that the City is supporting and will help to contribute towards the aim of achieving City of Culture status in 2025.
- >> The quality of King’s Quarter will raise Gloucester’s profile in the region and promote the city as a place to live, work and invest.

The property advisors have advised that the indicative schedule of uses that should be considered for the site include:

USE	SIZE (sq ft)
Offices	30,000 to 100,000
Hotel	40,000 to 60,000
Food market/hub	12,000
Pop up cinema	5,000
Gym	4,000 to 6,000
Food operators	6,000
Metro food store	4,000
Retail (A3, A4)	15,000
Student	Flexible
Residential apartments	Flexible (private/affordable/ PRS/retirement)
Car park (replacement)	428 spaces (current)
<b>OTHER POSSIBILITIES</b>	
Retail (A1)	Flexible
Discount food store	25,000
Family pub	6,000

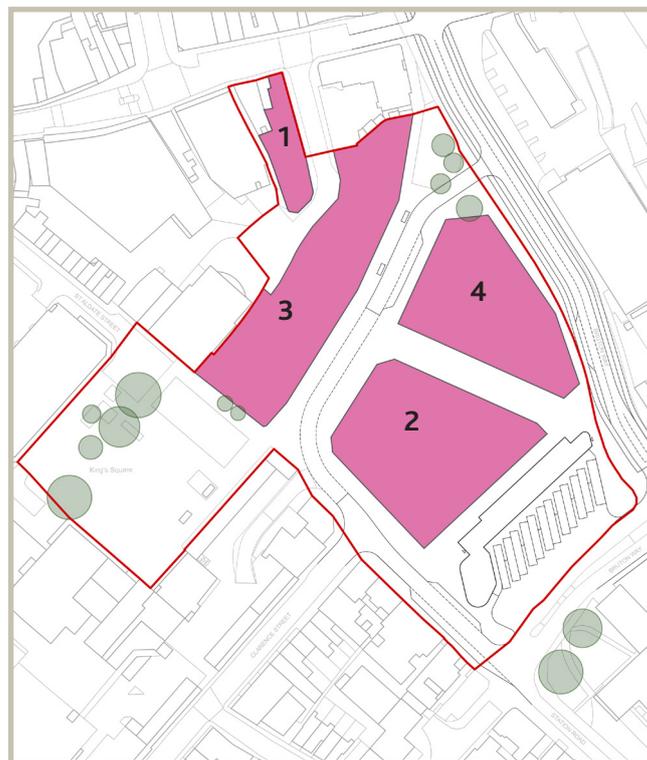
Using the preferred development brief option the team have created an approximate schedule of enabling work costs which total £14m. This does not include the cost of constructing the new buildings but does include the cost of refurbishing Kings Square and site assembly of various parcels of land not in Council ownership. Due to the high level of enabling works the overall development appraisals for the development are clear that public sector support will be required in some form.

The Council have tried to work on the basis of a single development partner before and it has not been successful. Therefore, the Council may now lean more towards a delivery strategy that whilst giving the Council more control of the delivery of its ambition, does not place all of its eggs in one basket. This indicates a more partnership orientated approach may be appropriate and potentially a master developer role with different delivery partners for different blocks.

The business plan takes into account both this and the latest public sector grant/equity funding opportunities and has advised a delivery model which looks to secure HCA grant funding from the HIF for site acquisition costs and infrastructure costs. This is however a very competitive process and the Council should continue to explore its own funding appetite or availability at the same time.

The development brief separates the development into four blocks. As part of the options appraisal, the following delivery options were appraised in a matrix for each block:

1. Sell now.
2. Sell later with planning permission
3. Option/Development agreement with private sector partner
4. Joint Venture with private sector partner
5. Direct development by the Council utilising its own borrowing



This process concluded that the recommended delivery models for each Block were:

- BLOCK 1 – Sell with planning permission**
- BLOCK 2 – Dispose via a development agreement**
- BLOCK 3 – Dispose via a development agreement**
- BLOCK 4 – Dispose via a development agreement**

The team then reviewed a series of sequencing scenarios as to how the overall development could come forward. Following further appraisal this concluded the scenario which would most likely achieve the Council's objectives was:

Scenario 2 – Council obtains outline consent

BLOCK	DELIVERY MECHANISM	LEAD
2	Council proceed to obtain detailed planning consent. Council act as developer and market office/car park and food hub. Council employ contractor to build out space.	Council
3	HCA acquire all assets, including council owned sites. HCA (for example using DPP 3) secure development partner to build out scheme.	HCA (with development partner)
4	Site cleared by council. Site marketed as final phase. Consider meanwhile uses.	Council enter into development agreement with development partner.
1	Market site for disposal with outline residential consent.	Residential developer

## KEY MESSAGES

The business plan concludes with the following key points for the Council to note and consider:

### POLITICAL

- >> Political commitment to the agreed vision and continued support for maintaining the high level of ambition shown by the council will be critical.
- >> Every effort should be made to maintain the 'team approach' established between officers, which has developed clear common goals, and understanding of the Kings Quarter delivery process.
- >> The Council has achieved significant progress with land acquisition and through the building of the new bus station, and this needs to be communicated.

### DESIGN AND TECHNICAL

- >> Any development of the site must provide solutions for improving the access from the station and fully integrate the bus station.
- >> Providing quality public realm will be an important factor in achieving success.
- >> The new development brief represents a variation from the current adopted planning policy in that it is not 'retail led' and this needs to be managed.

### MARKET AND VIABILITY

- >> In terms of market demand/viability the consultant team advises that the site should be considered for the following mix of uses (in order of preference):
  - >> Housing (In order of preference: Market Sale, Private Rented Sector (PRS) housing, Affordable, Student and Retirement)
  - >> Car Park
  - >> Food and Beverage
  - >> Retail
  - >> Hotel
  - >> Office
- >> Any development proposals at Kings Quarter will need some sort of public sector support to achieve the Council's objectives. Particularly if the economic drivers for the Council wish to see different uses to current market demand and /or viability.
- >> The Council will need to maintain a high level of specialist delivery advice/ expertise to maintain pace of delivery.
- >> In terms of phasing, it is likely that a new MSCP will need to be built before the old CP can be removed.
- >> There is a costly sub station to be replaced before any development in Blocks 2, 3 and 4 can be considered.
- >> Flexibility is key and the planning process taken forward must maintain the flexible 'block approach' created by the development brief.
- >> The key to ensuring there is flexibility is to be very clear and consistent about the:
  - >> Project vision, drivers, priorities and criteria for success in delivering them;
  - >> Non negotiable requirements the Council must achieve and where there is scope for flexibility ;
  - >> Scrutiny of prospective development propositions against the criteria for success.

## DELIVERY ACTIONS

A series of delivery actions are recommended:

1. Clarify the ability to 'adopt' the Development Brief with the help of the planning officers.
2. Undertake and complete a review of the car parking strategy immediately to identify the quantum of spaces needed at Kings Quarter.
3. Undertake and complete any additional ground investigations or archaeological surveys to reduce development risk.
4. Proceed with procurement of a consultant team to bring forward a hybrid planning application for Kings Quarter as quickly as possible. This should include changes to Bruton Way and a proposed new pedestrian crossing.
5. Appoint communications support to assist with the delivery of the council's regeneration priority.
6. Consider the need for a meanwhile use strategy for the development, however the status quo on the site should be maintained as long as possible to reduce the negative effect from empty and undeveloped sites.
7. The design and refurbishment of Kings Square should be a priority action taking into account its importance for both the Kings Walk Shopping Centre improvements and the rest of the Kings Quarter scheme.
8. Soft market testing should be commenced immediately on the basis of the development brief to gauge potential occupier interest.
9. A Communications Planner should be created immediately, which provides clear timeframes and messages which the council wish to share.

The key recommendations in terms of the most advantageous delivery models for each of the development blocks is as follows:

Having secured planning consent the Council is recommended to:

1. Market and dispose of Block 1.
2. If soft market testing for occupiers has been unsuccessful, start active marketing of Blocks 2 and 4 to occupiers.
3. Secure funding/investment to build out Blocks 2 and 4.
4. Continue negotiations with HCA on potential funding/development agreement to progress Block 3.

## KEY MILESTONES

The key milestones going forward are recommended to be:

KEY MILESTONES	September 2017	Begin soft market testing
	November 2017	Complete car parking strategy review
	November 2017	Complete initial archaeological survey
	October 2017	Create Communications Planner
	November 2017	Appoint Planning Team and begin design of Kings Square
	January - June 2018	Identify and confirm funding/investment mechanism for Block 2 and 4
	January - October 2018	Undertake potential selected demolitions/GI surveys to de risk site
	June 2018	Submit Hybrid Planning Application (including EIA, TA)
	June - November 2018	Market and dispose of Block 1
	June - December 2018	Procure contractor to undertake refurbishment of Kings Square and possibly Block 2
	November 2018	Achieve planning consent
	January 2019	Begin works on Kings Square
	January 2019	Conclude investment mechanism for Blocks 2 and 4
	March 2019	Start on site Block 2
	December 2019	Complete Kings Square
June 2020	Complete Block 2	



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