

DRAFT

DRAFT Land Assembly Strategy

**Cambridge Commercial Park, Cambridge
Northern Fringe East**

Strictly confidential and commercially sensitive

November 2018

Contents

1.	Executive Summary.....	1
2.	Introduction.....	3
3.	Background.....	5
4.	Compulsory Purchase Process.....	6
5.	Timescale and Programme.....	17
6.	Third party Acquisitions and Compensation.....	20
7.	Acquisition Strategy.....	24
8.	Special Types of Land.....	28
9.	Conclusions and Next Steps.....	31

Appendices

Appendix I	Indicative Interests Plan
Appendix II	Third Party Site Acquisition Estimates: Summary Schedule
Appendix III	Summary of Caveats and Assumptions

Prepared By: [REDACTED]
Status: Final draft
Draft Date: November 2018

For and on behalf of GVA Grimley Limited



1. Executive Summary

- 1.1 Cambridge City Council ("the Council") is seeking large scale redevelopment of a ■ hectare brownfield site located to the north of Cambridge City Centre. The area known as Cambridge Northern Fringe East (CNFE) is home to a number of uses including a water recycling centre, Cambridge Commercial Park/Cowley Road and Cambridge Golf Driving Range.
- 1.2 The Council recently appointed U+I and TOWN as their development partner to bring forward the redevelopment of CNFE. The intention is to bring forward a large mixed use development. A joint venture between Anglian Water Group and the Council ("the JV") has control over the core site within CNFE. However, in order to facilitate transport arrangements and improvements to the overall scheme at CNFE, it may be necessary to include part of the site currently not within the JV's full control at Cambridge Commercial Park/Cowley Road.
- 1.3 U + I has appointed GVA and DDC Ltd to advise on how best to assemble the Cambridge Commercial Park site to obtain vacant possession and ensure timely delivery of the wider CNFE scheme. This Land Assembly Strategy report is intended to provide advice to U+I and the JV to assist them in considering how best to acquire the interests and assemble the Site to contribute towards the wider redevelopment at CNFE.
- 1.4 U+I is exploring options to potentially acquire the interests at Cambridge Commercial Park by agreement where possible. However, in our experience, where there are multiple ownerships and occupations such as at Cambridge Commercial Park, compulsory purchase powers will be needed to assemble the site within the required timeframe. This Land Assembly Strategy thus sets out the various methods of assembling the required land to facilitate the development of CNFE including the use of compulsory purchase powers.
- 1.5 The report sets out that compulsory purchase powers most commonly used for this type of scheme are set out in section 226(1)(a) of the Town and Country Planning Act 1990. These compulsory purchase powers should only be used where it can be demonstrated that there is a "compelling case in the public interest" and that there are 'wellbeing' benefits deriving from the scheme which will outweigh the interference with the human rights of the individuals whose land is being taken.
- 1.6 Compulsory purchase powers are only available to certain statutory bodies including local authorities. The report therefore sets out that U+I will need to reach agreement with the Council that the Council is prepared to use their compulsory purchase powers and a contractual agreement will need to be in place before any Compulsory Purchase Order (CPO) is made for Cambridge Commercial Park.
- 1.7 The report sets out the three key tests considered by the Secretary of State in making the decision whether to authorise a CPO. These are; 1. Policy basis, 2. Deliverability, 3. Efforts to acquire. The Strategy provides advice on the range of factors which should be considered early in the process and re-visited throughout the process to ensure these tests can be met, including; planning permission; planning policy; wider Council priorities; ensuring correct Council delegation; and considering any other impediments to delivery.
- 1.8 The report sets out that the timetabling of any CPO should be linked to the planning application for the Scheme, with a strong recommendation that at least a resolution to grant planning permission should be in place before any CPO is made. As a minimum there should be an outline planning permission for the entire

CNFE redevelopment to ensure that not only are there no planning impediments to delivery but also that the site subject to compulsory purchase forms parts of a wider scheme and delivers all the associated wellbeing benefits.

- 1.9 The Council is preparing an Area Action Plan (AAP) for CNFE and the report sets out recommendations on the importance of U+I working with the Council to inform the AAP as it will be important in demonstrating that there is a clear planning policy framework for the delivery of the Scheme and the use of compulsory purchase powers.
- 1.10 The report provides information on the possible timetable for using compulsory purchase powers and highlights the other key work streams which will have an impact on the CPO timetable. We set out that the CPO timetable should be kept under review and should be incorporated into the wider project programme. In particular the Strategy highlights a number of workstreams which will have an impact on the CPO timetable and the strength of the case for the CPO including: obtaining planning permission; preparation of the AAP; the Housing Infrastructure Fund bid; and the Development Consent Order for a new water recycling centre.
- 1.11 Section 6 of the report and the associated appendices provides an overview of the compensation that a claimant is entitled to under the statutory Compensation Code. We also provide an Initial Third Party Site Acquisition Strategy Estimates at Appendix II, alongside information on the assumptions made, information relied on and caveats to this at Appendix III. The Site Acquisition Strategy Estimates addresses the cost of acquiring all the required property interests at Cambridge Commercial Park, setting out an assessment of the costs of acquiring all the interests currently identified within the Site, mostly on the assumption that compulsory purchase powers are exercised. At this stage it does not include estimates for the acquisition of any rights or easements.
- 1.12 Section 7 of the report provides advice on the three principal options to acquire the required interests and sets out a suggested acquisition strategy.
- 1.13 Section 8 of the report sets out that where there are special types of land, additional procedures apply if the land is acquired by compulsory purchase and the importance of carrying out a full review to identify whether there are any such special types of land.
- 1.14 The final section of the Strategy summarises our advice, and set out suggested next steps for the following six to twelve months. We conclude that, based on our initial review, there is considerable scope within the current CNFE project programme to assemble the Cambridge Commercial Park site using compulsory purchase powers within the required timeframes. Providing that all the required due diligence, negotiation and preparation is carried out prior to making the CPO, there is a strong opportunity for U+I to work with the Council to use their statutory compulsory purchase powers.

2. Introduction

- 2.1 Cambridge City Council ("the Council") is seeking large scale redevelopment of a ■ hectare brownfield site located to the north of Cambridge City Centre. The area known as Cambridge Northern Fringe East (CNFE) is home to a number of uses including a water recycling centre, Cambridge Commercial Park/Cowley Road and Cambridge Golf Driving Range. A new train station opened, serving this area, at Cambridge North in 2017, increasing the accessibility of this part of Cambridge. The station provides the potential to act as a catalyst for future development and growth. Anglian Water Group is planning to relocate the water recycling centre away from their current site, providing the opportunity for comprehensive redevelopment of the whole of this area.
- 2.2 The Council recently appointed U+I as their development partner to bring forward the redevelopment of CNFE. The intention is to bring forward a large mixed use development including commercial and residential uses ("the Scheme"). A joint venture between Cambridge City Council and Anglian Water Group ("the JV") has control over most of the land within the CNFE core site. However, in order to facilitate transport arrangements and improvements to the overall Scheme, it may be necessary to include part of the site currently not within the JV's full control at Cambridge Commercial Park/Cowley Road.
- 2.3 Cambridge Commercial Park/Cowley Road, also known as Cowley Commercial Park, Cowley Road Industrial Park, Cowley Road and Cambridge Industrial Estate, (referred at as "Cambridge Commercial Park" or "the Site" throughout this report) is under a number of third party ownerships, albeit the Council holds an interest in some of the properties. Whilst there may be some opportunities to secure vacant possession through the use of the Council's Landlord and Tenant powers and through agreement by negotiation, it is unlikely that all of the Site will be able to be secured without the use of compulsory purchase powers. On this basis, the JV and U+I are jointly considering whether the Council's statutory compulsory purchase powers could be used to assist in timely site assembly to enable comprehensive, coordinated development of the wider CNFE area.
- 2.4 U+I has appointed land assembly and compulsory purchase specialists consultants at GVA and DDC Ltd to consider how best to assemble the Site in order to obtain vacant possession and ensure timely delivery of the entire Scheme. This Land Assembly Strategy report is intended to be used by U+I and the JV to assist them in considering how best to acquire the interests and assemble the Site to contribute towards the wider redevelopment at CNFE. It is important to integrate the timetable and process for compulsory purchase of Cambridge Commercial Park into the overall CNFE's site assembly and wider project programme. GVA has prepared the overarching Land Assembly Strategy report, and DDC Ltd has prepared the Third Party Site Acquisition Estimates and accompanying indicative plan and assumptions and caveats documents (Appendices I, II and III).
- 2.5 This Land Assembly report covers the following;
- **Section 3. Background.** This section sets out a brief background to the proposed redevelopment of CNFE as well as a brief description of the Site and its surroundings.
 - **Section 4. Compulsory purchase process.** Whilst the JV and U+I intend to acquire third party interests by agreement, in our experience where there are multiple ownerships and occupations such as at

Cambridge Commercial Park, compulsory purchase powers will be needed to assemble the site within the required timeframe. In practice compulsory purchase powers may not actually be exercised for all of the interests but by having at least an agreement by the Council in principle to use compulsory purchase powers, this will reinforce and strengthen negotiations. This section explains the compulsory purchase order (CPO) process and the key factors which U+I and the JV will need to consider in assembling the site and using statutory compulsory purchase powers.

- **Section 5. Timescale and programme.** This section considers the various timescales of the key work streams to assemble the Site and enable construction to begin including timescales for obtaining planning consent, funding from Homes England, and the timetable for using compulsory purchase powers.
- **Section 6. Third party acquisitions and compensation.** Third parties will be entitled to compensation if their interest is to be acquired. We set out the basis for calculating this compensation and the likely key heads of claim if compulsory purchase powers are exercised. We also provide an estimate of costs for acquiring the various third party interests under a CPO through a draft Third Party Site Acquisition Estimates for the Cambridge Commercial Park. An indicative plan of the interests within the Site is provided at Appendix I. The full Third Party Site Acquisition Estimates and explanatory note is provided at Appendices II and III to this report.
- **Section 7. Acquisition strategy and recommendations.** Taking into account the preceding sections, we set out our advice on how to acquire the third party interests within Cambridge Commercial Park and key factors for U+I and the JV to consider.
- **Section 8. Special types of land.** Certain types of land are very difficult to compulsory purchase and pose risks to the process if they are included in a CPO. We explain these categories of land and review whether there appear to be any of these types of land within the Cambridge Commercial Park site.
- **Section 9. Conclusions and next steps.** We conclude and set out our recommended next steps.

3. Background

- 3.1 Cambridge North Station opened in May 2017, providing key connections to London's King's Cross and Liverpool Street stations, as well as Ely, Norwich and Cambridge. Located to the south east of CNFE, the development of and opening of the station has been a key catalyst for further development in this part of Cambridge.
- 3.2 CNFE is predominantly located within Cambridge City Council's administrative boundaries, with a small part of the site on the eastern side, known as Chesterton Sidings, within the administrative boundaries of South Cambridgeshire District Council. A large part of the area is a water recycling centre, owned and controlled by Anglian Water Group. It is understood that Anglian Water Group is moving the water recycling centre to an alternative site and intends to obtain permission for this through a Development Consent Order. This opens up significant development opportunities for comprehensive redevelopment across the whole of CNFE. This is a key growth priority for the Council and significant work has already been carried out to prepare the area for redevelopment including consideration of the various work streams and programming including the Development Consent Order for the replacement water recycling centre, the Housing Infrastructure bid ("the HIF bid), preparation of an Area Action Plan, appointing the development partner and obtaining planning consent for the Scheme.
- 3.3 Cambridge Commercial Park is located within the administrative boundaries of Cambridge City Council and is located at the far north-eastern extent of the Council's boundary. It lies approximately half a mile from Cambridge North Station which is positioned to the south east of the site. To the north of the site lies the A14, with junction 22 of the A14 to the north west. Milton Village is on the northern side of the A14. Cambridge City itself is approximately two and a half miles to the south west of Cambridge Commercial Park. The Site is located adjacent to the water recycling centre (on its western and northern sides), the Chesterton Sidings site (to the east) and Cambridge Golf Driving Range to its east.
- 3.4 Outside of CNFE, there are a number of other commercial parks located in close proximity including Cambridge Science Park to the west of Milton Road (A130), St Johns Innovation Park to the east of Milton Road, and Cambridge Business Park to the south.
- 3.5 Work has already been carried out to establish ownership within Cambridge Commercial Park and to seek to acquire the various interests through negotiation. Further information is set out in section 6 of this report and a plan showing the interests within the Site is provided at Appendix I to this report. The JV and U+I are working closely together to bring forward this Site to enable comprehensive redevelopment of the entire CNFE.

4. Compulsory Purchase Process and Justification

- 4.1 The compulsory purchase powers most commonly used for a scheme of this nature are set out in section 226(1)(a) of the Town and Country Planning Act 1990 (TCPA) which provides that a relevant planning authority (in this case the Council), on being authorised to do so by the Secretary of State, can compulsorily acquire land in its area "if the authority think that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to the land". The body using compulsory purchase powers is known as the Acquiring Authority.
- 4.2 Subsection 1A provides that the authority must not exercise this power "unless they think that the development, re-development or improvement is likely to contribute to the achievement or the promotion of economic, social or environmental well-being of the area".
- 4.3 Best practice guidance for the use of compulsory purchase is set out in Government (Ministry of Housing, Communities and Local Government) Guidance from February 2018, titled 'Guidance on Compulsory purchase process and The Criche Down Rules' ("The MHCLG Guidance"). The MHCLG Guidance states that a council should only use its compulsory purchase powers where it can demonstrate that there is a "compelling case in the public interest" to do so. This means that the 'wellbeing' benefits which will derive from the scheme which is being promoted will outweigh the interference with the human rights of the individuals whose land is being taken.
- 4.4 There are three key 'tests' which are considered by the Secretary of State in making a decision whether to authorise a CPO.
1. **Policy basis.** The TCPA powers are available to facilitate delivery of planning policy. There needs to be sufficient planning policy support for the proposals including showing how the scheme fits in with the planning policy framework and wider council priorities.
 2. **Deliverability.** Justification is required to demonstrate that the scheme is able to progress and that there are no other impediments to delivery and that the developer has sufficient experience, funding and resources in place to deliver the scheme.
 3. **Efforts to acquire.** Demonstration that reasonable efforts to acquire the various interests have been taken.
- 4.5 These tests will be considered by the Inspector and Secretary of State in making their assessment of whether the scheme contributes to social, economic or environmental wellbeing and whether there is a compelling case in the public interest for the CPO. There is also consideration of whether the purpose for which the land is being acquired could be achieved by other means. Further detail on these tests and requirements is set out below.

Agreement with Cambridge City Council to use their compulsory purchase powers

- 4.6 Compulsory purchase powers are only available to certain statutory bodies including local authorities. Therefore an agreement will have to be reached between U+I and the Council that the Council is prepared to use their powers of compulsory purchase. We understand that the Council is open to explore

opportunities to use compulsory purchase powers if required and that this report will assist in providing information on the rationale and process for doing so.

4.7 This contractual arrangement between the Council and U+I will need to be in place before any CPO is made for the Cambridge Commercial Park. We have not covered the details of an agreement within this document, but it is likely that any agreement would cover responsibilities, control and management of the process, and how costs and liabilities will be dealt with. This could be covered within a separate Compulsory Purchase Indemnity Agreement or it may be covered within a wider development agreement between U+I as the Council's chosen development partner, and the Council/JV.

4.8 Once agreement has been reached between U+I and the Council, the Council will need to obtain formal approval from the relevant Council authority to use its statutory powers. This is usually obtained through a Cabinet or Full Council approval firstly, to obtain in principle agreement to use compulsory purchase powers, and secondly, to actually make the CPO. This will need to be factored in the CPO and wider project timetable.

1. Policy basis

Planning Policy

4.9 In considering the use of compulsory purchase powers under the TCPA 1990, the underlying planning policy will need to be considered to see if there is sufficient support to obtain a successful CPO. The MHCLG Guidance requires that any programme of land assembly is set within a clear strategic framework, founded on an appropriate evidence base, and to have been subjected to consultation. In making a decision on a CPO the Inspector and Secretary of State will consider whether the purposes for which the land is being acquired fits in with the adopted Local Plan and the National Planning Policy Framework. Where there is no up to date Local Plan, consideration is given to the draft Local Plan. Paragraph 104 of the Guidance makes clear that where the justification for a scheme is linked to proposals identified in a development plan document which has been through the consultation processes but has either not yet been examined or is awaiting the recommendations of the inspector, this will be given due weight. We consider this further in relation to the proposed Area Action Plan (AAP) for CNFE below.

4.10 We have carried out an initial planning policy review and have summarised this below. Cambridge City Council and South Cambridgeshire District Council's two local plans were prepared in parallel, with much of the evidence base being shared between the two councils and informing both local plans. Both were recently adopted and both refer to the preparation of an AAP for CNFE.

Cambridge Local Plan 2018

4.11 The Cambridge Local Plan was adopted by Cambridge City Council on 18th October 2018. The Local Plan sets out the spatial strategy for the Council up to 2031 and includes a vision and a number of objectives and policies which support the principles of redevelopment of CNFE. The majority of CNFE, and all of Cambridge Commercial Park, is within Cambridge City Council's administrative boundary and thus covered by the Cambridge Local Plan 2018.

4.12 Key relevant parts of the Local Plan are;

- o *The vision for Cambridge to 2031.* The vision includes the aspiration to achieve a sense of place in all parts of the city and well-designed architecture. It also focuses on promotion of the use of sustainable transport. It seeks to continue the development of the city as a centre of excellence for higher education and research, with a focus on economic success. It promotes high quality housing provision and mixed and balanced communities with a range of housing sizes and types.
- o *Strategic objectives.* Key relevant objectives include;
 - o Contributing to an environmentally sustainable city.
 - Making the best use of energy (including community energy projects), water and other natural resources, significantly reducing carbon emissions and adapting to the impacts of climate change so that people can easily transition to a low carbon lifestyle.
 - o Highest quality design
 - Using the principles of sustainable design and construction to minimise the development's impact upon its surroundings through designs that are innovative and of the highest quality.
 - o Meeting the housing needs of the city within its sub-region
 - Delivering a suitable mix of housing types (including affordable housing), sizes and tenures to meet existing and future needs.
 - o Creation of inclusive, environmental sustainable communities
 - o Promoting and supporting economic growth
 - Stimulating growth in environmentally sustainable and accessible locations, encouraging innovation and supporting Cambridge's role as a world leader in research, higher education and knowledge based industries whilst maintaining the quality of life that is conducive to economic success.
- o *Spatial strategy.* The plan, including through the key diagram at Figure 2.1 identifies CNFE as an Area of Major Change. Policies throughout the plan promote significant changes in this area including employment and housing development.

Spatial strategy for employment:

- o The strategy is to support Cambridge's economy, offering a wide range of employment opportunities, with emphasis on growth of the Cambridge Cluster of knowledge-based industries, institutions and other existing clusters in the city, thus building on existing strengths in these areas.
- o The Council is targeting employment in these "knowledge-based" activities via close work with relevant partners such as the universities and The Business Board, and the Areas of

Major Change have been identified as one of several locations to be the focus of employment development.

Spatial strategy for location of housing development:

- o The development strategy focuses on creating strong, sustainable and inclusive mixed-use communities, making the most effective use of previously developed land to enable the maximum number of people to access services and facilities locally.
- o The strategic housing market assessment for the Cambridge housing market area recognised the need for 14,000 additional homes between 2011-2031, thus the Cambridge Local Plan 2018 provides for the development of these homes within Cambridge City Council's administrative boundary.
- o Over the period of the plan, this figure of 14,000 indicates an average delivery rate of 700 dwellings per year. Areas of Major Change including CNFE, have been identified as locations that can contribute significantly to the achievement of this target.
- o *Policy 14: Areas of Major Change and Opportunity Areas –general principles.* This policy sets out a range of requirements for development in the Areas of Major Change including requirements for the necessary infrastructure, higher density around key transport infrastructure including Cambridge North Station, and creating places with a sense of community. The expectation is for significant change and sustainable development in these locations including the CNFE Area of Major Change.
- o *Policy 15: Cambridge Northern Fringe East and new railway – area of major change.* This is the key policy supporting the Scheme. It identifies and allocates the area as the location for high quality mixed-use development that will create a revitalised and employment focussed area centred on Cambridge North Station.
 - o The development will comprise employment uses of primarily B1, B2 and B8, as well as supporting commercial, retail, leisure and residential uses (subject to acceptable environmental conditions).
 - o It also refers to an Area Action Plan (AAP), to be developed jointly by Cambridge City Council and South Cambridgeshire District Council for the Area of Major Change, which will determine the amount of development, site capacity, viability, timescales and phasing of the development. The policy sets out that the precise boundaries for the AAP will be considered through the AAP preparation.
 - o The supporting text to the policies makes clear that the development of CNFE will require partnership working between landowners and developers, as well as the two local authorities and Cambridgeshire County Council.
- o *Policy 40: Development and expansion of business space.* This policy encourages new offices, research and development to come forward in specific locations including CNFE, which is explicitly identified in paragraph 5.9 as a key employment site within Cambridge that will deliver new jobs and prosperity to the Cambridge area. Further detail is set out as below;

- o Developments on these sites aim to grow the Cambridge Cluster, by ensuring that there is sufficient employment land available in the right locations.
- o The recently completed Cambridge North station has significantly enhanced the development potential of the site area, as this links up with the wider transport network.
- o The precise amount of employment floorspace to be provided in CNFE will be determined by planning permissions granted and the vision for the area established by the AAP.

- o *Policy 45: Affordable housing and dwelling mix.* The policy states that planning permission will only be granted for residential development on sites where the minimum percentage of affordable housing has been secured on site in line with the thresholds which is 40 per cent minimum affordable housing for schemes of 15 or more residential units.

- o *Policy 56: Creating successful places.* The policy requires development to be designed to be attractive, high quality, accessible, inclusive and safe. Successful places will balance the needs of all users through high quality design and will be integrated into their surroundings, having identified and responded to opportunities and constraints of a site, resulting in places that are attractive and enjoyable for everyone.

- o *Policy 80: Supporting sustainable access to development.* Development will be supported where it demonstrates that prioritisation of access is by walking, cycling and public transport, and is accessible for all. Major developments on the edge of the city and in the urban extensions should ensure that they are supported by high quality public transport, within walking and cycling distance from the development, linking them to Cambridge's city centre and major centres of employment.

Cambridge City Council Policies Map, 2018

- 4.13 The Cambridge City Council Policies Map was updated and agreed for publication by the Council, alongside the Local Plan on 18 October 2018.
- 4.14 The relevant designations on the Policies Map are;
- Designation of CNFE as an Area of Major Change. Cambridge Commercial Park is within this boundary.
 - Transport Safeguarding Area across part of the Area of Major Change including Cambridge Commercial Park.
 - Identification and allocation of the Anglian Water Group site as a defined Existing Site as a Waste Water Treatment Works Safeguarding Area and a Waste Consultation Area.
 - Identification of a small part of Cambridge Commercial Park as an Existing Site at the southern end of the Site. There does not appear to be a policy within the Local Plan explicitly referring to this Existing Site designation.

- A Protected Open Space and small City Wildlife, Country Wildlife and Local Nature Reserve within the CNFE of Major Change. This is not within Cambridge Commercial Park itself.

4.15 In addition of note, there is a Green Belt designation outside, but adjacent to the designated Area of Major Change to the north east of the area. It does not directly adjoin Cambridge Commercial Park.

South Cambridgeshire Local Plan, 2018.

4.16 The South Cambridgeshire Local Plan was adopted by South Cambridgeshire Council on 27 September 2018. The Local Plan sets a number of policies, covering the period 2011 to 2031, which cover development across the wider CNFE. As set out above, whilst Cambridge Commercial Park itself is within Cambridge City Council, part of the wider area is covered by South Cambridgeshire Local Plan and the aspirations of the plan and its policies are important for the wider area.

4.17 Key relevant parts of the South Cambridgeshire Local Plan are:

- o *Policy S/6: The Development Strategy to 2031.* This policy identifies that the need for jobs and homes will be met as far as possible in order of preference starting with the edge of Cambridge, then at new settlements and finally in the rural area at rural centres and minor rural centres. Section 2 mentions that site allocations and the Area Action Plans for North West Cambridge, Northstowe, Cambridge Southern Fringe and Cambridge East are carried forward as part of the development plan to 2031.
- o *Figure 2: Key diagram for Cambridge and South Cambridgeshire.* The diagram identifies part of CNFE as a major development site within South Cambridgeshire and also within the proposed Area Action Plan boundary. It cross refers to the rest of the CNFE proposed development site area falling within the Area of Major Change within Cambridge City Council's boundaries.
- o *Policy SS/4: Cambridge Northern Fringe East and Cambridge North railway station.* Just as in the Cambridge Local Plan 2018, the policy states that CNFE and Cambridge North railway station will create a revitalised and employment focussed area centred on a new transport interchange. It also refers to:
 - o The Area Action Plan (AAP), to be developed jointly by Cambridge City Council and South Cambridgeshire District Council for the area, which will determine the amount of development, site capacity, viability, timescales and phasing of the development. The final boundaries of land that the joint AAP will consider will be determined through the preparation of the AAP.

South Cambridgeshire Policies Map 2018

4.18 The South Cambridgeshire Policies Map 2018 was agreed for publication on 27 September 2018, alongside the adoption of the South Cambridgeshire Local Plan.

4.19 The Policies Map allocates the Chesterton Sidings Site, adjacent to Cambridge Commercial Park. As referred to above, the South Cambridgeshire designates this site as a development site SS/4 and TI/1 and

includes it within the CNFE designation. The map designates this as a major development site for policies SS/4 and TI/1.

4.20 Cambridge Northern Fringe East Area Action Plan

4.21 Cambridge City Council and South Cambridgeshire District Council propose to jointly prepare an Area Action Plan (AAP) for CNFE to cover the designated Major Area of Change. As set out above this includes the Cambridge Commercial Park.

4.22 The Council consulted on an Issues and Options version of the AAP in 2014 which focused on employment led mixed use development across the whole of the area of change. However, we understand that the two councils are not proceeding with this version of the AAP and have instead recently begun the process of preparing a new AAP for the area.

4.23 A new Issues and Options draft AAP is being prepared jointly by the two councils. Consultation is planned for July 2020 and adopted is planned for July 2022.

Overall planning policy position and suggestions for the AAP

4.24 In summary, there is planning policy support for significant change and redevelopment across the whole of CNFE, with the area designed as an Area of Major Change. Cambridge Commercial Park lies within this Area of Major Change.

4.25 The Local Plans for both Cambridge City Council and South Cambridgeshire District Council provide clear policies for the Area of Major Change with the expectation of significant growth in this part of Cambridge. Both plans propose coordinated, comprehensive redevelopment of CNFE. Further policies within both plans also provide a clear policy framework for significant development in this area close to Cambridge North Station including the provision of new homes, employment and associated other uses. The overarching policy in the Council's Local Plan at Policy 15 allocates the CNFE for high quality mixed-use development, primarily for employment uses as well as supporting uses including residential.

4.26 Whilst these policies provide a good overarching framework for redevelopment, the emphasis remains on employment led mixed use development within CNFE. There also remains uncertainty within the Council's Local Plan on the precise redevelopment and relocation of the water recycling centre, although helpfully there is reference with the Council's Local Plan that as part of the feasibility investigations for the AAP, this will be looked at and residential development could be an option. There is not a detailed site specific policy or proposal site allocation for the Site (with the exception of the small designation as an Existing Site, which does not appear to have a correlating policy), only the overarching Area of Major Change designation.

4.27 The preparation of the joint AAP provides an ideal opportunity for U+I and the Council to ensure that there is a clear strategic planning framework which supports the complete redevelopment of the area including Cambridge Commercial Park. This would strengthen the case for using compulsory purchase powers for the Site. We would suggest the following;

- U+I work with the Council as its development partner and South Cambridgeshire District, as well as the wider JV to ensure that the AAP provides the required policy support to deliver the aspirations and objectives of the scheme. As part of this, key things to consider are;

- o A clear statement from the Council within a 'Delivery or Implementation' section of the AAP that they are prepared to use their statutory powers, including compulsory purchase, to facilitate delivery of planning policy objectives and improve their areas.
- o A clear reference to the Council working with its partners to deliver the redevelopment.
- o An emphasis and consideration on the need for comprehensive redevelopment of CNFE and how that is reflected in the AAP planning policy and planning application strategy. The AAP should be drafted to be clear that comprehensive redevelopment of all of the CNFE is required including the water recycling centre, Cambridge Commercial Park and the rest of the CNFE area.
- o Focus on the type of development that is expected and the benefits this will bring to the area within the policies and objectives including potentially social, economic and environmental benefits. The Council may wish to consider preparing more detailed land use allocations as part of the AAP, with detailed objectives and policies for key proposals sites.
- That the AAP is progressed as quickly as possible to support the compulsory purchase process and where possible there is an adopted AAP prior to at least the CPO Inquiry. The more weight that can be afforded to the AAP, the stronger the position for the CPO in terms of complying with the Local Plan and wider planning framework including justification that the Scheme delivers the benefits and objectives of the AAP.

Wider Council policy

- 4.28 U+I and the JV will also need to consider how the delivery of the Scheme, and the use of compulsory purchase to do so, delivers other Cambridge City Council and South Cambridgeshire District Council objectives and policies. It is helpful to do this at an early stage and summarise these policies to understand the wider policy support for delivering mixed use development in this location.
- 4.29 From our initial review, both councils place a strong emphasis on the need and aspiration to deliver new high quality homes. Cambridge City Council has an Interim Housing Strategy 2017 which sets out a vision for housing in Cambridge to include providing a wider and varied choice of good quality housing and ensuring that homes are located in high quality sustainable environments, served by jobs, neighbourhood facilities, transport links and other necessary infrastructure. The Strategy refers to the Council working with stakeholders to accelerate the delivery of housing and infrastructure as well as making the best use of Council land to maximise the supply of housing for those who cannot afford or access the private market.
- 4.30 Likewise, there is strong aspiration and support for further economic development across Cambridge. The Greater Cambridge Partnership, which is a local delivery body for the City Deal with central Government is governed by four partners: Cambridge City Council, Cambridgeshire County Council, South Cambridgeshire District and the University of Cambridge. It seeks to improve the Cambridge area including investments to improve infrastructure, supporting and accelerating the creation of [REDACTED] new jobs and [REDACTED] new homes.

- 4.31 The delivery of the JV and U+I's Scheme to provide new homes, employment opportunities and schools will help to deliver these Council and wider Greater Cambridge Partnership priorities for Cambridge. A further more comprehensive review should be carried out as part of the preparation for the use of compulsory purchase powers and may also be helpful to feed into the Housing Infrastructure Fund bid.

2. Deliverability

Delivery of the Scheme

- 4.32 In deciding whether to confirm compulsory purchase orders, Inspectors and the Secretary of State require clear evidence that the confirmation is the only remaining impediment to enable delivery. They will not approve use of these powers, with the consequent impact on existing owners and occupiers, if they cannot be certain that the benefits of the proposed scheme will actually be delivered. In this situation, the Council would therefore require U+I as its development partner to provide this certainty.
- 4.33 This will include demonstrating that a number of statutory requirements, such as planning, stopping up orders or other consents are in place or can be delivered, as well as demonstrating that U+I has experience, resources, finance etc to deliver the scheme, and is committed to doing so.
- 4.34 We set out further detail below.

Land and rights included

- 4.35 U+I and the Council will need to carefully consider the land and rights to be included in any CPO. It is necessary to justify the need for each and every plot or third party right within a CPO. The CPO should include the minimum necessary land and rights required.

Experience, resources and finances

- 4.36 Compulsory purchase powers should only be used where there is a scheme which is intended to actually be delivered. U+I and the JV will need to demonstrate to the Inspector/Secretary of State that it has the capacity and intention to actually deliver the Scheme. This will include providing evidence of U+I and the JV's experience of delivering on other developments, information on how it intends to fund the delivery of the scheme as well as the resources relied on to ensure timely delivery.

Planning permission

- 4.37 Generally, we would recommend that acquiring authorities ensure planning permission for the scheme is in place before making the CPO. This is not a statutory requirement and the legislation does allow for the making of a CPO in circumstances where there is not a planning permission in place. However, paragraph 15 of the MHCLG Guidance makes clear that the acquiring authority will need to show that the scheme is unlikely to be blocked by any physical or legal impediments and expressively refers to the need for planning permission. The Guidance states that if planning permission is yet to be granted, the acquiring authority should demonstrate to the confirming minister that there are no obvious reasons why it might be withheld.

- 4.38 Furthermore, if a CPO is made without a consented planning permission for the scheme, there is greater risk and uncertainty and an increased likelihood of challenge at a CPO Inquiry. It is very important that the supporting documents for any planning application consider and emphasises the benefits of the scheme, explaining how the delivery of the planning application will deliver social, economic and environmental wellbeing benefits. The supporting documents provide the opportunity to support the case for the use of CPO for the site. Accordingly, we recommend the planning permission (or at least a resolution to grant planning permission) is in place before the CPO is made. The early CPO preparatory work, up to the point of making the CPO, can be progressed prior to the grant of planning permission.
- 4.39 We understand from the information provided by U+I that a hybrid planning application for the redevelopment of CNFE is expected to be submitted to the Local Planning Authority in March 2022 and determination is programmed for December 2022. The planning application needs to cover the whole of the CNFE site to ensure that there is a planning permission in place for the whole Scheme to demonstrate that there are no planning impediments to delivery and to demonstrate the wider wellbeing benefits of the Scheme. This could be on the basis of the application being a combination of an outline for part of the CNFE site and a full detailed planning application for part of the CNFE site. There could be recognition within the planning application that the Cambridge Commercial Park site will be within one of the later phases of redevelopment. On this basis we would advise that the CPO is not made until the earliest at January 2023, with vacant possession unlikely until May [REDACTED]. We understand that the current programme envisages construction to begin in early [REDACTED] across the Council owned sites within CNFEs, and that various other construction and remedial work including relocating the water recycling centre will be carried out prior to the potential transport works and improvements required across Cambridge Commercial Park. In practice therefore, we understand, that it is likely that work will not need to begin on the Site for a further two to three years post [REDACTED], especially as practicable completion of the entire Scheme is not programmed until October [REDACTED]. On this basis, linking and integrating the formal making of the CPO to the timetable for the planning permission is a sensible approach as it reduces risk by ensuring planning consent is in place whilst also enabling vacant possession at the required time. We set out further information on timetabling in section 5 of this report.
- 4.40 In summary, we would recommend U+I and the JV, as a minimum, ensure that there is a planning consent for the full comprehensive redevelopment of CNFE prior to the making of the CPO (minimum of a resolution to grant) to enable a case to be made that there are no planning impediments to the delivery of the Scheme. This is important in demonstrating that the Site for which compulsory purchase powers are being used is part of a much larger scheme and thus delivers extensive benefits and contributes to the delivery of coordinated, comprehensive redevelopment. The planning application could be an outline for the entire Scheme or a hybrid (combination of outline and full) to cover the entire Scheme. The key point is the planning application covering the Cambridge Commercial Park Site should be part of the wider Scheme to demonstrate the coordinated, comprehensive redevelopment and delivery of all the benefits. This will assist in making the case for CPO.
- 4.41 U + I and the JV should also consider ensuring that by at least the CPO inquiry that there is also a clear programme for progressing the reserved matters applications for the outline planning consent as well as discharging any planning conditions.

Stopping Up Orders (if applicable)

4.42 If stopping up orders are required to deliver the Scheme, it would be sensible to consider making these at the same time as the relevant compulsory purchase order. This will ensure that if any objections are made to the stopping up order, they can be considered at a joint CPO/SUO Inquiry.

4.43 In addition, the need for a stopping up order is a further potential impediment to delivery of a scheme, and therefore once this has been granted, it will provide further credibility to demonstrations of deliverability.

Development Consent Order for the new Anglian Water water recycling centre

4.44 The Anglian Water Group's water recycling centre covers a significant part of CNFE. The relocation of the water recycling centre to an alternative site outside of CNFE is a crucial part of the process to enable the Scheme to come forward. Anglian Water Group is seeking to apply to the Secretary of State for the new water recycling centre to be designated as a Nationally Significant Infrastructure Project (NSIP).

4.45 Assuming the project is designated as an NSIP, Anglian Water Group will then prepare a Development Consent Order for the new water recycling centre, with a timetabled decision from the Secretary of State on the DCO by February 2021. We set out further detail on this in section 5 on timetabling and programme but the key point to note is that once the DCO has been approved, it will provide further credibility to demonstrations of deliverability.

Other impediments to delivery

4.46 There may be specific issues or concerns which could be seen as impediments to delivery if not adequately resolved. These might include, for example, environmental consents, or central government approvals of land disposals.

3. Efforts to acquire

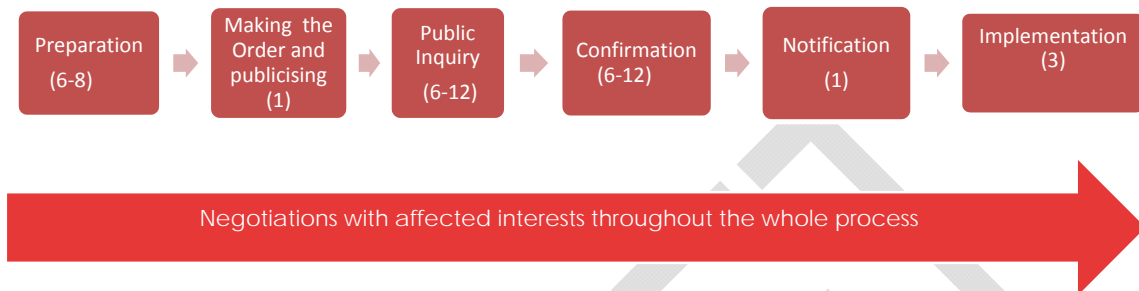
Before Commencing the Process/Efforts to acquire by agreement

4.47 The MHCLG Guidance requires acquiring authorities to attempt to acquire land by agreement where practicable before embarking on the CPO process. However, it is recognised that for schemes involving the acquisition of the number of interests such as in this case, it is sensible to run the CPO process in parallel with negotiations. Paragraph 2 of the MHCLG Guidance makes clear that if an acquiring authority waits for negotiations to break down before starting the compulsory purchase process, valuable time will be lost and therefore it is often sensible for acquiring authorities to plan a compulsory purchase timetable as a contingency measure and initiate formal procedures. Furthermore, starting the formal compulsory purchase process usually assists in highlighting the seriousness of the acquiring authority's intentions, which often encourages those whose land is affected to enter more readily into meaningful negotiations.

4.48 U+I has begun the undertaking of negotiations to acquire the required interests by agreement and will continue this process. It is vital that U+I make reasonable attempts to acquire by negotiation and that they document all their efforts. Further information and the suggested strategy for dealing with negotiations is set out in more detail in section 7 of this report.

5. Timescale and Programme

5.1 For the purposes of preparing your project programme, we would suggest allowing ■ months for the complete compulsory purchase process. The process of obtaining and executing a CPO is summarised below (number of months per stage in brackets).



5.2 As set out in section 4 above, in general we would recommend linking the CPO timetable to the planning application timetable as the ability to demonstrate that the Scheme will be delivered is crucial to a successful CPO. This would mean that the CPO should not be made until at least a resolution to grant planning permission is secured.

5.3 Assuming that this is the case, the 'best case' CPO timetable for securing vacant possession of Cambridge Commercial Park would be as set out below (suggested dates in brackets). We have relied on information provided by U+I for the current proposed dates for the various work streams including obtaining planning consent.



5.4 As set out in section 4, we understand that in reality U+I and the JV do not need to start works on Cambridge Commercial Park until later in the timetable, potentially around 2024/2025. The CPO timetable should be integrated into the wider CNFE programme accordingly. In particular it is important to note that a confirmed CPO usually only has a 'lifespan' of three years once the notices are served. It therefore may be more appropriate to delay the making of the CPO until later in the timetable. In addition, the Inspector and Secretary of State in considering the case for the CPO will consider whether there are any other impediments to delivery of the Scheme and will want to be reassured it is only vacant possession which is required to enable delivery and that there is a clear programme to start on site within a reasonable time once the CPO is confirmed and implemented. It is therefore important to also consider the many other work streams which impact on this project and how to ensure a strong case for a CPO for the Site as possible by minimising risk to the confirmation of the CPO. These include;

- Obtaining planning permission
 - As set out above, the current timetable proposes that planning consent will be granted in December 2022. The CPO timetable above is predicated on this, with the proposed date to make the CPO as a month after the planning consent.
 - It is unclear within the current timetable whether the December 2022 planning permission date is for a resolution to grant, or the granting of the application including the section 106 agreement. In practice it is likely that there will be a three to six month gap between the resolution to grant and the granting of planning permission. In terms of the CPO, we would be content to make the CPO following a resolution to grant if this was required to quicken the timetable.
- Preparation of the Area Action Plan for CNFE
 - As set out in section 4, the AAP for CNFE is important in providing the planning policy support for the CPO.
 - Ideally there would be an adopted AAP in place by the time of the CPO Inquiry to provide a stronger policy support for the Scheme and its objectives. However, it is not imperative and the MHCLG Guidance recognises that weight can be afforded to draft planning policy which has progressed through the consultation and submission to PINS process.
 - The current proposed AAP timetable sees the AAP submitted to the Secretary of State/PINS in July 2021 and adoption planned by June 2022.). This timetable would see the AAP adopted before the CPO Inquiry anticipated earliest date of [REDACTED] which would strengthen the case for the CPO and the Scheme delivering the Council's planning policies for the site.
- Housing Infrastructure Fund bid
 - This is important in assisting in demonstrating to the Inspector and Secretary of State that the Scheme and its supporting infrastructure can be delivered and that there is funding in place for this.
 - Paragraph 106 of the MHCLG Guidance states that the timing of any available funding may be important as part of the case for deliverability of a CPO. U+I and the JV should consider the timing of HIF monies and integrate these into their timetable.
- Any other consents such as Stopping Up Orders or other traffic regulatory orders
- DCO timetable for the replacement Anglian Water water recycling centre.

5.5 In addition there are a number of factors which may impact on the timetable, of which their impact is as yet fully established. This include;

- Elections. There are a number of Council elections throughout the next four years which may have an impact on the timetable including the CPO process as in our experience members are often reluctant to make a CPO in the run up to an election.
- Land condition and scope of remedial work to prepare CNFE for redevelopment. In particular there could be considerable work to prepare the existing water recycling centre for redevelopment or through surveys and investigations for the Environmental Impact Assessment.

5.6 At this early stage in the project, there is much uncertainty in the precise timetabling of the scheme, particularly as there are so many different work streams. We would therefore suggest keeping the overarching timetable under regular review including integration and review of the CPO timetable throughout the project to ensure that work can start on site within the required timeframe.

DRAFT

6. Third Party Acquisitions and Compensation

- 6.1 If an interest is compulsorily acquired, the claimant is entitled to compensation which is assessed based on the statutory principles which govern the assessment of compulsory purchase compensation, commonly referred to as the Statutory Compensation Code (sometimes also known as the Compulsory Purchase Code).

Basic principle

- 6.2 The overriding principle at the core of compensation is the principle of equivalence. This means that when a claimant has land taken he should end up in financial terms in a position where he is no worse or no better off than he was prior to the acquisition.
- 6.3 Compensation is assessed in accordance with what is commonly referred to as the "Compensation Code" which is the name given to the collection of statutes, case law and established principles used in settling compensation claims. The principal legislation is the Land Compensation Act 1961.

Third Party Site Acquisition Estimates

- 6.4 The Third Party Site Acquisition Estimates Summary Schedule at Appendix II ("Site Acquisition Estimates") addresses the total cost of acquiring all the required property interests at Cambridge Commercial Park. The summary Site Acquisition Estimates set out an assessment of the costs of acquiring all of these property interests currently identified within the Site, mostly on the assumption that compulsory purchase powers are exercised. This includes all the compensation payments for property interests which would be payable in the event that compulsory purchase powers are exercised. At this stage it does not include any estimated compensation for the acquisition of rights or easements as this is premature pending a full title search and detailed review of the site and its surroundings (see also section 8 of this report). The Site Acquisition Estimates set the estimated compensation entitlements under the heading 'Capital Value' for the land take/market value element of compensation and 'Disturbance' as the broad heading for all the other heads of claim.
- 6.5 Some of the interests are in Council freehold ownership and where this is the case and where it would be possible to secure vacant possession using Landlord and Tenant powers within the required timeframe, we have assumed these will be exercised rather than compulsory purchase powers. Further detail on the assumptions made, information relied upon and caveats to the Site Acquisition Estimates are provided at Appendix III to this report. Further information is also set out within this appendix on the purpose of these estimates in the negotiation process.
- 6.6 At present, as per the current timetable as part of our instructions, we have assumed vacant possession is required in [REDACTED] and thus only allowed for the use of Landlord and Tenant powers where it is possible to obtain possession by the start of [REDACTED]. In reality, especially as it is likely that vacant possession of Cambridge Commercial Park is not required until later in the programme, there may be scope to secure further interests through the use of Landlord and Tenant powers.
- 6.7 A summary of Caveats and Assumptions applied to the Site Acquisition Estimates is set out at Appendix III and a plan illustrating the interests considered is provided at Appendix I.

6.8 The Site Acquisition Estimates should set the framework for making offers that reflect the additional compensation over and above market value, and will assist with setting budgets. We would suggest regular reviews of these as further information becomes available and as timescales are updated.

Valuation date

6.9 The date of valuation for the assessment of compensation is the earlier of:

- date values are agreed;
- date possession is taken;
- date of the Lands Tribunal decision.

6.10 In this case, possession of the land has not yet occurred and the valuation date will remain "floating" until one of the above has occurred.

The Statutory Basis of Claim

6.11 Section 5 of the Land Compensation Act 1961 sets out six rules which govern the assessment of compensation. Rules (2) and (6) are the most relevant. They provide:

- Rule 2: "The value of the land shall...be taken to be the amount which the land if sold in the open market by a willing seller might be expected to realise."
- Rule 6: "The provision of rule (2) shall not affect the assessment of compensation for disturbance or any other matter not directly based on the value of land."

Heads of Claim

6.12 The heads of claim likely to be relevant in this case assuming the interest has been compulsorily acquired, are as follows:

- land taken;
- statutory loss payment;
- disturbance or any other matter not directly based on the value of land;
- and reasonable professional fees.

6.13 Each of the heads of claim which may be applicable in this instance is considered further below.

Land Taken

6.14 Other than in exceptional circumstances the value of an interest is based on its market value and the seller is assumed to be a willing seller.

6.15 The valuation should reflect the actual physical condition of the property at the valuation date.

The "No Scheme World"

6.16 In considering the appropriate market value for the interest it is necessary to disregard the scheme underlying the acquisition. This is commonly referred to as the no scheme world. This is a hypothetical

position where it is necessary to identify the scheme for which the land is being acquired and then to disregard any effects, positive or negative, it may have on value. This is sometimes referred to as the "Pointe Gourde" principle following the case of *Pointe Gourde Quarrying and Transport Company v. Sub-Intendent of Crown Lands* [1947], although it subsequently received a statutory equivalent in section 6 of the Land Compensation Act 1961. It is also necessary to disregard any impact on value arising from the fact that the land is being compulsorily acquired. This is set out in section 9 of the 1961 Act and has been updated via more recent legislation.

Statutory Loss Payment

- 6.17 Commercial tenants are entitled to a Basic Loss Payment of 7.5 per cent of the value of the interest capped at £75,000. We consider it unlikely that the commercial tenants will have any value in their leases and therefore will not be receive a basic loss payment, but this should be kept under review.
- 6.18 Commercial property occupiers are entitled to an Occupiers Loss Payment based on the greater of 2.5 per cent of value of the interest or £25 per sq m applied to the gross area of the property subject to a cap of £25,000.

Disturbance

- 6.19 For the most part this only applies to occupiers of land and it relates to the costs incurred of moving out of the property. The general rule is that the claimant is entitled to the costs incurred and the losses sustained which flow as a direct and reasonable consequence of being removed from the property.
- 6.20 There is a general rule that the claimant must act reasonably and mitigate his loss. This means he is required to seek the most economically sensible route. This would include things like seeking three quotes for items of expenditure and choosing the one which provides best value for money. In order to comply with the principle of equivalence, if for example new blinds and carpets are required, then the compensation in respect of these items should take into account the age and condition of the items that are being replaced and not the full cost of the new items. In addition, the compensation claimed must not be too remote. It must arise as a direct consequence of the acquisition.
- 6.21 Investment owners are entitled to be compensated for the costs incurred in investing in another property (subject to qualifying criteria) under s.10a of the Land Compensation Act 1973.
- 6.22 For commercial occupiers, if they relocate the business, the compensation is likely to include:
- o the costs of acquiring relocation premises – agents fees, legal fees, survey, SDLT;
 - o loss on unwritten down value of existing fit out, fixtures and fittings;
 - o physical removal costs;
 - o temporary loss of profits;
 - o other items of expenditure which arise as a direct consequence of the acquisition.

6.23 If suitable relocation premises cannot be found, then a claim can be made on the basis of total extinguishment of the business. A claim can also be made on this basis if the proprietor of the business is over the age of 60. Compensation for extinguishment will include:

- o the value of the business goodwill – assessed by capitalising the net adjusted profits of the business by the appropriate multiplier
- o loss on forced sale of stock, vehicles and plant and machinery
- o redundancy costs
- o administrative costs of winding up the business

Professional fees

6.24 Each claimant is also entitled to their reasonable surveyor's and legal fees incurred in preparing their claim and negotiating compensation, together with legal fees for deducing title and dealing with the conveyance.

Blight

6.25 Once a property is within a CPO made under TCPA 1990, (the most likely process for this scheme) the owner / occupier may be entitled to serve what is known as a 'Blight Notice' in order to force the acquiring authority (the Council) to purchase their property in advance of the project timetable.

6.26 This is subject to them satisfying the occupational requirement – subject to very limited exceptions, they must either be an owner/occupier of residential private dwelling or an owner-occupier of any commercial hereditament where the annual rateable value does not exceed a specified limit – currently £36,000 although this is regularly reviewed.

6.27 The acquiring authority has limited defence to a blight notice – if the property is required for the scheme and the person serving the notice meets the above criteria, then the acquiring authority will have to accept the blight notice.

6.28 Once a blight notice has been accepted, this is treated as a deemed notice to treat, with all the liabilities and time scales which flow from this.

7. Acquisition Strategy

7.1 There are a number of different ownerships and occupiers within the commercial estate at Cambridge Commercial Park. The Site Acquisition Estimates at Appendix II to this report set out the detail on this, relying on information from the Land Registry and Cambridge City Council. In summary, the Site includes a number of different commercial uses with a variety of different tenancies, occupations and uses.

7.2 There are three principal options available to U+I, working with Cambridge City Council and the wider JV, to acquire the required interests. These are:

1. Acquisition by agreement
2. Termination of leasehold interests using Landlord and Tenant powers
3. Compulsory Purchase

7.3 Each of these methods has its benefits and it is envisaged they will all be used in combination to ensure vacant possession of the site is achieved, at the time required, in a cost-effective manner.

1. Acquisition by agreement

Negotiations

7.4 The objective is that acquisition of all property interests should be agreed via negotiation, based on the statutory compensation framework, in order to demonstrate that U+I and the JV is being reasonable in its approach, thereby securing their support for its proposals and to reduce the number of properties that will have to be compulsorily acquired.

7.5 Negotiations have already begun with the various property interests.

2. Termination of leasehold interests using Landlord and Tenant Powers

7.6 The Council holds a number of freehold interests within the Site and there is thus potential for the Council to secure vacant possession of some of the properties through its Landlord and Tenant powers. As set out in the Site Acquisition Estimates and the underlying Assumptions and Caveats document (Appendices II and III to this report), we have not had sight of all the various leases and so to apply caution at this stage in the process we have assumed that all occupiers have the benefit of being within Part II of the Landlord and Tenant Act 1954. This provides tenants with a right to renew the lease at the end of the contractual lease term. There are only limited grounds on which the landlord can obtain vacant possession. The grounds are set out below:

- a. Premises are in disrepair
- b. Arrears of rent
- c. Other breaches of covenant
- d. Suitable alternative accommodation
- e. Tenancy was created by sub-letting

- f. Landlord's intention to redevelop or reconstruct
- g. Landlord's intention to occupy.

- 7.7 Ground (f) is likely to be the most relevant in this case. In order to terminate the lease on this basis, U+I/the Council will need to serve a s.25 Notice between [REDACTED] before the end of the contractual term.
- 7.8 If the tenant should apply to the Court for the right to a new lease, then U+I/the Council will need to demonstrate by the Court date that there is a firm and settled intention to demolish and redevelop. Such evidence can include, for example, board minutes, architect's plans, planning permissions, business plans, consultations and feasibility studies. U+I/the Council will also need to demonstrate a reasonable prospect of achieving the redevelopment.
- 7.9 If the lease is terminated on this ground, then the tenant is entitled to compensation. If the tenant has occupied the premises for less than 14 years, compensation is 1 x the rateable value of the property. If the tenant has been in occupation for more than 14 years then the compensation is 2 x the rateable value of the property. We have applied estimates of compensation under Landlord and Tenant powers within the Site Acquisition Estimates where there is the possibility of achieving vacant possession through this means by the start of [REDACTED]. These should be kept under review as part of the suggested regular review of the Site Acquisition Estimates and the project timetable.

3. Compulsory Purchase

- 7.10 As the Council is considering using its compulsory purchase powers on behalf of U+I, it will be important to ensure that negotiations in advance of that can be demonstrated to be reasonable efforts to acquire by agreement. The Council/U+I will need to demonstrate that they have treated affected parties consistently and fairly, and that they have based the negotiations on their reasonable opinion of the value of the assets they are trying to acquire.
- 7.11 Further information is set out below as well as in Appendix III to this report.

Negotiations in advance of CPO

- 7.12 We understand that U+I has begun negotiations on the Site to seek to acquire the various interests by agreement and that some offers have been made.
- 7.13 The prospect of acquisition will result in a high level of uncertainty for affected parties, ensuring they are unable to plan for the future. Therefore, U+I must ensure they can provide as much certainty as possible to affected parties. For example, providing undertakings for professional fees (albeit appropriately limited in quantum) or being prepared to proceed with acquisitions if property occupiers find relocation premises ahead of project programme, can assist in reaching agreement. U+I will need to decide in advance what certainty and undertakings they can provide and any pre-conditions to these, and then apply these consistently. U+I and the JV may also wish to consider whether they will actually acquire any of the third party interests prior to any Council resolution to use CPO powers. Consideration should be given to the use of conditional contracts to acquire the third party interests at a later date post the CPO being progressed.

- 7.14 Until the Council has made a public decision on the principle of using its compulsory purchase powers, U+I should not raise the prospect of using these powers with affected parties.

General principles

- 7.15 The MHCLG Guidance and best practice recognises that it is reasonable to prioritise acquisition of some interests within a site, and it is common practice to commence negotiations with freeholders and long term leaseholders ahead of short term occupiers. It is also sensible to identify any particularly sensitive third party interests to be acquired, or those who may have more difficulty in relocating or dealing with the impact of the acquisition. The MHCLG Guidance and best practise advises that acquiring authorities and their partners should be prepared to offer compensation based on compulsory purchase compensation when negotiating in the shadow of a compulsory purchase order.
- 7.16 However, a balance has to be reached as to when it is appropriate to make additional payments over the market value so as to ensure that the scheme is financially viable and that U+I reduce the risk of making payments above the market value in the event that the Scheme does not proceed, U+I could recoup the money spent by disposing of the property on the open market.
- 7.17 As yet, U+I do not have agreement with the Council on the use of their compulsory purchase powers and there is no general public knowledge that U+I will work with the Council to use their compulsory purchase powers to deliver the redevelopment, and thus a case could be made that it is reasonable to state that the current negotiations are not 'in the shadow' of a compulsory purchase, and therefore consideration over and above market value need not be offered.
- 7.18 There is no definitive date within legislation from which consideration reflecting full compulsory purchase compensation must be offered. However, it is public information that U+I is the Council's chosen development partner for CNFE and it is public information that Anglian Water Group is proposing to relocate the water recycling centre and large scale comprehensive redevelopment is planned for the whole of CNFE. Furthermore, reasonably on a development site of this size, one would expect compulsory purchase powers to be used for at least part of the site assembly.
- 7.19 However, the timetable for making the CPO is, at the earliest, November 2021, and in reality may be considerably later if the Site is not required until [REDACTED] onwards. The Council would reasonably take a formal decision to in principle use compulsory purchase powers for the Site around [REDACTED] before making the CPO, which at the earliest would be the in principle decision at April 2021. This could be as late as [REDACTED] depending on the eventual timetabling for works on this Site.
- 7.20 On this basis, as there is considerable time before there will be any public announcement of using compulsory purchase powers, and as there are so many other work streams with associated risks to progress prior to making the CPO, a reasonable approach could be for U+I to continue negotiating with affected parties on the basis of market value only rather than the full compulsory purchase compensation. Reasonably, this could be up to the timing of the in principle Council decision and at that point U+I will be able to inform those affected that, if agreement cannot be reached, their properties will be acquired using compulsory purchase. From this stage onwards, those affected will also receive requisitions for information, the first formal stage of the compulsory purchase process, which is usually considered the start of the 'shadow period' of the CPO.

- 7.21 By this stage, U+I should make offers based on full compulsory purchase compensation. However, U+I should review the approach they wish to take early on in the process with the Council as they may decide to do so earlier when taking into account the community and political implications of the site assembly process. Furthermore if the prospect of compulsory purchase is made public earlier in the process, it would normally be best practice to negotiate as if in the shadow of a CPO and to negotiate in line with the Compensation Code. We would therefore recommend careful monitoring and the review of this timescale in order to ensure that if the potential for use of compulsory purchase powers for the different phases becomes public knowledge, then offers being made include the relevant compensation for that stage. U+I and the Council must ensure that they keep accurate records of all their negotiations.

Additional assistance

- 7.22 Whilst it is not a requirement under the Compensation Code to relocate occupiers, it is important to consider whether there is scope for U+I or the JV to relocate at least some of the occupiers. U+I will need to satisfy itself that there are sufficient relocation opportunities to ensure that arguments for extinguishment are minimised. We understand that there may be opportunities for offering relocation continuity to affected parties within the CNFE wider area.
- 7.23 In our view, and as set out in the Site Acquisition Estimates (Appendix II), the key occupiers where relocation should be prioritised are Stagecoach (100 Cowley Road, plan reference 27, and 80 Cowley Road, plan reference 15) and Lafarge Tarmac (plan reference 28). The Stagecoach sites operate as a main operational centre serving Cambridge and require close proximity to mitigate claim for dead mileage. At present they cover over 2.4 acres of the Site and thus a considerable site could be required for relocation. Likewise consideration should be given to Lafarge Tarmac as the site is strategically located next to the railway sidings and consideration will need to be given to retaining proximity.

Other rights such as access rights

- 7.24 The proposed scheme may require the creation of new access rights in addition to land take. In general, owners of land cannot be compelled to grant a right to an authority with statutory powers under the Town and Country Planning Act 1990. However, section 13 of the Local Government (Miscellaneous Provisions) Act 1976 provides that where an authority is authorised to acquire land, it may be authorised to acquire specific rights over land. These rights must be specified in a compulsory purchase order. Therefore, if the required rights cannot be agreed between the parties, there may be opportunity to acquire specific rights through a compulsory purchase order as part of the acquisition of land and leasing back the land to the stakeholder.

8. Special Types of Land

- 8.1 There are categories of special land where additional procedures apply if the land is to be acquired via compulsory purchase. These are set out in the Acquisition of Land Act 1981. When preparing to assemble any site using compulsory purchase powers, the acquiring authority should satisfy itself that the site does not contain any of these special types of land.

Statutory Undertakers

- 8.2 Statutory undertakers include bodies responsible for supplying electricity, gas, water and telecoms. Their interests can only form part of a CPO if the minister responsible for their affairs certifies that the land can be taken without serious detriment to the carrying on of the undertaking, or it can be replaced by other land without serious detriment to the undertaking. It is considered best practice to reach an agreement with any statutory undertakers prior to a Public Inquiry.
- 8.3 It is also important that possession of statutory utility land is taken via the agreement, if possible, rather than by serving notice under a confirmed CPO, as the latter may give rise to a compensation entitlement. We have not yet investigated utilities within the Site.

National Trust land

- 8.4 S.18 states that a compulsory purchase order relating National Trust land shall be subject to special parliamentary procedure where an objection to the order by the National Trust and has not been withdrawn.
- 8.5 We are not aware of any National Trust land within the Site. Therefore this provision should not apply.

Open Space

- 8.6 S.19 provides:

'(1) In so far as a compulsory purchase order authorises the purchase of any land forming part of a common, open space or fuel or field garden allotment, the order shall be subject to special parliamentary procedure unless the Secretary of State is satisfied—

(a) that there has been or will be given in exchange for such land, other land, not being less in area and being equally advantageous to the persons, if any, entitled to rights of common or other rights, and to the public, and that the land given in exchange has been or will be vested in the persons in whom the land purchased was vested, and subject to the like rights, trusts and incidents as attach to the land purchased, or...

(b) that the land does not exceed 250 square yards in extent... and certifies accordingly...

(4) In this section— ... "open space" means any land laid out as a public garden, or used for the purposes of public recreation...'

- 8.7 Special parliamentary procedure is an additional process that takes place after the normal passage of the CPO through public inquiry and confirmation. There is then an additional requirement for the confirmed CPO to be laid before Parliament where petitions against the CPO can be presented to Parliament.

Anybody can present a petition. A report of the petitions is laid before both Houses of Parliament who can at this stage pass a resolution to annul the CPO. If no resolution to annul is passed the petitions are referred to a joint committee of both Houses who can report that the CPO should either be approved (with or without amendment) or not approved.

- 8.8 Special parliamentary procedure is an uncertain process and can add many months to the CPO process. It should be noted that the whole CPO would be subject to special parliamentary procedure and no land could be acquired under the CPO until the special parliamentary procedure had been completed and the CPO had been approved by Parliament.
- 8.9 Special parliamentary procedure can be avoided by providing replacement land, which has to be provided at the time of the acquisition or by not putting the open space land in the CPO.
- 8.10 Finding replacement land in the locality could be difficult and expensive. However if replacement land could be found it could be included in the CPO and acquired using compulsory purchase powers.
- 8.11 As far as we are aware there is no open space within Cambridge Commercial Park. Therefore this provision should not apply. However, it should be noted that there is a planning policy designated Protected Open Space and small City Wildlife, Country Wildlife and Local Nature Reserve within the CNFE of Major Change to the south of Cambridge Commercial Park but within the wider area boundary. This is likely be open space in compulsory purchase terms.

Third party rights

- 8.12 The ownership of these areas needs to be reviewed in order to establish whether any parties have rights over them. If for example all whether anyone outside Cambridge Commercial Park has a right to park in the communal parking areas of the park, then these rights will need to be included in the CPO. If these rights are acquired, then the owners who benefit from them are entitled to compensation under Section 10 of the Compulsory Purchase Act 1965. The compensation is based on the depreciation of the value of the land which has the benefit of these rights and so we would recommend checking ownership and rights.
- 8.13 It will be important to identify third party right such as:
- Restrictive covenants;
 - Rights of way;
 - Rights of light.
 - Rights over communal areas such as car parking areas
- 8.14 If these rights are acquired, then the owners who benefit from them are entitled to compensation under Section 10 of the Compulsory Purchase Act 1965. The compensation is based on the depreciation of the value of the land which has the benefit of these rights.
- 8.15 If not acquired by compulsory purchase, section 203 of the Housing and Planning Act 2016 can be used to override any rights or covenants in the land to be acquired. The interests and rights to which this section applies are any easement, liberty, privilege, right or advantage annexed to land and adversely affecting other land, including any natural right to support. Where Local Planning Authorities acquire or appropriate

land for planning purposes under Section 122 of the Local Government Act 1972, section 203 of the Housing and Planning Act can then be used. Increasingly Local Planning Authorities are willing to work with developers to enable use of their section 203 powers to override third party rights where this is a public benefit in the scheme being delivered. As with the use of compulsory purchase powers, U +I would need to reach agreement with the Council if they wanted to utilise section 203 powers.

- 8.16 The claim for compensation is under S.10 of the Compulsory Purchase Act 1965 as advised above.

Crown Land

- 8.17 Crown land, which includes most operational central government property, cannot be acquired by compulsory purchase. However we are not aware of any Crown land needed for the scheme and therefore this should not be an issue.

Land referencing support

- 8.18 In order to ensure all third party interests in the site have been identified, and any special types of land also, we recommend instructing a specialist land referencing company to carry out an initial referencing exercise at an early stage. Using specialist mapping software and expert knowledge, this will ensure that all interests are identified, accurately plotted onto a plan which links with a schedule of interests and ensures there are no gaps within the site and identifies any unknown ownership or risk items.
- 8.19 Going forward this would also form the basis of any future CPO schedule.

9. Conclusions and Next Steps

- 9.1 In summary, based on our initial review there is considerable scope within the current CNFE project programme to assemble the Cambridge Commercial Park Site using compulsory purchase powers within the required timeframes. In our view, it is unlikely that a site of this size and number of different ownerships will be assembled in a timely manner without the use of compulsory purchase powers. Providing that U +I and the JV carry out all the required due diligence, negotiation and preparation prior to making the CPO, there is a strong opportunity for U+I to work with the Council to use their statutory compulsory purchase powers.
- 9.2 The precise timescale as to when vacant possession of the Site is required is currently unknown as it depends on the progression of a large number of related projects. The works to be carried out on the Site are considerably later in the programme than some of the initial construction works on adjoining sites in CNFE. Integrating the CPO timetable and process with the planning application is crucial and on this basis under the current timetable, the earliest that vacant possession could reasonably be achieved under a CPO is May 2024. U+I and the JV are currently at a very early stage of the redevelopment of CNFE and there is adequate time to ensure that the required work streams can be carried out prior to the making of the CPO, particularly if, in reality, as set out in this report, vacant possession of the Site is unlikely to be required until post 2024.
- 9.3 Considering the compulsory purchase case this early in the overall project timetable and programme is sensible and enables U+I to ensure that they maximise the chance of a confirmed CPO through ensuring that all the required preparatory work is carried out and that the CPO timetable is integrated into the overall programme.
- 9.4 We would recommend the following steps are carried out over the next six to twelve months to support the site assembly requirements of Cambridge Commercial Park to enable the comprehensive redevelopment of CNFE to progress in a timely manner.
- Continue to review the overarching project programme and integrate the CPO process for the Site into this timetable. As a minimum, ■ months should be allowed for the CPO process, with the making of the CPO integrated into the planning application timetable. The CPO should not be made until at least a resolution to grant is obtained for the planning application for the entire CNFE.
 - Ensure all other delivery areas are progressed within the overarching programme and continue to review this. The key delivery areas which impact on the CPO timetable are; the planning application, Anglian Water DCO application and the AAP progression.
 - Continue with the masterplanning and early preparation for the hybrid planning application for the entire Scheme. This is important in ensuring not only that the Site has planning permission but also that the redevelopment of the Site contributes to the much larger and wider regeneration of CNFE. This will strengthen the case for the use of CPO powers including contribution to economic, social and environmental wellbeing.
 - Continue to progress the Housing Infrastructure Fund bid. As set out, a key test within the CPO is that the Scheme can be funded, and the HIF funding will contribute to this.

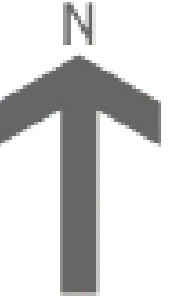
- U +I should ensure that the Council progress the AAP for CNFE. Whilst there is planning policy support for the redevelopment of CNFE through both Cambridge City Council and South Cambridgeshire District Council's Local Plans through the designation of the area as a Major Area of Change, there is considerable scope to strengthen the planning policy support for both the Scheme and redevelopment of the Site through the AAP. U+I should seek to work with both councils on the preparation of the joint AAP as there is opportunity to ensure as much planning policy support as possible for the use of CPO powers on this Site and for its policy objectives to be consistent with U+I's and the JV's. This may include inputting directly into sections of the AAP if possible and/or submitting representations to the plan process. Further detailed suggestions are set out in section 4 of this report. A key emphasis within the AAP should be the need for comprehensive redevelopment across the CNFE area including ensuring that various parts of the site are tied together, including the water recycling centre relocation.
- U+I should engage in discussions with the Council as to their decision making process for using compulsory purchase powers. This should include entering into a legal agreement as well as the required Cabinet/Council Assembly/delegated etc process for using compulsory purchase powers. These pieces of work and timetabling should be integrated into the overarching project programme.
- U+I should review with the Council how they wish to progress negotiations by agreement, and from when they will offer compensation in accordance with the Compensation Code. Once there is agreement to negotiate on the basis of the Compensation Code, U+I should use the Third Party Site Acquisition Estimates as the basis of their budgeting and negotiations. The Third Party Site Acquisition Estimates should be regularly reviewed and updated as further information becomes available.
- Following this, U+I should continue progressing negotiations to acquire all the interests on the Site by agreement and ensure that there are accurate records of all the negotiations. U + I will need to discuss with the Council how the Council's interests in the Site will be dealt with in terms of the negotiations.
- Review the Site to establish if there are any third party rights and to confirm whether there are any special types of land. U + I should consider using a land referencing company to carry out this initial desk based land referencing exercise. This could potentially be carried out later on within the programme due to the required vacant possession date being so far in the future.
- Review of rights and land outside Cambridge Commercial Park, within the wider CNFE to see if there are any other third party rights or land which may need to be acquired through compulsory purchase to enable the Scheme to be delivered, potentially also including required land and rights for the transport strategy, seeing as a CPO is likely to be required as a minimum for Cambridge Commercial Park. Following this review the CPO red line boundary may include areas outside of Cambridge Commercial Park.

DRAFT

Appendices

DRAFT

DRAFT



Appendix II Third Party Site Acquisition Estimates: Summary Schedule

DRAFT

CAMBRIDGE COMMERCIAL PARK | COWLEY ROAD CAMBRIDGE CB4 0DL

THIRD PARTY SITE ACQUISITION ESTIMATES | SUMMARY SCHEDULE

STRICTLY CONFIDENTIAL. CONTAINS FINANCIALLY SENSITIVE INFORMATION / FOI EXEMPT



DRAFT

01-Oct-18

PLAN REF	DETAILS			ACQUISITION COSTS			COMMENTS / ASSUMPTIONS
	DESCRIPTION	FREEHOLDER	TENANT	CAPITAL VALUE	DISTURBANCE	TOTAL	
				£34,631,083	£10,660,500	£45,293,000	
1	Recycling Centre & Offices	Cambridge City Council	Cleanaway Ltd. t/a Veolia ES (UK) Ltd.				
2	Coulson House (William James House), 49, 50-55, 56 Cowley Road	Coulson Group Limited	Owner-occupied with sublet multi-tenanted business units				
3	Speedy Asset Services, 57 Cowley Road	IPM Trustees Ltd.	Speedy Asset Services Ltd.				
4	Vindus VW Car Dealership, 59 Cowley Road	Cambridge City Council	Vindus				
5	67 Cowley Road	Cambridge City Council	Logic Scaffolding				
6	68 Cowley Road	Cambridge City Council	Betson Building Contractors				
7	69 Cowley Road	Cambridge City Council	Portakabin Ltd.				
8	70-71 Cowley Road	Cambridge City Council	Cambridge Storage Ltd.				
9	72 Cowley Road	Cambridge City Council	Cowley Road Garage				
10	74 Cowley Road	Cambridge City Council	Practical Car & Van Rental				
11	75 Cowley Road	Cambridge City Council	Summit Scaffolding				
12	76 Cowley Road	Cambridge City Council	Edan Recovery				
13	77/78 Cowley Road	Cambridge City Council	Drain Centre				
14	79 Cowley Road	Cambridge City Council	AASP Recovery				
15	80 Cowley Road (also referred to as 4a, Cambridge Commercial Park)	BBC Pension Trust	Cambus Ltd. t/a Stagecoach				
16	125 Cowley Road (also referred to as 4b, Cambridge Commercial Park)	BBC Pension Trust	Conductive Inkjet Technology Ltd.				
17	130 Cowley Road	Compserve	Cambridge City Council				
18	135 Cowley Road	John Woolley & Son Ltd.	Abbey Tyre Centre (owner occupied)				
19	140 Cowley Road	Outspoken Property Ltd.	Bike Depot - Multi-tenanted business units				
20	150-151 & 152-153 Cowley Road (also referred to as 8&9, Cambridge Commercial Park)	BBC Pension Trust	Rexel Uk Ltd.				
21	154-155 Cowley Road (also referred to as 10, Cambridge Commercial Park)	BBC Pension Trust	Cambridge Consultants Ltd.				
22	156 Cowley Road (also referred to as 11, Cambridge Commercial Park)	BBC Pension Trust	Heat Group (UK) Ltd. t/a Cambridge Heating Components				
23	Deanland House, 160 Cowley Road	Temple Quay Pensis Trustees Ltd.	Volker Fitzpatrick (gnd), Cambridge CMOS Sensors (1st), Vix Technology (2nd)				
24	Asta House, 168 Cowley Road	Cranmer Estates Ltd.	Owner-occupied				
25	90-92 Cowley Road	Barr Tech	Owner-occupied				
26	Small Workshop f/o 90-92 Cowley Road	Unex Group	{Barr Tech} Tbc.				
27	100 Cowley Road	Cambus Ltd.	Owner-Occupier t/a Stagecoach				
28	Batching Plant	Cambridge City Council	Lafarge Tarmac				

KEY:	
	Owned by Cambridge City Council
	Part of BBC Pension portfolio

Appendix III Summary of Caveats and Assumptions

DRAFT



Third Party Site Acquisition Estimates
ASSUMPTIONS & CAVEATS

The assumptions outlined below are in conjunction with the Schedule of Land Acquisition Estimates dated 01 October 2018:

1.0 GENERAL ASSUMPTIONS

Purpose of the Estimates

- 1.1 The Third Party Land Acquisition Estimates have been prepared as 'high level' indicative estimates to inform a decision around the cost/benefit analysis for the potential inclusion of the Cambridge Commercial Park and Cowley Road Interests within the wider CNFE Redevelopment Scheme.
- 1.2 The client has confirmed that the estimates are to be prepared in the strictest confidence. It should be noted that in the absence of any requisition information, site inspections and general discussions with affected parties it has been necessary to make prudent (but unverified) assumptions in respect of tenancy information and building condition, as necessary.
- 1.3 At this stage it is premature to ascertain, with any certainty, whether there are opportunities to employ active asset management techniques in order to secure vacant possession under the provisions contained within the Landlord and Tenant Act 1954. If this is possible then it will reduce the amount of business disturbance payable. Similarly, it is not possible to confirm at this juncture whether any existing occupiers may benefit from Statutory extinguishment, be forced to extinguish their business for other reasons or, whether they may be entitled to secure Redevelopment Value as an higher alternative compensation method. All of these issues could have a significant impact upon the compensation payable.
- 1.4 These estimates should be considered as the starting position of an ongoing process. The estimates will necessarily need to evolve as more background evidence is made available.
- 1.5 We set out below the principal assumptions that we have made to arrive at the estimates. Please note that changes to any of the inputs will directly impact upon the corresponding compensation estimates.
- 1.6 The assumptions are made on the basis of information available to us as at 01 October 2018. Any information provided, statutory or common law developments etc. after this date are not reflected and may significantly affect the estimate. Should further or different information become available we reserve the right to vary the acquisition estimates.

Duty of Care

- 1.7 In accordance with standard practice this acquisition summary is confidential to U+I Group Plc. No responsibility is accepted to any party other than U+I Group Plc.
-

- 1.8 The Summary of acquisition estimates is highly confidential and may not be reproduced or referred to in any document, circular or statement without DDC's prior written approval. Release of the information contained in the estimates into the public domain may significantly prejudice any future private treaty negotiations.
- 1.9 It should be noted that this Schedule of Third Party Land Acquisition Estimates and the values contained therein do not constitute a formal valuation. The estimates have not been produced in accordance with the RICS Valuation Manual.

The Site

- 1.10 The extent of the site under consideration is illustrated by the red-line boundary contained on the 'Indicative Interests Plan' attached hereto.
- 1.11 The estimates make no allowance to remediate the site of any contamination should that be evident.

Site Inspection & Floor Areas

- 1.12 DDC has undertaken an external visual inspection only of the premises and can make no representation as to the condition of the individual properties.
- 1.13 No measured survey has been undertaken by DDC. The floor areas used are based upon those published by the Valuation Office and/or other third party sources but remain unverified. Where necessary, the number of floors has been assessed via external visual inspections only and/or photographic evidence or other such information sources available.

Title Verification

- 1.14 DDC has received partial Title information only in relation to the interests vested in Cambridge City Council. The relevant information has been used to underpin reasoned assumptions on vacant possession, as appropriate. The full title has not been inspected to date as part of this exercise.
- 1.15 For the time being, it is assumed that there is clear title, and no onerous covenants or encumbrances that would impact upon future value.

Planning Assumptions

- 1.16 It is assumed that all existing uses are lawful and, that there are no extant planning applications at the date of the assessment.
- 1.17 Where alternative development is considered a reasonable prospect (and rendering a residual land value higher than Market Value + Disturbance) within a reasonable timeframe in the 'no scheme' world, this has been identified. Full analysis of any Freeholder arguments for redevelopment of any component parts of the site has not been assessed at this stage.

Assessment of Values

- 1.18 The estimated rental and capital values for the commercial accommodation is based upon information available to DDC and our opinion. Whilst every effort has been made to provide an accurate estimate of the rental values, investment yields and tenant inducements etc. at the current time it should be noted that these are only valid at a particular point in time. Similarly, once full tenure information has been provided by the current property owners, occupiers or their agents, it will be necessary to reflect any such occupational differences.
- 1.19 It has been assumed that the commercial units have been let to tenants of reasonable financial standing where information on covenant is not available, on the best lease terms currently available in the open market. We have further assumed that the leases do not contain any onerous or adverse clauses that may affect either rental value or the yield attributable to them.
- 1.20 DDC has not carried out any building or structural surveys on the properties in question and has assumed that all the premises are in a good state of repair. We recommend that any offers put forward for any of the properties in question are conditional upon a satisfactory structural survey of buildings being provided.
- 1.21 The properties in question are assumed to not suffer from any onerous or adverse site or soil conditions, that they are subject to satisfactory planning consents and that they are not subject to any onerous legal rights, easements or obligations (as noted above).
- 1.22 Stamp Duty and Purchasers Costs have been deducted to provide an estimated Net Capital Value.
- 1.23 No allowance is made for VAT in respect of the costs of realisation or any tax liability arising. All figures are reported Net of VAT.

Active Estate Management / Prudent Purchases/ Vacant Possession

- 1.24 It is assumed that all the relevant freehold and leasehold interests within the site's boundary are to be assessed as being acquired through the use of the Council's statutory powers and full compensation is payable with the exception of several Council owned interests which fall-in prior to the assumed cut-off date of **1 January 2023**.
- 1.25 It is further assumed that all leases are protected through security of tenure (unless specific information is available to the contrary).
- 1.26 In practice, the developer/Council will necessarily endeavour to reach agreement through private treaty negotiations which may lead to considerable cost savings, particularly where no disturbance is required.
- 1.27 Early negotiations in respect of prudent purchases is advisable once the CPO resolution is granted.

Further Due Diligence

- 1.28 In due course we would recommend a full title report, the service of s.16 requisition notices and that a referencing agent is appointed with the intention of producing a plan determining the area to fall within a CPO. We have assumed that no land is taken from properties adjoining the boundary, and that if part of a title is taken no severance or injurious affection claim would arise.

2.0 GENERAL VALUE /DISTURBANCE/STATUTORY PAYMENT ASSUMPTIONS*Capital Value*

- 2.1 In respect of the commercial accommodation, it is generally assumed that the units are let at market terms, on fully repairing and insuring terms, for a term of 10 year certain, incorporating 5 yearly upward only rent reviews to tenants of acceptable covenant status.
- 2.2 Tenant incentive packages of 3-6 months has been allowed for in respect of each letting to cover incentives to the commercial tenants together with an appropriate void periods.
- 2.3 Where premises are vacant or, tenancies expire prior to the assumed Possession Date, it is assumed that they would be re-let on market terms by the time the building is required. Potential savings would be achieved, for example, in the event that the property remained vacant and/or if it were possible to acquire the freehold and asset manage.

Freeholder Disturbance Compensation & Statutory Payments

- 2.4 Freehold Agents / legal Fees on Settlement – Varies dependent upon complexity.
- 2.5 Reinvestment Costs – 1.8% of Capital Value + Relevant Stamp Duty.
- 2.6 Basic Loss Payment of 7.5% of Capital Value, capped at £75,000 per interest (assumes all interests > 1yr).

Leaseholder Business Disturbance & Statutory Payments

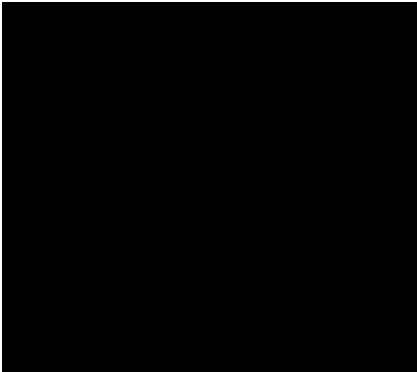
- 2.7 It is assumed, as a default position, that all occupational interests have the benefit of Security of Tenure in accordance with the Landlord and Tenant Act 1954 (part II) (unless identified to the contrary).
- 2.8 All interests are assumed to be acquired using the Council's statutory powers for compulsory acquisition. However, it is noted that Cambridge City Council owns a significant number of interests within the site in its estates capacity, some of which may present opportunities for active management under Landlord and Tenant powers in order to secure vacant possession thus mitigating business disturbance compensation. Where tenancies expire prior to the assumed possession date, this has been reflected.

-
- 2.9 Agents / legal Fees on Relocation – Assumes % of ERV (minimum cap of £5,000).
Agents / legal Fees on Settlement – Varies dependent upon complexity.
 - 2.10 Unless specifically identified, it is assumed that no tenants can successfully argue for extinguishment or permanent loss of profits. No allowance is currently made in respect of temporary loss of profits given that would be premature to ascertain at this stage.
 - 2.11 Removal costs – assumption made based upon circumstances of the business/comparable experience elsewhere.
 - 2.12 Refitting and adaptation costs are assumed based upon experience with other projects and in accordance with industry standards (notional depreciation allowed). We have not verified these assumptions or sought specialist cost consultancy advice in this respect.
 - 2.13 Double overheads – Various headings assumed (notional 3 month period). Broad allowances – to be refined.
 - 2.14 SDLT – New lease based upon statutory calculation from HMRC / assumed contractual rent.
 - 2.15 Occupier loss payment of 2.5% (varied bases), capped at £25,000 per interest (subject to other restrictions).
 - 2.16 Project Manager – varies dependent upon complexity of proposed relocation.
 - 2.17 Timespent – notional allowance.
 - 2.18 Misc. - Bridging finance etc. – various allowances dependent upon complexity.

3.0 OTHER PROPERTY SPECIFIC ASSUMPTIONS

- 3.1 Site specific observations are incorporated into the detailed proformas (subject to the caveats noted above).
- 3.2 No allowance has currently been made in respect of the rentalisation of mobile Portacabins on Council owned land. It is assumed that these can be easily relocated.

Contact Details



DRAFT