



Oast House Development

5 April 2022



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Key Issues – Continual delays risk:

Loss of new
healthcare facilities

100% Affordable
homes for local
people/NHS workers

Build cost inflation
will make scheme
financially unviable

Urgent decision
required



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Key Decisions

- **10 March 2022 Council Meeting –**
- Council rejected DSC backed residential proposals for up to 14+8 storeys.
- Council directive – **reduce height** and the entire scheme **must** remain financially viable.
- **Council are now asked to –**
- Approve revised 12+10+9 storey residential mixed use development proposals. This is the **minimum height** at which the entire scheme remains financially viable.
- Approve the revised mixed use development that incorporates 182 new apartments at **affordable rents** for local people, a new NHS health and wellbeing centre and ancillary uses.
- Delegate authority to DSC Chair, Dept CEO and S151 Officer to enter into a binding Collaboration Agreement with the NHS to facilitate submission of a mixed use planning application.



Background

- **27 March 2019** - Cabinet authorised site acquisition at £19.5m based on providing 350 apartments. Site acquired November 2019.
- Design development started December 2019.
- Delays due to Covid and change in Administration in June 2020. Strategic development decisions delayed until formation of DSC (June 21).
- Council imposed **moratorium** in Dec 2020.
- Moratorium/delay costs run at £47,500 per month. 14 month delay to date has cost **£665,000** in holding costs.
- Moratorium delays has resulted in project incurring build cost inflation cost increases totalling **£13m to date. The project remains exposed to these increases until substantive progress can be made.**
- DSC approval to enter discussions with NHS in July 2021.
- Staines Ward Councillors engagement from Sept-Nov 2021. However unrealistic expectation in terms of residential densities have resulted in this being unresolved and NHS deal remains **at risk.**





14+8 Storey Scheme

Rejected By Council On 10 March 2020 –
NHS + 181 Apartments

Other Options Considered

1. NHS, Residential Scheme Up To 10+10 Storeys

- Appraised following consultation with Staines Ward councillors in Q4/21.
- This scheme delivers 171 apartments.
- LPA not supportive of bulk and massing. No articulation of blocks.
- Not viable- KGE will not be able to fully repay the Council and will lead to a shortfall in revenue to the council (18%) over medium to long term. Service impacts needed to mitigate.



Other Options Considered (Option 2)

2. NHS, Residential Scheme Up To 10+8 Storeys

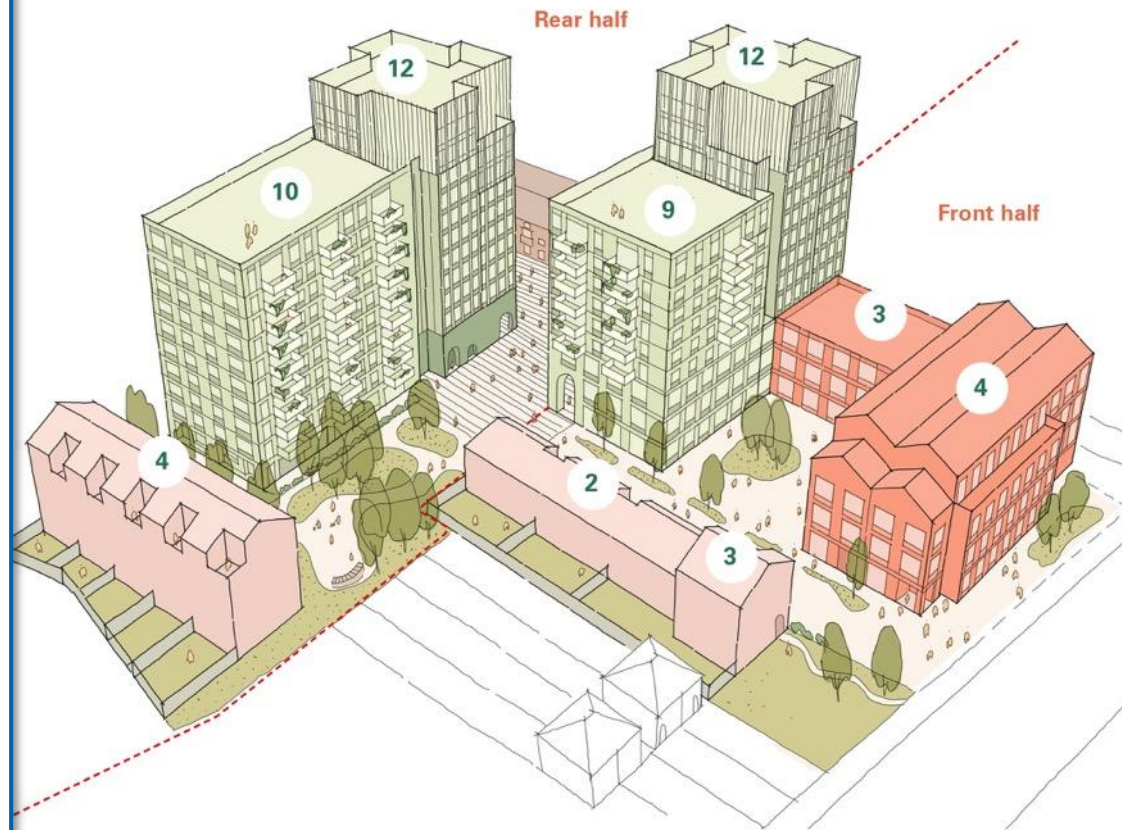
- Considered with Staines Councillors.
- Delivers 149 apartments.
- Delivers greater articulation between blocks – LPA support more likely but financially unviable.
- Not viable - KGE will not be able to fully repay the Council, and will lead to a greater revenue shortfall to the council (27%). Greatest service impacts.



Revised Option

NHS, Residential Scheme Up To 12+10+9 Storeys

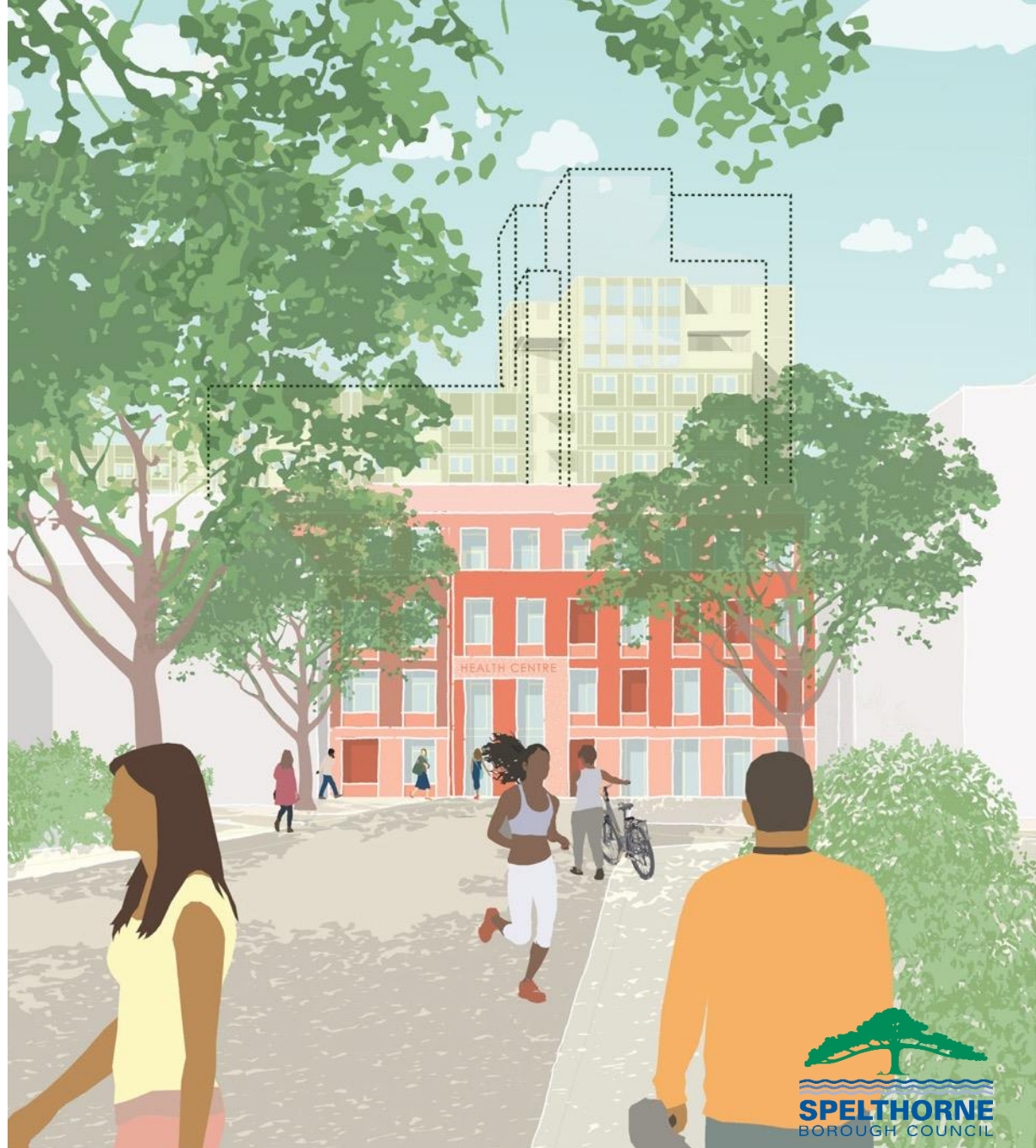
- Responds to Council directive to reduce height. Financially viable.
- Delivers 182 highly energy efficient apartments at affordable rents.
- Mitigates LPA/articulation concerns of bulk/massing.
- Aligns with proposed SDF densities.
- Break-even. 7% shortfall on medium to long term revenue. No service impacts.



Revised Option

12+10+9 Storey Scheme Views – From Sydney Road

- Faded “ghostline” above 12 storey block indicates the height of the Council rejected 14 storey option.
- Adjacent “white” block is police station.





Revised Option

12+10+9 Storey Scheme Views – From Kingston Road

- Faded black “ghostline” indicates the heights of the rejected 14 storey option over and above this revised 12 storey proposal.



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Planning Considerations

How does the Revised Scheme compare to other developments?
What would a private developer do?

SCHEME	NO OF APARTMENTS	DENSITY PER HECTARE	PLANNING STATUS
Eden Grove, Fairfield Ave /London Rd	489 apartments (14 storeys)	491 (14 storeys)	Granted
Charter Square	302 apartments (12 storeys)	320 (12 storeys)	Granted
Renshaw Industrial Estate	397 apartments (13 storeys)	370 (13 storeys)	Recommended for approval -LPA. Rejected.
Inland Homes, Thames St	206 apartments (15 storeys)	389 (15 storeys)	Granted at Appeal
Oast House Kingston Road	182 apartments proposed + Healthcare	193 (12 Storeys). Revised Scheme	Pre-Planning Submission



Planning Considerations

- **LPA failing to meet Housing Delivery Test (HDT).** Takes control out of local govt –puts into Planning Inspectorates hands.
- Presumption in favour of sustainable development & “tilted balance” approach.
- Maximize Prime Brownfield Land Opportunities - Council needs to deliver on its own major sites.



Revised Mixed Use Scheme – NHS Surrey Heartlands Proposition

- 1 of 6 nationwide pilot projects providing pioneering mix of primary and secondary healthcare and wellbeing facilities.
- NHS Outline Business Case Approved.
- Unique opportunity to front load vital healthcare infrastructure for current and future Staines residents.
- Pilot schemes on tight delivery timescales – planning submission before Oct 2022.
- Continual delays to design programme will lead to investment of up to £37m being redirected elsewhere nationally.
- Imperative that a viable overall scheme is approved this month to meet October deadline.

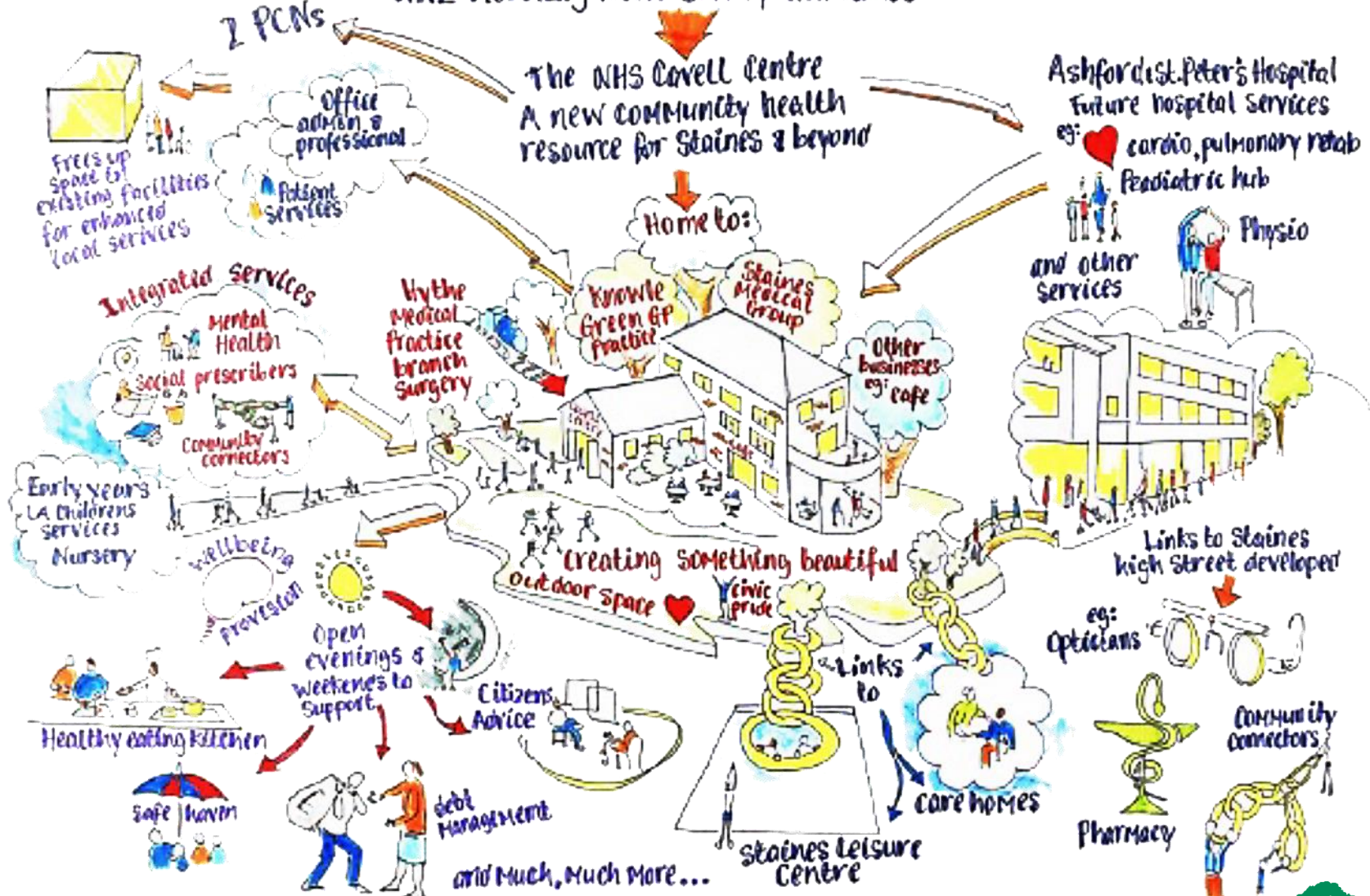


Existing Premises – Beyond Economic Life

- Poor health outcomes- increased waiting times.
- Lack of capacity to meet Staines residents needs.
- Failing infrastructure.
- Fragmented services.
- Not place based.
- Pilot project funding provides opportunity for modernization and innovation in provision.



WNE Working with Surrey Heartlands



Commercial Considerations

Monthly holding costs - £47,500. Moratorium and delay in decision over heights has cost the project c.£670,000 to March 2022.

Build cost inflation is running at unprecedented levels. Moratorium delay has already added £13m cost burden to project.

Increasing labour shortages and rise in fuel costs will increase inflation pressures.

High build cost inflation forecast to continue for next 2 years.

Increased height and density is only way to mitigate increased costs.

Council delays to NHS programme will result in the project going elsewhere.



Mixed Use Development – Revised Proposal - Opportunities

- Reduced 12 storey revised scheme. (DPH-c.50% lower than other consented schemes in Staines).
- Financially viable – at break even. Further delay will put this at risk due to increasing costs.
- 182 new homes at affordable rents available for local people and key workers (incl NHS staff).
- 1 of 6 pioneering and innovative nationwide NHS pilot projects.
- One-off opportunity to future proof modern healthcare provision for current/future residents.
- Increased health outcomes. Reduced waiting times.



Mixed Use Development – Revised Proposal - Risks

- Continuing delay will cost £47,500 per month and adversely impact project viability.
- Continuing delay will incur additional build cost inflation resulting in the council paying more for the same scheme. Moratorium has cost £13m.
- Proceeding with a lower density/height unviable scheme will result in service delivery impacts and increased costs to the local taxpayers. It also reduces much needed homes at affordable rents when demand is increasing. Council has a responsibility to meet this need.
- Continuing delay risks losing NHS pilot project– it will go elsewhere nationally if deadlines not met. This will result in increased waiting times and poorer health outcomes for local residents.



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Council Key Decision - 27 April 2022

1. Approve maximum 12+10+9 storey revised residential scheme.
2. Approve mixed use scheme with NHS healthcare provision.

