

P & EP Committee 29 September 2015

ITEM NO	APPLICATION NO	SITE/DESCRIPTION
S .	15/01013/FUL	Queensgate Shopping Centre Westgate Peterborough , Part demolition, alteration and extension including change of use and erection of roof top extension to provide for uses within A1, A3-A5 (shops, restaurants & cafes, drinking establishments and hot food take-away), D2 (assembly and leisure) and other associated works

A letter from the North Westgate applicant Hawksworth Securities dated 22nd September 2015, is appended in Appendix 1.

A further letter and additional information has been received on behalf of Hawksworth Securities dated 25th September 2015. This is appended in Appendix 2.

4 additional representations have been received since the issue of the Committee Report. The following comments have been raised:

- As parish priest of St Mark's (82, Lincoln Road) our parish boundary embraces North Westgate and adjoins the Queensgate site. We are very concerned that priority should be given to the regeneration of North Westgate which has been a blighted area for some years and has an ideal opportunity to be renewed with an imaginative scheme including a major investor of a cinema that would attract visitors and build the local economy. A rival scheme proposed to be built within Queensgate would detract from this opportunity for North Westgate. Queensgate has quite enough development and should retain its current role and footprint and not attempt to offer entertainment and evening restaurant facilities as well.
- The North Westgate Development desperately needs to happen - with a cinema. The area is in dire need of regeneration. PLEASE do not allow Queensgate's quickly put together plans intended to scupper this much needed development to be approved - it would be absolute madness. I have read comments you made that you said you want to help them find another anchor for the development.
- They have made it clear that they do not want this - North Westgate will simply not happen and the area will remain like a 'ghetto'. The North Westgate plans were put forward long before Queensgate's. Only one Cinema is needed - and it is needed at North Westgate.
- Julian Bray, NUJ Equity

1. You will have received a nine page letter from a firm of property surveyors Savills Ltd from their Bristol Office, signed and submitted on behalf of their Bristol based client Mr Breach of Hawksworth Securities, by a West Country resident Craig O'Brien BA (HONS) BTP MPTPI. The astonishingly aggressive tone of Mr O'Briens thinly veiled threat on behalf of his Bristol based client contained therein has greatly concerned the readers of the Peterborough Tribune blog (over 584,100 page views, of which 9,000 hits in August 2015 alone).

2. Although Peterborough based PR firm Athlone hired by Hawksworth Securities possibly to assist with local knowledge, and are fully aware of the scope of the Peterborough Tribune [PT], and indeed has in the past contracted Julian Bray directly to provide a media training instructional session for its clients, still chose to exclude the PT from the media distribution list.

3. Simply The Peterborough Tribune was not included in the initial press distribution of Mr O'Briens letter to you. We have since obtained the documents referred to above, directly from Planning Control.

4. Interestingly Mr O'Brien appears not to be a qualified Chartered Surveyor. We could be wrong, but his property related surveying qualification would have appeared on the Savills subsidiary Bristol based company redacted letterhead, it seems to be missing.

5. As the Editor of the Peterborough Tribune Blog, I have been asked by readers to assist the PPC Planning Committee, to ensure PCC Planning officers are not misled or possibly confused by the nine page strongly worded, but in our view wholly misguided and possibly mischievous letter from Mr O'Brien.
6. Reading between the lines, and in view of the specific threat contained on Page 8, Paragraph 35 headed Conclusions, it appears that Mr Breach is possibly paving the way for a discreet withdrawal from the whole project, but possibly attempting to save face with his financial backers, the thinking being the justification for 'canning the project' or making a short term gain for his Bristol based company, by selling on the outline planning permission or as in the case of the Peterborough District Hospital Site, renegotiating with the PCC to reduce Mr Breach's firm's financial liability, and would then be in a position to publicly lay the blame for the collapse of this scheme at the City Council's doorstep, thus maintaining faith with his own backers. Happily we have seen through this ruse.
7. Having looked at the year on year 'slender' financials of Hawsworth Securities, and in turn the heavy reliance they are placing on outside funding, consultants, consideration should be given to the simple fact that Northgate is for Mr Breach's modest firm 'a project too far' as their own audited accounts with a high level of gearing do not suggest they are comfortable progressing a multifaceted major City core regeneration project of this size. If they are unable to complete the initial due diligence process - which would have quickly revealed that long established planning permission for other major D2 cinema and theatre spaces already exist and within walking distance of the proposed Northgate development. We have helpfully provided the Planning references above.
8. Therefore as representative of Peterborough residents, and not in any way connected with the current parties mentioned, we intend to show the 'objection' letter is little more than a theatrical marketing device contrived to favour a speculative 'sometime in the future' possible development.
9. Clearly this is the core thrust of a considered campaign to recast the perceived value of the NWD future project, possibly to the detriment of existing, immediately viable and fully viable retail and catering, café bar operations already operating and the Council must recognise these as EXISTING major revenue earners in terms of business rates and attracting shoppers, increasing much needed footfall into the City Centre and not simply a qualified claim for something that could well fail as evidenced at Page 7 paragraph 34.
10. The letter submitted by Savills, is in our considered view factually incorrect and inconsistent with Savills publicly stated aim to "apply our in-depth understanding and knowledge of local and national markets to ensure robust viability evidence, founded on commercial reality."
11. The 9 page document is also being heavily promoted, 'touted around media circles' by a Peterborough based PR Company who probably have the only real day-to-day connection with the City of Peterborough. They are however complicit in managing an effective, widespread but in our view highly misleading media public relations campaign, and as a result attracted substantial editorial comment from local and regional media, and possibly the wider international property trade press. For example as part of the so called 'consultation process' Hawsworth securities suggest they had only one (repeat one) vote in favour of retaining The Brewery Tap. If Hawsworth Securities and their agents Savills truly had 'local knowledge' they would have known that many, many thousands of votes had been cast over the last few years in the "Save The Tap" campaign, the results made known to PCC members and inter alia Hawsworth Securities own PR firm.
12. Clearly Peterborough City Council's actions and those of the Planning Committee, in dealing with this matter will continue to be under the critical media spotlight.
13. At no time has the nine page objection letter been published in full, just we contend highly misleading selective quotes from the Savills Bristol based client Hawsworth Securities who are behind the speculative NWD scheme have been printed and editorialised without the claims being subjected to deeper journalistic and legal scrutiny.
14. The objection letter submitted seeks to rubbish the application by Queensgate Shopping Centre, as

they have dared to include a modest multiscreen cinema as part of the continuing high quality improvement of the QSC generally, and new development and refurbishment contained in their application. The PCC should be aware that Queensgate Shopping Centre IS ALREADY contributing substantial revenues to the City of Peterborough treasury. Something the PCC should never forget.

15. The Bristol based Saville client is simply suggesting a speculative financial return sometime in the distant future.
16. Before we deal with the Savill objection letter in detail, it is important to establish exactly how Savills are seeking to influence the planning process: The content (or copy) below is taken directly from the Savill website and is particularly relevant:
17. "Economic and policy conditions continue to put pressure on the profitability and deliverability of development projects. Viability appraisals and evidence are increasingly becoming the key to unlocking constraints and bringing forward development.
18. Our main goal is to help clients de-risk affordable housing within schemes and deliver financially viable planning consents.....
19. The members will recall that in the recent case of the re-negotiation of the contract for the Former Peterborough District Hospital site, the London based property developer in that case successfully argued a planning strategy which "helped de-risk affordable housing within schemes and deliver financially viable planning consents...." In fact the requirement for affordable housing has vanished AND the property developers financial liability further reduced – after it had already been discounted! We repeat "Our main goal is to help clients de-risk affordable housing within schemes and deliver financially viable planning consents..... That goal in the District Hospital case, seems to be working, and in that case the developers' goal was more than achieved....
20. There are other markers which help to define the high impact strategy being employed by both the developers and their several consultants in the North Westgate Development and appear throughout the nine page letter of objection.
21. The letter:
22. Page 1 Paragraph 1 to 3 This sets out 'the stall' the basis for the application by Queensgate and is particularised in PBROTRIB Document 1.
23. Page 2 Paragraphs 4 Issue has to be taken with the style and tone, as several assertions of fact are made by Savills, when in reality, it is at this stage, can be no more than speculation, or at least an educated guess. No one has fully signed up as far as we can tell.
24. The letter suggests the first phase of redevelopment of the North Westgate development area will achieve regeneration of the City Centres needs.
25. In reality, this is a phased development spread over many years, no immediate short or medium term financial return is offered to this City.
26. Phase one alone will have little immediate impact apart from inflicting continuing building works on an area that has already endured the snail like progress of Bourges Boulevard, where the contractors seemed to work weekday office hours and abandoned that site at weekends.
27. It is not clear if the cinema complex proposed by North Westgate is to be operating before the completion of phase One but in any event to have a functioning community and a viable audience for that unproven cinema is well down the line and not likely to be achieved without substantial marketing whereas QSC has its marketing already in place, has the potential audience, ever increasing footfall numbers and currently operating – to the benefit of the City of Peterborough. The QSC also carries out regular high impact seasonal television advertising campaigns featuring Peterborough, as does the Bill Kenwright company, who are currently presenting their second Winter season at the 1,000 seat Broadway Theatre and

28. To be helpful if the North Westgate development contained an IMAX cinema; now that might act as a prime anchor. But looking at the existing planning consents issued by the City of Peterborough over the years, if as the developers say, it is the anchor for phase one, then clearly the author of the objection letter is blissfully unaware of the planning precedent for approval of D2 Cinema and Theatre use in the central area of Peterborough and we refer to PBROTRIB Document 3 Planning Permission 99/01541/FUL Modernisation and extension of existing Cinema to create a multi-use auditorium building linked to adjacent development (revision to 97/PO184)

29. The Queensgate proposal for a cinema will immediately have a ready generated audience for a multiplex cinema which will be up and running several years before the overall North Westgate development reaches its final stage. In addition, the regeneration of The Broadway Theatre with a second winter and Christmas season of West End musicals produced by Bill Kenwright, and opening mid November 2015 will see a steady injection of some 2 to 3,000 extra people in the city centre on each and every performance day, week in, week out.

30. The last time this happened, two years ago, the entire season sold out, and the then hard pressed City Centre benefited substantially from increased footfall.

31. The following year when the theatre was dark, it had a negative effect on Christmas retail and hospitality trade and indeed two major high volume nightspots closed down immediately after New Year.

32. The point being the City of Peterborough urgently needs revenue generation now, and it makes sound commercial sense for Queensgate to complete all building and redevelopment works in one early phase and ideally before the major several years of disruption of the North Westgate Development.

33. Page 2 Paragraph 5 The Savills letter suggests North Westgate proposals “represent significant planned investment” it is of course only a proposal, and the Bristol based developers do not as of today's date have substantive secured funds firmly in place to start to acquire the hundreds of freeholds required to progress their outline proposal.

34. Midway through this paragraph the Savills Bristol letter suggest our West Country developer has confirmed interest, but then furiously backpedals ‘this is conditional upon the alternative scheme at QSC not proceeding alongside North Westgate!’

35. Clearly if the Broadway Theatre with its existing planning permission: PBROTRIB Documents Namely: PTRIB Document 3 Planning Permission 99/01541/FUL Modernisation and extension of existing Cinema to create a multi-use auditorium building linked to adjacent development (revision to 97/PO184) and PTRIB Document 4 Planning Permission 04/01560/FUL Use as Theatre and Cinema (D2) was to re-activate or alternate live

performance with 1,000 seater cinema presentations, (possibly Bollywood film productions which have substantial family appeal to our Asian communities) then the highly conditional interest to operate the North Westgate Cinema, said to be on the table according to the Savills Bristol letter would in fact go away. They have no firm offer, and clearly not in a position to dictate and counter already granted D2 permissions as evidenced in PTRIB Document 3 and PTRIB Document 4.

36. The Savills 9 page letter, and this is something new, not disclosed before, and must be very worrying as it at length spells out the fragile financial nature of the whole North Westgate proposition. Clearly the authors not understanding or aware that substantial planning consents for cinema and theatrical use already exist, and have existed for many years, and within the City centre.

37. Contrary to Savills assertion the existing permissions meet all regional development plan objectives see PTRIB Document 3 Planning Permission 99/01541/FUL Modernisation and extension of existing Cinema to create a multi-use auditorium building linked to adjacent development (revision to 97/PO184) and PTRIB Document 4 Planning Permission

38. By now it is painfully clear the Savills Bristol letter from Page 2 Paragraph 8 to Page 6 paragraph 30 is a justification for restraining trade in Peterborough, simply doing nothing, but possibly from a lack of local knowledge or incomplete research ignores the substantive D2 permissions already in place for the Broadway Theatre & Cinema. Having exhausted that line, a straight threat to pull out, is contained at Page 7 Paragraph 34, Savills on behalf of their Bristolian client says in effect, grant QSC cinema D2 planning permission and the whole £100 million Northgate development goes away. Needless to say, the £100 million is a possible figure, plucked out of the air by yet another industry consultant to the Bristol-based firm.

39. It logically follows that based on existing planning permissions as evidenced by the documents, if you accept the Savills 9 page letter at face value the game is therefore already over, and the developers Hawksworth Securities are clearly planning a discreet withdrawal, from North Westgate.

40. They cannot refute the key related documents we have: PTRIB Document 1 Full Planning Application 15/01013/FUL Queensgate Shopping Centre, Westgate, Peterborough, PTRIB Document 2

41. Outline Planning Permission Hawksworth Securities 15/01041/OUT North Westgate Development

42. Key related documents:

43. PTRIB Document 3 Planning Permission 99/01541/FUL Modernisation and extension of existing Cinema to create a multi-use auditorium building linked to adjacent development (revision to 97/PO184) PTRIB Document 4 Planning Permission 04/01560/FUL Use as Theatre and Cinema (D2).

44. Clearly none of this rings true, if the entire so called £100 million investment in North Queensgate relies solely on a 20th

Century Cinema concept, clearly the City should call Hawksworth Securities bluff, go with the proposal that puts almost immediate sustained additional revenues into this City, namely the well presented, and commercially viable QSC multiplex, which already has already made audience and substantial footfall to sustain it.

45. Finally, the nine page Savill letter lays great store in referring to Planning Policy Context (Page 2 Paragraph 8 to Page 7 Paragraph 32 inclusive). We would specifically draw your attention to Notice of Planning Permission Ref 04/01560/FUL Decision date 20 December 2004 Use as Theatre and Cinema (D2). "The application is therefore considered to be in keeping with Policy RLT20 of the Adopted Peterborough Local Plan and CC4 of the Replacement Local Plan." This effectively rubbishes the laboured and ultimately flawed Savill assertions set out over 4 folios.

46. We would submit there is no valid reason for not applying a like logic in approving the 'shovel ready' Full Planning Application 15/01013/FUL Queensgate Shopping Centre, Westgate, Peterborough, and its proposal for a small multiplex cinema. The cinema proposed will have little or no bearing on the North Westgate future development as it already has a well defined audience sustained by regular Tv campaigns attracting footfall to the City Centre and thus a positive benefit for any completed Phases of the North Westgate scheme.

47. Without a vibrant Queensgate Shopping Centre producing day on day substantial financial revenues for the City Council, the council deficit would be clearly much larger and continue to grow. The QSC has new owners who are well resourced, know this region well, employ hundreds of local people, they are securely funded and are considerably improving and renovating an 'elderly' shopping centre, in our view a valuable City centre core asset, sadly neglected by its previous owners, who decided Peterborough had no future, as the High Speed Railway was routed through Birmingham where they now operate from. It would be

commercial suicide by the City Council not to nurture and encourage new businesses and create new opportunities. To cave into the style of ‘threats’ contained within the Saville letter, would show to prospective Times Top 100 companies, that they too would meet objections from Savill, Bristol on behalf of their client if they also dared as QSC is seeking to do, to increase the attractiveness of their retail or presentational offer in the City Centre, Other potential new business would soon be aware of the QSC Cinema Planning decision, if only that Saville Bristol will use it as a case history promoting their mantra:

48. “Economic and policy conditions continue to put pressure on the profitability and deliverability of development projects. Viability appraisals and evidence are increasingly becoming the key to unlocking constraints and bringing forward development. Our main goal is to help clients de-risk affordable housing within schemes and deliver financially viable planning consents....” Savill Website

4. An email from the Peterborough Civic Society stating ‘Peterborough Civic Society have already submitted written comments raising concerns about this Application and intends to speak against the Application at the Planning Committee on 29 September.’

S .	15/01041/OUT	North Westgate Development Area Westgate Peterborough , Outline application (with all matters other than access reserved) for a mixed use scheme, to include, a cinema (Class D2), restaurants and cafes (Class A3), retail units (Classes A1, A2) a food hall (Classes A1, A3, A4, A5), office space (Class B1a), a hotel (Class C1), community and health care facilities (Class D1), residential (Class C3), together with associated car parking, vehicular access, servicing arrangements, public realm works and landscaping. The demolition of all buildings, excluding Westgate Church, the Brewery Tap, 16-18 (in part), 30-36 Lincoln Road and Lincoln Court
-----	--------------	---

1. 11 further letters of support have been received, raising the following issues:-

- A city centre cinema will be beneficial, and will enhance the city. It would be good to have all these amenities within walking distance of Netherton and West Town.
- This area needs regeneration, and a cinema. Do not allow Queensgate to scupper these plans, or the area to remain a ghetto.
- North Westgate has been talked about for years, however it is vital for the vitality of the city. It would create an attractive area and gateway into the city from the rail station. The site is designated for regeneration, and could take Peterborough forward. The most important thing is for this site to be redeveloped in a way that is a credit to the city and not overshadowed or diluted by other areas that could compromise it. This current proposal would deliver an excellent scheme for Peterborough. The proposal needs the cinema as the corner stone of the development and is fundamental to giving the area life.
- The proposal will bring more jobs, and will help the city economically.
- This proposal will give people more choice and variety of where to spend the day in the city.
- With the increase in London property prices, Peterborough should make the most of this opportunity to provide attractive housing for the London commuter market.
- An increase in population and demographic variety could increase the demand and provision of more arts and culture, and eventually a University.

1 letter has been received asking where people working in the shops will park. Peterborough doesn't have a park and ride facility, and some people need to use their cars. Parking should be factored in otherwise staff retention may be a problem.

2. A letter from the applicant Hawksworth Securities dated 22nd September 2015 is appended in Appendix 1.

3. A viability appraisal has been submitted by the applicant, which has been assessed by Officers.

The appraisal was based on 148 residential units, with no allowance for the PCC policy requirement

of 44 Affordable Units. The appraisal does not include any allowance for CIL, any liability will be determined at the submission of Reserved matters.

The following details have been submitted in support of the viability appraisal:

Build Costs A comprehensive cost indication and a schedule showing funding cost calculation has been submitted to support the total Build Costs from quantity surveyors Gardiner Theobald who have considerable experience as cost consultants in retail led urban regeneration projects. The estimated costs are based on Q2 2015. There has been no allowance made for Tender Inflation or Construction Inflation. Also, no allowance has been made for abnormal ground conditions or contamination issues. Officers consider that the figures provided by Gardiner Theobald are realistic.

Land Acquisition Costs have been submitted based on projected costs. We have been provided a letter dated 26th August 2015 by the Agent from Savills in Peterborough that confirms the sums assumed for the land acquisition costs are realistic.

Ground Works including Demolition This cost is estimated in the quantity surveyors Gardiner Theobald analysis.

Contingencies The general contingency adopted for design and construction is acceptable for a project of this nature.

Interest Officers have accepted similar levels of interest for other viability appraisals that have recently reviewed and therefore Officers are willing to accept the submitted rate.

Incentives This relates to rent free periods and the warm fit out of the cinema. The figures have been provided by letting agents Lunson Mitchenall.

Fees and On-Costs This sum contains fees for Architects / Quantity Surveyors etc. which based on previous appraisals that we have reviewed seem acceptable.

The residential values are based on information from Josh Hurford Estate Agents. The proposed residential floor-space for the residential element is 13,079m² or 148 units. The figures do not include any provision for Affordable Units, PCC policy requires the delivery of 44 Affordable dwellings based on a scheme of 148 units.

Residential schemes that have previously submitted viability appraisals support the anticipated residential income, therefore Officers are willing to accept that the anticipated revenue for the residential element of the proposal is reasonable.

The commercial revenues have been supplied by letting agents Lunson Mitchenall.

In relation to the Commercial Rents we have sought the advice from Barker Storey Matthews (BSM) who have provided the following feedback:

Retail Rents

In comparison to other retail pitches in the city centre and in out of town locations BSM advise that these general level of rents look high and in excess of what would be anticipated as the top end of the range.

Another factor to consider is effectively the proposal is a new retail destination currently occupying a very secondary position. Without a significantly sized retail anchor to the scheme, and general lack of critical mass for the retail element, it is anticipated that generating retail led pedestrian flows to this location could be difficult.

The estimated total rents particularly for the larger units look high in the context of other shops in the city centre outside of Queensgate.

The rent applied to the food store does not appear unreasonable albeit there is no car parking allocated. This may well affect appetite for the location from potential occupiers, and consequently adversely affect the level of rent that could be achieved.

Restaurant Rents

BSM considered rents achieved both in the city centre and out of town (Hampton) for restaurant units of a similar size. The rent applied by the developer does look on the high side but it is anticipated a premium to be paid given the proximity to the cinema.

BSM further commented that most of the operators would not require the mezzanine floors, and therefore the inclusion of these (and the rent attributed to them) may be viewed as optimistic.

Office Rents

It appears that the office space will have no dedicated car parking which will be a significant drawback in securing tenants in this location. The estimated rent is well in advance of what is currently being achieved for grade A1 office space pre-let at Hampton with a good provision of on-site car parking.

Cinema

BSM were unable to provide any specific comment but noted that if the cinema operator is the anchor to a scheme they will be able to negotiate a 'soft deal' with the developer.

Hotel Rents

BSM provided PCC advice in 2012 where they identified hotel rents within a range per room, consequently Officers are willing to accept the proposed room rate contained in the viability submission

Yields

BSM have advised that the range of adopted yields does not appear unreasonable and is consistent with evidence of other retail schemes sold elsewhere.

Conclusion

Officers suggest that the minimum level of return for the proposed scheme would not be achieved based on the submitted details. Also, taking into account the greater risks associated with a regeneration site a higher return than that associated with less complicated proposals would be a reasonable expectation.

Officers are therefore of the view that the submitted information adequately demonstrates that the scheme is unable to deliver any of PCC's Affordable Housing requirement as part of this outline application based on viability issues.