

Woolwich Exchange

Engagement Strategy Summary

Royal Borough of Greenwich
6th September 2021

1. The purpose of this note is to summarise the engagement strategy adopted in respect of advancing negotiations for the acquisition of property interests required to deliver the Woolwich Exchange development.

Property owners and Occupiers

2. Compulsory purchase is intended to be used as a last resort and since February 2018, GL Hearn / Newsteer, has on behalf of the Royal Borough of Greenwich ('**the Council**') and Spray Street Quarter LLP, sought to engage with land owners and occupiers to reach agreement for the acquisition of their interest in land.
3. The engagement exercise has included writing to all parties with an interest within the development site, the table below summarising the correspondence issued:

Date of Correspondence	Summary
19 th December 2017	Council letter to all affected parties (freehold, leasehold and occupier) providing an update on progress with the Spray Street Quarter (SSQ) development. The letter advised that SSQ LLP had been selected to bring forward the development and that following public consultation events, a planning application will shortly be submitted. Advised that land assembly exercise needed to be completed and a number of steps were being advanced including the appointment of a land referencing company, CPO surveyors, Equalities Impact Assessors and Business Advisers. Contact details of surveyors provided as point of reference for negotiations. Copy of Cabinet report dated 15/11/2017 appended which covered the need to assemble land, the potential use of compulsory purchase powers and the implementation of a relocation strategy to support businesses.
6 th February 2018	GL Hearn Letter to all affected parties introducing GL Hearn, explaining the requirement for land assembly, providing a 'FAQ' sheet on the acquisition and CPO process, advising that there is no intention to displace occupiers within the next 18 months, and seeking the opportunity to meet to discuss the matter in more detail. The letter also advised that a questionnaire will shortly be issued by the Council's land referencing agent and the background to this.
8 th March 2018	Following collation of responses to the land referencing questionnaires, parties not previously identified were sent the GL Hearn letter of 06/02/2018.
14 th March 2018	Owners and Occupiers Drop-In Event held at Artfix, Powis Street. The purpose of the drop-in session was to advise owners and

	business occupiers of the development process, including planning and CPO. One-to-one meetings held with attendees.
20 th March 2018	GL Hearn Letter sent to all parties who have not responded to letter of 06/02/2018 or 08/03/2018.
30 th April 2018	Introductory letter (as per letter of 06/02/2018) including CPO FAQ sheet issued to newly identified parties through the land referencing process.
6 th July 2018	Letter from Council to all parties introducing independent business advisor, Tree Shepherd, who are being instructed to provide support to affected businesses.
12 th July 2018	Introductory Workshop for Businesses in the Spray Street Quarter area held by Tree Shepherd. GL Hearn also attended to answer any questions regarding the CPO process.
20 th July 2018	GL Hearn Letter send to all affected parties advising that GL Hearn were instructed to lead discussions with affected parties and welcoming the opportunity to meet to discuss the project and the requirement for the property. Tree Shepherd also introduced, with their role explained and contact details provided.
13 th September 2018	Business Support Workshop – all business occupiers within the development site were invited to a workshop in which the CPO process and compensation regime were explained by GL Hearn. The workshop presentation also provided advice on the securing of a relocation property, the key components of a business tenancy and best practice guidance.
21 st June 2019	GL Hearn Letter to all affected parties advising that the former Woolwich covered market was Grade II listed in October 2018 and that as a consequence of this alternative designs for the scheme are being considered. An updated planning application is being prepared and this will take c.12-18 months, with public consultation events happening before this. All owners and occupiers advised that, via GL Hearn, the Council and developer want to continue to engage to discuss acquisition of property interests and business relocation requirements.
3 rd October 2019	Letter sent to all parties advising that Newsteer will now be dealing with land assembly and CPO matters on behalf of the Council and the developer. Explained that the same personnel will be working on the project despite the change in company and updated contact details provided. An updated programme was also provided in which parties were advised that the CPO process would begin in Q1 2021 with the commencement of development expected in Q3 2022.
17 th November 2020	Newsteer letter sent to all parties advising that planning application has been submitted, providing an updated FAQ sheet, and an anticipated programme in which the CPO is forecast to be made in June 2021 and vacant possession required from March 2023. Parties encouraged to engage with Newsteer with contact details provided. The role of Retail Revival was also explained and the latest Woolwich Exchange Newsletter also provided.

TBC September 2021	Updated letter sent to all parties, advising planning consent secured and providing updated programme for CPO process. Letter seeks to engage with all parties for the acquisition of their interest and to discuss their business relocation requirements. Details of the framework relocation strategy and commitments made also provided.
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4. In addition to the above direct correspondence, property owners and occupiers have been engaged through the planning process which requires community engagement. The majority of the retail businesses have also been contacted by Tree Shepherd / Retail Revival in their capacity as independent business advisors. A summary of the public engagement exercise is provided below

Date of Correspondence	Summary
10 th October 2019	Letter sent by SSQLLP to all parties within the Woolwich Exchange site providing update on planning strategy following Grade II listing of former Woolwich Covered Market.
29 th November 2019	E-newsletter issued advising of new branding (Woolwich Exchange), announcing Picture House as intended operator of the Cinema and extending an invite to the Woolwich Winter Warmer community event which will be attended by St. Modwen & Notting Hill.
7 th December 2019	Woolwich Winter Warmer community event where Woolwich Exchange development has a display.
13 th February 2020	Flyer distributed to properties in the area of the Woolwich Exchange site extending an invite to the community consultation event.
14 th February 2020	E-newsletter issued extending an invite to the community consultation event.
28 th /29 th February 2020	Community Consultation Event

5. Where a property owner (freeholder or long leaseholder) engages by responding to one of our letters we:
- seek to arrange to inspect the property;
 - If agreed, we inspect and measure the property and produce a valuation report. This is not automatically sent to the owner but is made available on request and is sent to an appointed surveyor in advance of them undertaking their own valuation.
 - Based on the figure contained in this report, we issue an offer letter to the property owner.
 - The offer is for an option agreement, with the total amount payable being in line with the CPO compensation code with loss payments detailed and reinvestment costs shown as TBC.
 - The offer letter sets out that the owner is entitled to obtain their own valuation advice and sets out that a fee undertaking of £3,000 + VAT will be provided to obtain this advice.

- The letter also sets out that on receipt of the valuation report from the appointed surveyor, we will review, engage and establish whether an agreement is likely. If there is clear scope for this, a further undertaking will be provided.
6. Where a property occupier responds, we offer to meet with them to discuss their business, their accommodation requirements and the compensation which may be payable. In advance of this meeting we ask that they provide copies of their tenancy agreement so we can establish the nature of their occupation and provide full details as to their compensation rights. Reflecting that the project's delivery programme has moved out, compensation figures have rarely been discussed as it has not been the appropriate time to explore alternative relocation properties.
7. The Framework Relocation Strategy, which forms part of the planning application and under the s.106 agreement is required to be fully implemented, provides a commitment to support all businesses and community groups occupying premises within the Woolwich Exchange site through:
- Providing planning and relocation support to all occupiers through Retail Revival.
 - Making available a register of potentially suitable properties for occupiers to relocate to.
 - Delivering as part of the redevelopment affordable business space which may be suitable for some existing businesses to move into once the new development is complete.
 - For those entitled to compensation, trying to agree compensation terms early so to provide certainty going forward.
 - Ensuring owners and occupiers are regularly updated on progress and to provide as much time as possible to complete a relocation by maximising notice periods.
8. The engagement process has been successful. At present:
- 34 properties (of 52) have been inspected with 27 offers made.¹
 - 14 fee undertakings have been provided by SSQ LLP (everyone who has requested a fee undertaking has been provided one);
 - Meetings have been held with 38 businesses (out of 155 potential occupiers);
9. However, it is recognised that much of this engagement occurred prior to the Covid-19 pandemic and whilst values have been agreed with some parties, this has not culminated in legal agreements being entered into. This has been on account of these parties wanting to enter into binding agreements with guaranteed completion dates as opposed to option agreements. Understandably, the Council and Developer were not in a position to proceed on this basis given the planning risk and need for a CPO to be progressed.
10. The pandemic and the elongated planning process (a consequence of the Grade II listing of the Woolwich Covered Market) has resulted in a level of apathy towards progressing discussions from property owners and occupiers – some owners believe that the development simply won't happen. It is expected that this impetus can be re-captured through a series of communication, starting with a letter in September 2021 which confirms that planning permission has been secured and details the programme for the making of the CPO. With a key hurdle in the development process cleared and clarity on the programme being advanced, it is expected that owners and occupiers will want to re-engage.

¹ Where offers have not yet been made this is on account of more information being awaited in respect of tenancy arrangements, etc.

11. With much of the background work undertaken in respect of property measurement, inspection and comparable research, valuations should be able to be progressed efficiently. We will follow the September letter with regular follow up letters so by the time the Order is made in late December 2021 / early January 2022, the reporting of engagement with property owners is much more contemporary than is presently the case. We consider there are 2 – 5 properties in which agreement for purchase can be agreed relatively quickly.
12. The Ministry of Housing, Communities and Local Government's Guidance on Compulsory Purchase Process and The Criche Down Rules (July 2019) ('**the CPO Guidance**') recognises that if an acquiring authority waits for negotiations to break down before starting the compulsory purchase process, valuable time will be lost and it is often sensible, given the amount of time required to complete the compulsory purchase process, to initiate compulsory purchase procedures concurrent with the negotiation process. The CPO Guidance recognises that this will help make the seriousness of the authority's intentions clear from the outset, which in turn might encourage those whose land is affected enter more readily into meaningful negotiations.
13. We consider that it is clear that the CPO is being relied upon as a last resort, but that it is equally clear that the land assembly exercise is so significant that a CPO is required to facilitate delivery of the scheme. Attempts have been made to purchase property interests with a transparent process adopted in respect of the valuation approach and assessment of compensation, with reasonable professional fees paid. These attempts will continue throughout the CPO process.

Third Party Rights over Woolwich Exchange Site

14. In respect of parties who are having no land acquired but will suffer an interference with a right enjoyed over the development site, such as a Right to Light, these parties will be engaged with through the CPO process. SSQ LLP has commissioned a Rights to Light study which has been completed with the expected parties suffering an interference identified.
15. As a party suffering an interference with their rights they will be included in Schedule 2 of the CPO and will be contacted as part of the land referencing exercise. The approach to negotiations will be to acknowledge the expected interference with a Right to Light and explain that discussions as to the appropriate level of compensation can only be advanced once the CPO has been confirmed. Whilst there is soon to be a planning permission in place for the scheme, without a confirmed CPO there is no ability to deliver the development and to discuss compensation for an interference with a Right to Light for a development which may not be delivered would be premature. Parties who have approached the developer on Rights to Light matters have been advised of this and, to date, all have acknowledged this as a sensible way forward.
16. A number of Rights to Light interferences relate to Gill Court, Burrage Road which is a local-authority built block of flats where the accommodation is predominantly held by the Council i.e. few flats have been purchased under the Right to Buy scheme. Where an affected property is held by the Council and let to a Council tenant (presumably by way of a secure tenancy) we do not propose to engage with the tenant. Whilst the a secure tenancy under the Housing Act 1985 can enjoy a right of light in its own right, the legislation prohibits subletting without consent, which is typically never granted by a Council due to the demand for social housing, and limits the ability to assign the tenancy to very specific circumstances

of matrimonial proceedings, succession rights to specified persons on death of the named tenant, and the exchange of tenancies with another secure tenant (on the approval of the Council). Consequently, a secure tenancy has no monetary value: it cannot be transferred for a consideration and a profit rent from subletting cannot be enjoyed. Furthermore, the rental values on social rent / target rent properties are set by reference to the number of rooms within the property, not its condition, age, outlook or level of natural light. As such, any change in the light levels, either positive or negative would not result in any change in the rent payable. Accordingly, whilst an interference with a right of light can exist, any interference cannot reduce the value of the interest as the interest of a secure tenant holds no value. Therefore, we would not propose to engage with the tenants of Council owned properties within Gill Court.