

EEBC 2025-2027 STRATEGIC PRIORITY 5: HOOK ROAD CAR PARK UPDATE

Head of Service:	Mark Shephard, Head of Property and Regeneration
Report Author	Mark Shephard
Wards affected:	(All Wards);
Urgent Decision? (yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report outlines the progress made in respect of the Council's 2025-2027 Strategic Priority 5 in relation to Hook Road (Utilities Site) Car Park redevelopment.

The report recommends further specialist property development and regeneration advice be procured to represent the Council and provide a Best Value Assessment of the Utilities Site.

Recommendation (s)

The Committee is asked to:

- (1) Note the update and progress made as set out in this report.**
- (2) Approve a budget of up to £100,000 to cover the cost of a Best Value Assessment, to be funded from the Corporate Projects Reserve.**
- (3) Nominate and authorise the Director of Environment, Housing & Regeneration and Head of Property & Regeneration, in consultation with the Chief Finance Officer and Chief Legal Officer, to take all necessary actions further to the above decisions being made that commit resources, as is necessary and appropriate.**
- (4) Note a report will be brought back to Committee at the earliest opportunity following completion of the work.**
- (5) Recommend to East Surrey Shadow Authority that they approve a budget of up to £100,000 to cover the cost of a Best Value Assessment.**

Strategy and Resources Committee

14 July 2026

1 Reason for Recommendation

- 1.1 To facilitate the redevelopment of a prime town centre brownfield site and allow the Council to progress and support its strategic plans and priorities.

2 Background

- 2.1 The Council-owned Hook Road multi-storey car park is located directly adjacent to the former Southern Gas Networks (SGN) gas holder site. Both sites formed a larger historic coal / gas manufacturing works dating from at least the 1870s.
- 2.2 The Regulation 19 Submission Draft Local Plan includes the Council's Hook Road multi-storey car park and the former Gas Works site as potentially deliverable redevelopment opportunities under the following policies:
 - SA1: Southern Gas Network Site – *'Approximately 455 dwellings (C3) and a bespoke performing arts centre for the Laine Theatre Arts'*
 - SA2: Hook Road Car Park – *'Approximately 150 dwelling'*
- 2.3 At its meeting on 19 June 2024, this committee agreed for the Council to work collaboratively with Zencap Holdings (the SGN landowner / developer). This would allow both landowners to potentially enhance the public realm and connectivity across the Hook Road Car Park and/or SGN site.
- 2.4 On 20 August 2024, the Council (in its capacity as the Local Planning Authority) received the following submission (ref: 24/01107/FUL) from Zencap Holdings for the SGN site:

'Hybrid Planning Application for the phased redevelopment for a) full planning permission for the demolition of existing buildings and structures, site wide remediation and the erection of five residential buildings (ranging between 8-12 storeys), new access arrangements, parking, hard and soft landscaping, open space and other associated works and b) severable outline planning permission, with all matters reserved except access, for the separate development demolition and re-provision of a Performing Arts Centre and Education building, hard and soft landscaping and other associated works.'
- 2.5 Members will note the inclusion of a Performing Arts Centre and Education building. This refers to Laine Theatre Arts, the existing commercial tenant of Zencap Holdings on the SGN site.
- 2.6 At its meeting on 12 November 2024, this committee approved an initial budget of up to £150,000 to procure a specialist development and regeneration consultant to represent the Council engage with Zencap Holdings and Laine Theatre Arts.

Strategy and Resources Committee

14 July 2026

- 2.7 The Council's regeneration role (as landowner of the adjacent Hook Road car park) comprises two potential opportunities:
- To facilitate a new Performing Arts Centre on Zencap Holdings' SGN site - supporting the Council's Future40 objective to further Epsom's creative arts and culture offer.
 - To consider the inclusion of the Council's Hook Road car park site in a wider gas holder site redevelopment with Zencap Holdings.
- 2.8 At its meeting on 24 April 2025, Planning Committee agreed in principle to approve (subject to conditions, informatives and s106 legal agreement), Zencap Holdings' application 24/01107/FUL. Planning permission was subsequently granted on 14 January 2026.

3 Facilitate a new Performing Arts Centre

- 3.1 A new Performing Arts Centre on Zencap's SGN site would be a standalone commercial building with Laine Theatre Arts as the commercial tenant i.e. separate to the residential buildings.
- 3.2 Throughout 2025 and the first quarter of 2026, Zencap Holdings and the Council's procured consultant worked with Laine Theatre Arts to assess the design and viability of a new dedicated facility.
- 3.3 This was a time consuming exercise, made particularly difficult by the prevailing economic environment of rising construction costs for such facilities.
- 3.4 Prudently, Laine Theatre Arts also considered other available sites for relocation, and this has ultimately resulted in them recently securing alternative accommodation at a former office building in Epsom.
- 3.5 This aptly demonstrates the high-risk nature of development. Developers operate within an ever changing environment where assumptions are made in good faith - for external factors e.g. construction costs and stakeholder involvement (e.g. Laines). However, the operating environment is ruthlessly fluid and nothing can be guaranteed leading to continual change and the inevitable associated cost and impact on viability / profit.

4 Hook Road Car Park

- 4.1 Following the outcome of Laine Theatre Arts, a further budget request of up to £100,000 is now required to progress the potential inclusion of the Hook Road multi-storey car park.
- 4.2 If approved, the budget would procure specialist development and regeneration support to represent the Council in its engagement with Zencap Holdings.

Strategy and Resources Committee

14 July 2026

- 4.3 Zencap Holdings will be remodelling their development appraisal to reflect the withdrawal of Laine Theatre Arts. Without a thorough Best Value Assessment being carried out of Zencap's remodelled development appraisal, the Council will be unable to make an informed decision on whether its Hook Road Car Park can be included in a combined redevelopment scheme.
- 4.4 The Best Value Assessment would include advice relating to all aspects of the redevelopment opportunity including (but not limited to):
- The wider redevelopment of both land ownerships i.e. development implications, risks and the financial benefit to the Council and the community of a combined redevelopment scheme.
 - Funding options and the potential acquisition of residential units.
 - Financing structures, financial risks and delivery mechanisms (development agreement / joint venture / land sale etc).
 - Negotiations - representing the Council and ensuring it achieves Best Value.
- 4.5 The Best Value Assessment will allow the preparation of a future report to be brought back to this Committee for consideration and approval.
- 4.6 Following implementation of the section 24 direction, the budget request will require the approval of East Surrey Shadow Executive in respect of:
- *Enter into any non-capital (revenue) contract under which the consideration payable by the relevant authority exceeds £100,000, where:*
 - (a) the period of the contract extends beyond 1 April 2027; or*
 - (b) under the terms of the contract, that period may be extended beyond that date.*
- 4.7 For s24 direction purposes, the £100,000 budget request is accumulative i.e. in addition to the earlier request of £250,000 and the project will extend well beyond 1 April 2027 if redevelopment is approved at a later committee.

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

5.1.1 Not applicable

Strategy and Resources Committee

14 July 2026

5.2 Crime & Disorder

5.2.1 Not applicable

5.3 Safeguarding

5.3.1 Not applicable

5.4 Dependencies

5.4.1 Not applicable

5.5 Other

- 5.5.1 There is a risk that if the scheme is found to be unviable and/or not ultimately delivered, the £100,000 budget request would become a sunk cost that is not subsequently offset or replenished by future returns.

6 Financial Implications

- 6.1 The four year financial plan includes a continuing commitment to the review of property retained by the Council for service delivery or investment purposes.
- 6.2 It is proposed to fund the £100,000 budget from the Corporate Projects Reserve, which currently holds sufficient balance to cover the cost.
- 6.3 Allocating £100,000 would reduce the balance available for other priorities.
- 6.4 Council has agreed to retain a minimum uncommitted balance of at least £1m in this reserve and will maintain this after allocation of £100k and other commitments.
- 6.5 In addition, there would be reduction in treasury management income, which will need to be factored into the Council's future treasury forecasts.
- 6.6 **Section 24 considerations:** For s24 direction purposes, the £100,000 budget request is accumulative i.e. in addition to the earlier request of £250,000 and the project will extend well beyond 1 April 2027 if redevelopment is approved at a later committee.
- 6.7 **Section 151 Officer's comments:** Members should note that using this reserve for feasibility and advisory work will reduce the funding available for other corporate priorities.
- 6.8 The expenditure represents pre-development costs, and there is a risk that these costs may not be recoverable if the scheme does not proceed or is subsequently deemed unviable. This risk is acknowledged in the report and is inherent in regeneration and development activity.

Strategy and Resources Committee

14 July 2026

7 Legal Implications

- 7.1 Legal support has been and shall continue to be provided by external solicitors instructed by the Head of Property & Regeneration further to the agreement of the Head of Legal and Monitoring Officer.
- 7.2 **Legal Officer's comments:** Members will be aware that further to the Structural Change Order, the Secretary of State indicated that they were minded to issue a statutory direction under the Local Government and Public Health Involvement Act 2007. This is colloquially known as a section 24 direction.
- 7.3 At the time of review (1 July), a section 24 direction has yet to be implemented but it is expected that this will come into force on 3 July and hence prior to consideration of this report by members. This means that any decision which commit the spend of capital or revenue over certain limits will be caught by the s.24 direction.
- 7.4 Its purpose is to make sure Shadow Authorities have a say in decisions about arrangements that will transfer to them, helping protect their future financial and operational position.
- 7.5 The s24 direction shall require this Council to seek the approval of the East Surrey Shadow Executive to:-
1. dispose of any land if the consideration for the disposal exceeds £100,000;
 2. enter into any capital contract –
 - (a) under which the consideration payable by the relevant authority exceeds £1,000,000; or
 - (b) which includes a term allowing the consideration payable by the relevant authority to be varied;
 3. enter into any non-capital (revenue) contract under which the consideration payable by the relevant authority exceeds £100,000, where –
 - (a) the period of the contract extends beyond 1 April 2027; or
 - (b) under the terms of the contract, that period may be extended beyond that date.
- 7.6 The financial thresholds apply to all cumulative expenditure with the same supplier, organisation or individual, or for similar services, since 1 April 2025.

Strategy and Resources Committee

14 July 2026

- 7.7 The s.24 direction shall apply at the point of transaction, regardless of whether a decision has already been made by this council – meaning it may apply to some decisions already taken if contracts have yet to be signed.
- 7.8 Any transaction caught by the s.24 directions requires the consent from East Surrey Shadow Authority.
- 7.9 To support business continuity, a General Consent was proposed to delegate decisions meeting certain criteria, back to existing councils, so that existing councils can continue routine activity without being required to seek individual approval each time.
- 7.10 It is not believed that there is a general consent relevant to the proposed recommendations so Members are invited to take this into account when debating the recommendations at committee; namely that the specific consent of East Surrey Council will be required to approve the budget sought.

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged:
Priority 5: Deliver the Hook Road (Utilities site) Car Park redevelopment
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** Not applicable
- 8.4 **Sustainability Policy & Community Safety Implications:** Not applicable
- 8.5 **Partnerships:** A collaborative approach has been adopted with Zencap Holdings (SGN site developer) to maximise the community benefits of a wider redevelopment.
- 8.6 **Local Government Reorganisation Implications:** The Council remains under a statutory duty to achieve Best Value and ensure services can be delivered and maintained until LGR Vesting Day on 1 April 2027.

9 Background papers

- 9.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Strategy & Resources Committee 12 November 2024
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=1681>
- Strategy & Resources Committee 23 July 2024
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=1679>

Strategy and Resources Committee

14 July 2026

- Special Meeting, Strategy & Resources Committee 19 June 2024
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=1754>