

**New Road, Rainham**  
**Rainham & Beam Park Regeneration LLP**  
**(Notting Hill Genesis and the London Borough of Havering)**

**CD025**

# **Business Relocation Strategy**

**July 2020**

## 1. Introduction

- 1.1. The London Borough of Havering (“the Council”) and Notting Hill Genesis (“NHG”) are working together through the Rainham & Beam Park Regeneration LLP (“the LLP”) to redevelop an area around New Road, Rainham for mainly residential purposes.
- 1.2. The Council has made ‘*The London Borough of Havering (Rainham and Beam Park Housing Zone Regeneration Area) Compulsory Purchase Order 2019 No. 1*’ (“the Order”) pursuant to the statutory powers contained in S.226 (1)(a) of the Town and Country Planning Act 1990 as amended and associated provisions within section 13 of the Local Government (Miscellaneous Provisions) Act 1976. The Order was made in October 2019. An Inquiry into whether the Order should be confirmed is expected in Q3 2020, but no date has been set.
- 1.3. The Council’s purpose in making the Order and seeking, if necessary, its confirmation by the Secretary of State, is to enable the Council to acquire all property interests and rights needed for the Scheme.
- 1.4. The Scheme is a development of new homes (including affordable homes), the transformation of the A1306 into a residential scale, green ‘boulevard’, the provision of a new Beam Park Railway Station and public transport access, a new 3 FE Primary School, social and physical infrastructure and access to open spaces.
- 1.5. The Scheme forms part of the wider Mayor of London’s Housing Strategy, which introduced Housing Zones as a new way to deliver a large number of new homes in areas of London with high development potential.
- 1.6. This Business Relocation Strategy (the “BRS”) sets out how NHG will engage with those commercial occupiers needing to relocate from New Road to an alternate location (the “Businesses”). The BRS also outlines the advice and assistance on relocation options to be offered to the Businesses by NHG and the Council.
- 1.7. In line with the Land Acquisition Strategy (“LAS”), it is the intention of NHG to acquire properties by agreement wherever possible. NHG will only request that the Council uses its compulsory purchase powers in the event that negotiated agreements cannot be reached and as a last resort. However, given the amount of time required to complete the compulsory purchase process, NHG will undertake negotiations in parallel with the Council initiating the formal procedures of making a compulsory purchase order. This is in accordance with the Government Guidance mentioned below.
- 1.8. This BRS is an evolving document, which will be revised as and when further relevant information is available. This strategy provides an overview of the approach and should be read in conjunction with:

1.8.1. The Land Acquisition Strategy; and

1.8.2. The Residential Relocation Strategy.

1.9. Information about the CPO, the Land Acquisition Strategy and the Residential Relocation Strategy is available on the Council's dedicated website:  
[www.rainhamandbeampark.co.uk](http://www.rainhamandbeampark.co.uk).

## **2. Government Guidance**

2.1. NHG and the Council will have regard to the Government Guidance as set out in the Ministry of Housing, Communities and Local Government document "Guidance on Compulsory purchase process and The Crichton Down Rules" when engaging with owners and occupiers.

2.2. NHG, the Council and the appointed property agent, Ardent Management Limited ('Ardent') will:

2.2.1. Make offers to property owners and occupiers which reflect their entitlement to compulsory purchase compensation and the 'value for money' the acquisition may provide to the project as a whole;

2.2.2. Engage proactively and constructively with occupiers over relocation issues where relevant;

2.2.3. Work with occupiers to mitigate the risk of loss, as far as it is able to do so;

2.2.4. Where disputes over compensation arise, give consideration to settlement of those disputes through the early use of Alternative Dispute Resolution.

2.3. It is NHG's and the Council's aim to provide owners and occupiers with greater certainty regarding when their properties will be acquired, their entitlement to compensation and how relocation could be achieved and funded.

## **3. Approach to acquisitions**

3.1. NHG will work with the owners of the Businesses to implement the BRS and assist in identifying relocation options for the Businesses in a way which minimises the impact and disruption arising from the need to relocate, so far as that is achievable. Where possible the aim will be to retain businesses within the borough boundaries, where this is their preference.

3.2. In addition the Council has appointed consultants, Enterprise Nation, who are acting as a business support provider to the Businesses, including assistance with relocation and also for those who wish to diversify, grow or become more sustainable in their current operations. Each business was offered:

- 3.2.1. Business analysis support to identify future growth potential and business direction;
  - 3.2.2. Initial diagnostic assessment – understanding the needs of the business and what support they may require to be sustainable;
  - 3.2.3. Up to 12 hours of consultant time to provide support;
  - 3.2.4. A mixture of 1-2-1's and workshops (businesses may need more 1-2-1 support than workshops as they are unlikely to want to discuss business details in a workshop environment);
  - 3.2.5. Support to help the business to become sustainable in its relocation;
  - 3.2.6. Support for any business which cannot relocate and must close.
- 3.3. Enterprise Nation has made contact with the affected businesses. They have experienced a lower level of engagement than expected. This is because, at the time of writing (July 2020), the main concern for the businesses was relocation and monetary compensation, rather than business support.

#### **4. Review of the Businesses**

- 4.1. To address the requirements of existing commercial occupiers and to support the delivery of the BRS, NHG has undertaken a comprehensive assessment of the current business occupiers at New Road to assist with the relocation strategy. This included:
- 4.1.1. Identification of demand – reflecting occupiers' requirements for alternative premises, both within and outside the borough;
  - 4.1.2. Identification of supply – identifying available alternative options for premises within the borough and neighbouring boroughs (or further locations which may be identified as suitable by the Businesses);
  - 4.1.3. Analysis and overview – an initial assessment of supply against demand, with identification of any significant issues and/or risks.
- 4.2. As a starting point for this comprehensive assessment, the Council undertook an initial baseline review to ascertain the likely scale of demand for business relocation support. Information was drawn from:
- 4.2.1. Preliminary informational meetings with businesses and stakeholders;
  - 4.2.2. Evolutive – a comprehensive commercial database managed by the Council;
  - 4.2.3. The Valuation Office Agency Rating List.
- 4.3. These details have been supplemented with updated, current details through continued engagement with commercial occupiers.

4.4. The review identified the following:

- 4.4.1. The size and scale of existing occupied sites and premises at New Road;
- 4.4.2. Business sector insights;
- 4.4.3. Market knowledge of the current supply of sites and premises required.

## 5. New Road Commercial Occupiers

- 5.1. The land is in multiple ownership and mainly characterised by relatively low value, low density commercial and light industrial buildings. The commercial/industrial buildings generally have a negative visual impact, but support a number of good quality aspiring businesses. There is also a range of other mixed uses, including residential uses and a members club. Many of the Businesses employ locally and benefit from their proximity to central London and the M25 motorway.
- 5.2. Acquisition of the interests will affect nine freehold business owner occupiers, 14 leasehold business occupiers. In addition to the 14 leaseholders there are four advertising hoarding operators. There is also CTM Hire Ltd. and Canningtown Machinery Ltd who do not have formal lease agreements as they are family of the freeholder. There are also and circa 53 short term business tenants or tenants at will. At present, up to 80 businesses will need to be relocated as a result of the New Road regeneration proposals.

## 6. Business Categories

- 6.1. The businesses can be categorised into sectors set out below:

Type of Business	Number of Business
Storage & Distribution	16
Manufacturing	7
Automotive Engineering & Repairs	26
Auto Sales	4
Car Washes	3
Others	24
<b>TOTAL</b>	<b>80</b>

- 6.2. A breakdown of the property requirements for the businesses is set out below.

Size range	Number of businesses	% of total requirement
0 – 5,000 sq.	67	83%
5,000 – 10,000 sq.	3	4%
10,000+ sq.	3	4%
Site only	7	9%
<b>TOTAL</b>	<b>80</b>	<b>100%</b>

- 6.3. Business Rates generated from the Businesses is estimated to be £650,000 - £725,000.

## 7. The Silver Hall Social Club (SHSC)

7.1. In addition to the Businesses, NHG will also engage with the SHSC to explore relocation options with its members. In collaboration with SHSC, NHG and the Council will conduct a detailed alternative site search, and will continue to consider suitable options should new sites become available. A full feasibility study for any sites deemed operationally suitable will be undertaken, to appraise the financial, operational and planning implications. Re-provision of new premises for SHSC within the development will be considered.

## 8. Community Resources

8.1. In addition to the Businesses, the initial assessment of operations in the area have identified the following operators which are deemed to be considered as providing a community resource:

8.1.1. The Redeemed Christian Church of God King of Kings Community Centre;

8.1.2. Rainham Food Bank.

8.2. The Council has lead on engagement with these facilities, supported by Ardent. The Council will develop an area wide place-making strategy which will inform the support that could be provided to these facilities. Through consultation and engagement, should further community resources be identified, these will be considered by the Council who will direct the bespoke approach.

8.3. The food bank and church have found now new premises.

## 9. Assessment of Supply of Alternative Accommodation

9.1. The Council's Development Service maintains a comprehensive database of all commercial premises and sites available in the borough.

9.2. The current supply of freehold premises within the borough is scarce and so both freehold and leasehold premises have been identified. Freehold relocation premises outside of Havering are also being identified. The current availability of freehold premises in Havering as at July 2020 is given below.

Size range	A2 Office	B1/B2/B8 Industrial	B1 Office
0 – 5,000 sq.ft.	7	9	4
5,000 – 10,000 sq.ft.	2	3	1
10,000+ sq.ft.	0	6	0
Site only	0	4	0

9.3. The current availability of leasehold premises in Havering as at July 2020 is given below

Size range	A2 Office	B1/B2/B8 Industrial	B1 Office
0 – 5,000 sq.ft.	44	44	25
5,000 – 10,000 sq.ft.	9	22	8
10,000+ sq.ft.	1	44	4
Site only	0	7	0

9.4. There are two strategic industrial locations within the London Borough of Havering, in Harold Hill and Rainham. SEGRO, the development partner chosen by the GLA, are developing over 46 acres of commercial land in Rainham which will offer an opportunity for businesses whose requirements match those of the sites available. Details of interested businesses will be passed to SEGRO to progress discussions further.

9.5. Relocation premises outside of the London Borough of Havering are also being identified. Thurrock currently has a good supply of industrial space varying in size, both leasehold and freehold. London Borough of Barking and Dagenham also has a number of available industrial units but mainly over 6,000 square feet and only leasehold.

#### Thurrock Freehold

Size range	A2 Office	B1/B2/B8 Industrial	B1 Office
0 – 5,000 sq. ft.	2	4	3
5,000 – 10,000 sq. ft.	0	7	1
10,000+ sq. ft.	0	17	0
Site only	0	6	0

#### Thurrock Leasehold

Size range	A2 Office	B1/B2/B8 Industrial	B1 Office
0 – 5,000 sq.	12	0	3
5,000 – 10,000 sq.	4	2	1
10,000+ sq.	1	1	0
Site only	0	1	0

#### Barking & Dagenham Freehold

Size range	A2 Office	B1/B2/B8 Industrial	B1 Office
0 – 5,000 sq.	0	7	0

5,000 – 10,000 sq.	1	4	0
10,000+ sq.	1	14	0
Site only	0	1	0

### **Barking & Dagenham Leasehold**

<b>Size range</b>	<b>A2 Office</b>	<b>B1/B2/B8 Industrial</b>	<b>B1 Office</b>
0 – 5,000 sq.	4	32	13
5,000 – 10,000 sq.	2	25	0
10,000+ sq.	1	42	2
Site only	0	3	0

## **10. Relocation Options Appraisal**

10.1. Initial analysis of likely demand and potential relocation sites suggests that although some opportunities exist which may meet the requirements of the New Road Businesses, there is a shortage of immediately available alternative sites. It is also the case that, given the relatively poor quality of much of the business space accommodation at New Road, the cost of replacement premises may, in some circumstances, be greater than the value of the Businesses' existing premises.

10.2. NHG and the Council will therefore have to take a proactive approach in order to assist businesses relocate. This will include providing assistance in identifying new premises, where it is able to do so, and offering agreements that provide assurances over the timing of acquisition and the amount of compensation to be paid.

10.3. Interaction with neighbouring Boroughs and Districts will also be required to identify suitable alternative sites within a reasonable distance. The assessment of potential sites in neighbouring areas will be an ongoing action.

10.4. The following factors will be considered when assisting occupiers to identify sites for relocation:

10.4.1. Customer base and location;

10.4.2. Current and proposed tenure type;

10.4.3. Preferred tenure (freehold/ leasehold);

10.4.4. Size;

10.4.5. Access requirements;

10.4.6. Employment contribution to local economy;

10.4.7. Transportation requirements;

10.4.8. Current site use and intensification;

10.4.9. Individual business and investment plans;



- 10.4.10. Planning class use requirements;
- 10.4.11. Preferred location;
- 10.4.12. Specialist requirements bespoke to a particular business;
- 10.4.13. Specialist employee needs (location, car parking, accessibility, etc.).

## **11. Business Relocation Approach**

- 11.1. NHG supported by the Council has taken action to engage with all of the Businesses in order to ascertain their relocation requirements. A relocation pro-forma requesting relevant criteria such as location, size, preferred tenure, yard/parking requirements, has been sent to all businesses. At the time of writing (July 2020) 14 forms have been returned.
- 11.2. This engagement has enabled the original baseline level of information to be updated and further ongoing engagement will be carried out with the Businesses to capture any potential changes in requirements. Ardent, acting as NHG's agent, has prepared a bespoke relocation plan for each business where a pro-forma has been returned.
- 11.3. So far as it is achievable, business relocations will be staggered to ensure the managed relocation of businesses from New Road over as long a period as possible. This will improve the prospects of businesses identifying suitable premises. The Scheme will be undertaken over a period of seven years and the BRS will take that into account. Where Businesses occupy land that is not required for immediate development, NHG and the Council will work with them to agree the terms of their continued occupation until such time as their land is needed. Businesses will be advised at an early stage of when they might need to relocate in order to provide them with certainty around this issue. A "not before date" confirming the earliest date when their land is required will be advised to the Businesses. A flexible approach will however be adopted and should a business wish to relocate ahead of the "not before date" efforts will be made to facilitate this.
- 11.4. Ardent is the property advisor appointed by NHG to help identify potential relocation opportunities and lead on freehold and leasehold negotiations with the Businesses. Ardent has good links with local commercial property agents and will use its contacts to ensure that the Businesses are kept fully advised of all suitable alternative properties on the market. Businesses will also be made aware of any new properties that come on to the market that meet their particular requirements at the earliest possible opportunity. This will be supplemented with continuous reviews of the Council's and neighbouring borough's vacant sites databases mentioned above.

- 11.5. Where freeholds are purchased with occupational tenancies in place, following completion of the purchase of freeholds, NHG will write to occupying tenants introducing themselves as the new Landlord, with contact details.
- 11.6. In order to implement the BRS, NHG, the Council and Ardent have and will continue to engage proactively and constructively with the Businesses over relocation issues where relevant and will:
- 11.6.1. Produce a comprehensive and ongoing assessment of the Businesses' needs and requirements;
  - 11.6.2. Produce a comprehensive and ongoing assessment of current alternative sites;
  - 11.6.3. Ensure accurate record keeping of dialogue with the Businesses;
  - 11.6.4. Sensitively and effectively manage the relocation process, to ensure that disturbance to the Businesses is minimised, offering effective support measures where available;
  - 11.6.5. Work effectively with commercial agents, consultants, surveyors, landowners, developers, Local Enterprise Partnerships and other identified relevant organisations to ensure effective, up-to-date and reliable information is available. This will cover the London Borough of Havering and the surrounding Boroughs and Districts.
- 11.7. By gaining an understanding of a particular Business' circumstances the aim is to ensure that any relocation solutions offered are the best available to meet its ongoing business needs and accommodation requirements.
- 11.8. The level of support available will differ according to the requirements of each individual business, and may include some of the elements set out below:
- 11.8.1. Assistance in identifying an appropriate alternative site within the London Borough of Havering;
  - 11.8.2. Assistance in identifying an appropriate alternative site in neighbouring boroughs and districts (or alternative locations), where preferred;
  - 11.8.3. Access to the Evolutive database;
  - 11.8.4. Business analysis support to identify future growth potential and business direction;
  - 11.8.5. Keeping businesses informed on progress with finding relocation premises that meet their requirements, and where "first choice" premises not available carrying out further engagement with businesses to determine whether certain elements of their requirements could be adapted.

11.9. Additional financial support may be offered to businesses in advance of taking possession to facilitate the business to relocate. This may include:

11.9.1. Payment of reasonable interim professional fees to assist with site searches (fees will need to be agreed in writing with NHG and the Council prior to an advisor's instruction);

11.9.2. Early acquisition and leaseback of the existing site to allow a new property to be acquired and prepared for use while the business continues to operate at its current premises;

11.9.3. Where tenants have short term leases or tenancies at will and the Council has acquired the freehold, the Council will regularise tenancies to give tenants certainty over periods of occupation;

11.9.4. The agreement of an option to provide the certainty of an agreed purchase price for an existing property once alternative premises have been identified and need to be acquired;

11.9.5. Providing discretionary advance payments of disturbance compensation and/or agreed minimum compensation payments in advance of relocation costs being incurred.

11.10. Once relocation premises have been identified and a business has submitted a claim for compensation, Ardent Management will provide an initial analysis of the claim within fifteen working days in order to provide early clarity over NHG's and the Council's position with respect to compensation payments.

11.11. Working with NHG, Ardent and the LLP, the Council is exploring the feasibility of acquiring (or facilitating the acquisition of) land for new premises to supplement this relocation strategy.

## **12. Disturbance Compensation**

12.1. A qualifying occupier can claim compensation for any losses or costs reasonably incurred as a result of the compulsory purchase. The aim of the compensation is to cover the expenses of moving, so that the occupier is not financially better or worse off as a result of the acquisition. In the case of a relocation based claim, this can include items such as:

12.2. Relocation costs;

12.3. Adaptations at new premises;

12.4. Double overheads (additional cost of running two properties during relocation);

12.5. Loss of profit (temporary and/or partial permanent);

- 12.6. Professional fees in relation to the claim and acquisition of new premises;
- 12.7. Any other reasonable costs.
- 13. In the case of a total extinguishment based claim, this can include items such as:
  - 13.1. Value of fixtures, fittings and plant;
  - 13.2. Closing cost;
  - 13.3. Redundancy costs;
  - 13.4. Total loss of profit;
  - 13.5. Professional fees in relation to claim;
  - 13.6. Any other reasonable costs.
- 14. These lists are not exhaustive and any reasonably incurred loss or cost that is directly attributable to the compulsory purchase, or threat of compulsory purchase, can be claimed.
- 15. Additional Loss Payments**
  - 15.1. Qualifying occupiers are entitled to additional payments called Basic Loss Payments and Occupiers Loss Payments, in addition to the disturbance compensation mentioned above.
  - 15.2. A Basic Loss Payment is 7.5% of the value of the interest in land acquired, up to a maximum of £75,000.
  - 15.3. An occupier's loss payment is calculated on various bases, up to a maximum of £25,000.

## **16. Equalities Impact Assessment**

- 16.1. The Council commissioned an EqIA (Equalities Impact Assessment) which was carried out by Mott MacDonald. The findings were set out in Mott MacDonald's report dated July 2019. The assessment identified, among other things, whether the impacts on the Businesses at New Road would disproportionately affect those with protected characteristics as set out in the Equality Act 2010 (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation). The conclusions were set out at Section 6 and can be summarised in relation to the Businesses as follows.
- 16.2. Barriers to re-employment
  - 16.2.1. Those affected: children; older people; disabled people; women; people from BAME backgrounds.

- 16.2.2. Mitigation: statutory compensation; face to face meetings; assist with identification of potential relocation premises; ongoing business support, including business analysis.
- 16.2.3. Recommendations: face to face engagement; provide information and support to those facing loss of employment.
- 16.3. Impact of redundancy on health and wellbeing
  - 16.3.1. Those affected: children; older people.
  - 16.3.2. Mitigation: statutory compensation measures; support through the BRS.
  - 16.3.3. Recommendations: face to face engagement; encourage businesses that are relocating to plan for transitioning between sites and to minimise down time; provide information and advice on finding employment and on seeking mental health and well-being support.
- 16.4. Impact on education and friendship networks
  - 16.4.1. Those affected: children; disabled people.
  - 16.4.2. Mitigation: statutory compensation; relocation support through the BRS.
  - 16.4.3. Recommendations: face to face engagement; encourage businesses that are relocating to plan for transitioning; provide information and advice on finding employment and on seeking mental health and well-being support.
- 16.5. Loss of existing affordable industrial and commercial premises
  - 16.5.1. Those affected: BAME people.
  - 16.5.2. Mitigation: statutory compensation; support through the BRS.
  - 16.5.3. Recommendations: face to face engagement; seek input from those affected on how they think the property search could be improved.
- 16.6. Increased commuting distance
  - 16.6.1. Those affected: women.
  - 16.6.2. Mitigation: relocation support through the BRS.
  - 16.6.3. Recommendation: face to face engagement.