



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
12 September 2017
Agenda Item 12

Key Decision Yes

Ward(s) Affected:

The future for Teville Gate Car Park

Report by the Director for the Economy

Executive Summary

Purpose

- 1.1. To approve the demolition of Teville Gate multi storey car park site to save the ongoing expense of repairing and maintaining the car park for a further period of 77 years under the existing lease, whilst retaining the area of land demised by the lease to create a surface car park to meet current demand for spaces. The cost of the demolition and associated works is to be funded by the Local Growth Fund (LGF).

Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
- i) Approve the closure and demolition of the existing multi storey car park (MSCP) at Teville Gate subject to obtaining consent from the freeholder;
 - ii) Approve the commissioning of groundworks on completion of the demolition in order to provide a temporary, surface car park for use by members of the public;
 - iii) Approve the addition of £60,000 to forward fund the initial consultancy fees, relocation of a store under the car park, and erection of hoardings to be eventually funded by LGF grant;
 - iv) Approve a direct award to consultants to enable the project to proceed at pace as outlined in paragraph 6.5; and,

- v) Recommend to Worthing Borough Council that the demolition and resurfacing element of the scheme be added to the Capital Programme subject to funding from the LGF being formally confirmed.

Context

3.1 Background and History

- 3.1.1 The area known as Teville Gate which links Worthing's central railway station with the town centre is one of the the most high profile sites in Worthing. The main part of the site which is currently owned by Mosaic Global Investments (Mosaic) previously accommodated a number of shops and other businesses within buildings developed in the late 1960s and early 1970s. Over the last few years leases have gradually expired and businesses have vacated to make way for redevelopment.
- 3.1.2 The existing MSCP was constructed under an agreement between Worthing Borough Council (the Council) and Norwich Union Life Insurance Society which was formed in 1969. Since then, the Council has leased the property from a succession of freeholders under a long lease which now has around 77 years left to run and the Council's immediate Landlord is Mosaic.
- 3.1.3 In May this year the decision was taken to close the five upper levels and two annexes, as the parking facilities have not been running at full capacity. Parking surveys has demonstrated that only a maximum of 100 cars are parked in the car park at anyone time.
- 3.1.4 Legal advice received in August confirms that the Lease requires the Council to use the premises as a car park with public toilets on the ground floor and that the Council cannot carry out any structural alteration or addition without the written consent of Mosaic; there is also an obligation to rebuild any structure to the original plans, unless otherwise agreed by Mosaic.
- 3.1.5 It is vital therefore that prior to any demolition work, Mosaic's consent is obtained to (a) enable the Council to demolish the car park and toilets (b) not have to rebuild the car park and toilets in its current form and (c) have permission to reinstate the car park on the levelled land only..
- 3.1.6 Providing (a), (b), (c) are agreed, the Council will not be in breach of its lease; will avoid a possession claim by the landlord; will save on future costs; and

increase the value in the land leased. Further details of the Legal implications can be found at point 7 below.

3.2 Planning

- 3.2.1 Although this report evidences that demolition of the car park, is in the Council's best interests for costs saving and efficiency reasons, there are also significant planning and environmental benefits from the proposal. The current freeholder purchased the wider site in 2015, publicly pledging to deliver a 'world class' scheme for Worthing.
- 3.2.2 Since then, the Council has worked with Mosaic to help establish a sustainable and viable scope of development that can be delivered under present market conditions whilst complying with relevant planning policies and achieve the long held regeneration aspirations of the Council to create a modern mixed-use development that serves as a 'gateway' to the town when arriving by rail or road. The delays in the planning application have been frustrating but also highlight the complexities and viability issues of large brownfield redevelopment sites.
- 3.2.3 The early demolition of the MSCP would be a positive step forward and has also prompted Mosaic to also consider the demolition of the other buildings on the site. This would significantly improve the appearance of the site, hopefully in parallel with the submission of a planning application for the redevelopment of the site.
- 3.2.4 Under the Council's lease, if the freeholder wants to carry out substantial construction work on the leased land or any part of it, it cannot do so without obtaining possession of the leased land from the Council. The freeholder would then be under a contractual obligation to provide alternative parking within the site as *commodious* (as accommodating). Prior to demolition, this would mean re-providing approximately 300 car parking spaces on the site at the developer's expense. Whilst, this number could not be provided as a replacement surface car park sufficient spaces could be provided to meet current demand for public car parking. There would then be the opportunity to secure replacement public car parking as part of the redevelopment.
- 3.2.5 The Council has also been successful in bringing the owners of the Teville Gate site and the unoccupied Teville Gate House together to discuss a more comprehensive redevelopment of the site and it is anticipated that the

forthcoming planning application would include Teville Gate House within the application boundary.

3.2.6 The timetable for submission of a Planning Application has slipped since the beginning of the year. However, a Planning Performance Agreement (PPA) has been submitted with a revised Public Consultation programmed for the end of September in anticipation of a Planning Application submission by the end of November 2017. These proposals would bring further momentum to the redevelopment and make an immediate improvement to the visual appearance of the site.

3.3 Council Policy

3.3.1 Adur & Worthing Councils Corporate Priorities

These proposals support both Councils' commitments to:

“Enable new homes to be built to help meet the housing needs of our communities and support high quality developments.”

3.3.2 Platforms for Our Places

In early 2017 Adur and Worthing Councils published their report setting out the aims and objectives to “create the essential Platforms for prosperous, happy, healthy and connected communities.”

The document identifies the need for investment in and delivery of Major Projects and key infrastructure, noting the Teville Gate redevelopment as having the potential to “start on site” in early 2018. Early demolition of the MSCP would help to prepare the site for redevelopment and signpost to the community that the undertakings set out in Platforms for Our Places are on a clear path to delivery.

3.3.3 Adur and Worthing Economic Plan

The Adur and Worthing Economic Plan 2013-2023 commits to:

- DG1 Promote Adur and Worthing as an attractive business location
- DG2 Encourage the development of strategic sites
- DG3 Identify new opportunities to create new employment floor space
- DG6 Improve the attractiveness and offer of the town centres

4. Issues for consideration

4.1 Project Dependencies

4.1.1 This report seek approval to progress the proposals in order to close and hoard-off the site and start demolition works by the end of the calendar year. It should be recognised however that there are a number of key dependencies that will affect the success of the scheme, these can be summarised as follows:

- Appointment of specialist consultants to specify, tender and oversee the works
- Landlord's consent to demolish the MSCP
- LEP approval to utilise the existing LGF grant allocation
- Landlord to service notice to National Car Parks (NCP) to vacate some or all of the existing car parking spaces that they hold under a Tenancy at Will
- WSCC Highways approval to temporarily obstruct existing rights of way and footpaths
- Decant of stray dogs currently accommodated with the ground floor of the MSCP
- Relocation of Council maintenance equipment currently stored within the MSCP building

4.2 Further opportunities

4.2.1 Although the Council needs to take its own action to deal with the car park for good economic reasons, as indicated earlier this may encourage Mosaic to demolish the remainder of the buildings on the site. There may be an opportunity for the Council to make further savings and achieve economy of scale by demolishing the MSCP at the same time as Mosaic intends to carry out its own demolition work. Discussions have taken place with the LEP to determine whether Local Growth Funding (LGF) could also be used to help demolish the remainder of the site, however, this would be subject to Mosaic demonstrating that there is a funding gap with the development to avoid any risk of breaching state aid provisions.

5. Engagement and Communication

5.1 A communication strategy surrounding the demolition of the car park has been developed and it will be important to relocate the 12 permit holders to High Street Car Park. The main impact on car parking will be the period when no car parking is available but there are two surface car parks available on the main site.

6. Financial Implications

- 6.1 Members are well aware that the existing MSCP has significant maintenance issues. To minimise maintenance liabilities the annex has been closed as well as levels 7 and above. This currently leaves approximately 114 spaces for public use. The recent condition survey revealed that to properly reinstate the car park would require an investment in the region of £2 million over the next 4 years.
- 6.2 There are currently 12 season ticket holders at Teville Gate. Four are quarterly and four are annual. These customers would either be offered a refund on the time left on their tickets or the opportunity to transfer their permits to High Street MSCP at no extra cost. Refunding all season ticket holders the full amount would cost a maximum of £2,730.
- 6.3 The overall costs associated with proposed demolition of the car park, nearby buildings and subsequent construction of a surface car park will be:

	£
Site clearance	30,000
Demolition costs	683,000
Car park reinstatement with 100 spaces	408,000
Hoarding	44,000
Provision for surveys, asbestos removal and contaminated land	85,000
Allowance for street lighting and asbestos removal	65,000
Demolition and site preparation costs	1,315,000
Professional fees	200,000
Contingency (5.7%)	75,000
Total expected cost	1,590,000

- 6.4 At this stage, it is expected that the project would be funded via Local Growth Fund grant, however this has yet to be formally confirmed, until a revised business case has been submitted and approved. The Council has received, in principle, support from Officers of the LEP but formal agreement is not expected until the end of the year. To secure the funding, the grant would have to be spent to agreed timescales, with the demolition completed by the end of the financial year.
- 6.5 However, the Council will need to release a small element of the funding upfront to progress the project. This will be used to fund the initial

consultancy costs (£10k), erect hoarding (£44k), and the relocation of the store (£6k). Whilst there is every expectation that this will eventually be funded by the LGF, there is an element of risk as some of this work may need to be funded before formal confirmation is received. There is sufficient scope within existing budgets to absorb this cost if needed.

6.6 Contract Standing Orders would normally require the Council to seek at least three written quotations for contracts exceeding £25,000 but less than £100,000 (Standing Order 8.6). To progress this project and secure the LGF funding, it is recommended that a direct award is made to a specialist consultant to manage the demolition and reinstatement of the site. The cost of these professional fees is likely to be £76,000. This will enable the Council to meet the stringent timescales likely to be a condition of the LGF funding. All other procurements required to progress the scheme will be made in accordance with the requirements of Contract Standing Orders.

6.7 The car park currently generates net income of:

	2016/17 Actual £	2017/18 Budget £
Repairs and maintenance	17,140	8,360
Rates	5,200	5,650
Insurances	3,340	3,380
Other	1,260	0
Direct expenditure	26,940	17,390
Less: Income	-56,740	-33,600
Net direct income	-29,800	-16,210
Support services	22,150	39,240
Net expenditure / income (-)	-7,650	23,250

6.8 With the closure of the car park during the demolition and reinstatement period, the Council is likely to lose some or all of the net direct income budgeted for until such time as the car park is reinstated or an alternative car park is provided within the new development. This potential loss of income can be accommodated within the existing car park budget in 2017/18 as income is currently exceeding expectations by some £90,000. Although it may add some minor financial pressure in 2018/19 depending on when the new car park is open.

- 6.9 As part of the budget for the demolition of the Car Park, there is provision for the proposed resurfacing of the land to create a surface car park of £407,500 (£492,100 including fees and contingency). The current lease still has 77 years to run and the cost of the investment in the new surface car park to provide at least 100 spaces will be recouped over the remaining lease term and will create a saving long term as the surface car park will be more cost effective to maintain than the current structure in the longer term.
- 6.10 Clearly the expectation is that the new car park would be redeveloped in the short term. However, the investment in the new surface car park would also protect the Council's financial interests in the event of assignment or surrender of the lease. The value of the surface car park (as an income generating asset) would be significantly higher than a vacant plot and this will be reflected in the consideration received for the site.
- 6.11 It must also be noted that prior to reinstatement, the cleared site would be a valuable commodity to any potential developer and it would be open to the Council (prior to reinstatement) to assign the lease to a third party or surrender the lease back to the freeholder subject to the Council achieving '*best consideration*' in accordance with all statutory requirements and other lawful considerations. In which case the investment in the new surface car park will not be required.

7. Legal Implications

- 7.1 In advance of any work progressing, it is essential that Mosaic consent to the demolition and subsequent temporary car park layout. This could be achieved through specific consent within the terms of the current lease, or through the means of an Agreement for Surrender and Regrant, with the subsequent grant of a new lease on terms similar to the existing lease. The Council team is at an early stage with negotiations regarding the precise details of the way forward.
- 7.2 The Council has a duty to obtain 'best value' in all that it does. Best value considerations are satisfied by taking into account the cost of keeping, maintaining and repairing the car park for the remainder of the term compared with the likely achievable income. Further details of this can be found at paragraph 6.7 above.

- 7.3 The recommendation to demolish the car park is to be made solely for the purpose of benefiting the Council, and not for the benefit of any potential developer. It is not expected nor intended that use of LGF grant for the demolition will financially favour any other commercial undertaking.
- 7.4 Should the Council at any time and for any lawful reason choose to assign or surrender the Lease, (which it can only do so with Mosaic's consent), whether or not the surface car park has yet been reinstated, then the Council must comply with, the provisions of s123 Local Government Act 1972 to ensure that any such disposal meets the *best consideration* requirements having regard to current legislation and case law.
- 7.5 These proposals are recommended subject to written confirmation from the LEP approving the use of allocated LGF grant to facilitate the Council's demolition and site preparation which is likely to take place during the determination period for the planning application. A revised business case will be submitted to the LEP to enable drawdown of the funding.
- 7.6 As noted at item 6.2 above, there are relatively few season tickets granted for the Teville Gate MSCP and of those remaining at the time of temporary closure, all will be refunded or transferred to another Council operated car park.
- 7.7 Under the Council's Contract Standing Orders at paragraph 8.6.1(a) for a contract of between £25,000 and £100,000 in value, the Director or his delegated nominee shall obtain at least three sealed written quotes or three tenders from persons or bodies who in the opinion of the Director or the delegated nominee are capable of performing the Contract unless it is impracticable due to the specialist nature of supply or any warranty that exists.

Background Papers

Condition Survey for Teville Gate Car Park

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Sustainability & Risk Assessment

1. Economic

The project is strategically interlinked with a planned wider investment programme connected with future developments at other key sites in Worthing.

Redevelopment of Teville Gate will create a gateway to the town and will enable a new public realm and pedestrian connection from the central railway station, to the town centre and the seafront, providing an economic boost to existing businesses and encouraging an increase in investment.

2. Social

2.1 Social Value

Demolition of the underused MSCP and installation of a temporary surface car park would send a positive message to the community, visitors, commuters and business, that change is taking place in Worthing and improvements to the built environment will be seen in the near future.

The existing building does little to enhance the approach into Worthing town centre from road or rail, and its demolition will help to bring forward the redevelopment of this important gateway site to enhance the streetscene and act as a catalyst for the regeneration of the wider area.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

In recent times the wider site has become a target for vandalism, trespass and anti-social behaviour. A decision has been previously taken to close the upper decks of the MSCP creating redundant floorspace that may attract criminal activity and safety issues that would be difficult for the Council to manage.

Demolition of the building and reinstatement to a temporary surface car park would mitigate these issues.

Works will be managed under the Construction Design & Management (CDM) Regulations 2015.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

It is intended that early demolition will bring forward redevelopment on two redundant and underused, brownfield sites at the entrance to the town centre (the MSCP and the wider site).

The demolition site is in a constrained urban area, however the site will be fully hoarded to prevent access by the public during site investigations, demolition and groundworks.

There will be an element of additional works traffic and this will be managed by the contractors, overseen by the Council and its Consultants. Similarly, noise, dust and highway obstructions will be kept to a minimum using industry standard techniques, monitored by the Council throughout the works.

4. Governance

A dedicated project board would oversee the governance of the project ensuring:

- Due diligence
- Alignment with Council policies and priorities
- Claims/reports to Coastal to Capital LEP
- Legal issues and compliance with legislation
- Risk management including health and safety
- Statutory approvals
- Stakeholder management
- Change control