



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
6 March 2018
Agenda Item 10

Key Decision: ~~Yes~~/No

Ward(s) Affected: St Mary's

Redevelopment of former Adur Civic Centre - Phase II Marketing

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 This report seeks approval to allocate a valuation, appraisal and marketing budget to facilitate the disposal and redevelopment of the former Adur Civic Centre site, south of Ham Road, Shoreham.

2. Recommendations

- 2.1 The Joint Strategic Committee is asked to recommend to Adur District Council that it approves a valuation, appraisal and marketing budget of £150,000 which will be funded from the capital receipt generated from the sale of the site.

3. Context

- 3.1 In July 2016 the Joint Strategic Committee approved the demolition of the former Adur Civic Centre (ACC) buildings and the redevelopment of the former staff car park for office use, this strand of development being known as Phase I.

- 3.2 Phase I has been funded in part using a Local Growth Fund (LGF) allocation granted to bring forward redevelopment of the entire site, with the remaining finance obtained via the Public Works Loan Board (PWLB).
- 3.3 The terms of the Funding Agreement with Coast to Capital Local Enterprise Partnership (the LEP) state that the Council will progress both Phases I and II of redevelopment. It has been agreed that the best way for the Council to do this is to seek approved/conditional redevelopment via a disposal to a Developer.
- 3.4 Demolition of the former Civic Centre is now complete, and Planning Permission for Phase I, a new office building, has been granted, with construction works due to commence in March.
- 3.5 An Agreement for Lease has been signed with a local business, Focus under a Full Repairing Lease, meaning that the Council will enjoy 100 percent occupancy of the new premises following completion.
- 3.6 During the construction works for Phase I, the former ACC site to the south of Ham Road, will be utilised for operatives' welfare facilities and vehicles, allowing better access and logistics for construction.
- 3.7 Current Phase I construction works are scheduled to complete in May 2019, when the main site will, once again, become vacant. The proposal is for Adur District Council (the Council) to market the main site for redevelopment, in the interim period, ensuring that the second phase of redevelopment can start soon after the first is completed.
- 3.8 Design and feasibility work to RIBA Stage 1/2 has completed for Phase II.

4. Issues for consideration

- 4.1 Bringing the site to a national market will provide the greatest opportunities for private sector engagement and the highest quality proposals from partner Developers for a mixed-use redevelopment of the site. Given the potential interest by Hotel operators this could form the basis of any potential bid. This will require the Council to commission a professional marketing agent with contacts across the whole of the UK.
- 4.2 Marketing Agents typically work on a commission of up to 2% of the final disposal value (the percentage fee varies on the value of the land).

Therefore working on the assumption that the site could be valued at up to £5,000,000 the fee is likely to be in the region of £100,000.

- 4.3 The Council will also require a valuation and development appraisal budget of £50,000 in order to address issues of 'Best Consideration' through the conditional disposal of the site.

5. Engagement and Communication

- 5.1 Informal reports on the redevelopment of the site are provided to Members and Officers via the Adur Major Projects Board meetings which are regularly attended by the following:

- Cllr Neil Parkin - Leader of the Council
- Cllr Brian Boggis - Exec. Member for Regeneration
- Cllr Stephen Chipp - Chair of Joint Overview and Scrutiny Committee
- Cllr Carol Albury - Chair of Adur Planning Committee
- Alex Bailey - Chief Executive of Adur and Worthing Councils
- Martin Randall - Director for the Economy
- James Appleton - Head of Planning and Development
- Representatives of the Council's Legal Services

- 5.2 As part of the Coast to Capital, Local Growth Fund business case for redevelopment, letters of support for the proposals were obtained from:

- Tim Loughton - MP for East Worthing & Shoreham
- Cllr Neil Parkin - Leader of the Council
- Geoff Edwards - Chair of Coastal West Sussex Business Partnership

The bid for supporting funds from the LEP was also shared with the Greater Brighton Economic Board (GBEB) and West Sussex County Council (WSCC).

- 5.3 Any Planning applications submitted as part of the redevelopment will be subject to Public Consultation.

6. Financial Implications

- 6.1 As noted at point 4 above, the expenditure required to effectively bring the site to the wider market via a specialist agent is likely to be in the region of £100,000 which will be paid upon disposal. In addition, a further budget figure of £50,000 be required to cover valuations, development appraisals and marketing of Phase II.

6.2 Under the The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, the use of capital receipts was confined to two purposes:

- i) To fund new capital expenditure
- ii) To repay debt.

Under statutory guidance up to 4% of the receipt can be used to fund disposal costs which will be sufficient to fund the costs identified.

6.4 The disposal of the land will generate a significant capital receipt for the Council. This receipt will be used to fund initiatives to generate an on-going savings for the Council. Options for the use of the receipt include:

- i) Funding initiatives such as service redesign to generate ongoing revenue savings for the Council using the capital flexibilities regulations.
- ii) Repaying the existing debt on the Adur Civic Centre Phase 1 project. Each £1m repaid will generate a saving of £40,000 per year for 40 years. If the full net receipt is used to fund the new office block, the potential annual saving will be £194,000 per year after allowing for the disposal costs of £150,000.
- iii) Funding the acquisition of new commercial property to generate annual returns of at least 5% which would generate income of £242,500.

6.5 Whilst, this does not rule out an option to take some revenue funding, possibly from any commercial element provided within a mixed use scheme, the benefits of securing a large capital receipt are quite compelling.

7. Legal Implications

7.1 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

7.2 S1 Local Government (Contracts) Act 1997 allows the Council to enter into a contract in relation to any of its functions

- 7.3 In addition to the power under s1 above, the Council must comply with its Contract Standing Orders and the Public Contract Regulations 2015 when instructing a third party as recommended in this Report.
- 7.2 Section 123 Local Government Act 1972 places an obligation on local authorities to dispose of land for best consideration, which is not limited to the monetary purchase price, but may include other elements in the transaction, provided those have a quantifiable commercial or monetary value.

Background Papers

- Report to JSC July 2016 - 'Redevelopment of the Adur Civic Centre Site'
- Coast to Capital Local Growth Fund - Outline Business Case 06.01.17
- Adur and Worthing Councils Corporate Priorities
- Adur and Worthing Economic Plan 2013 - 2023
- Platforms for our Places
- Adur Employment Land Review 2014
- Statutory Guidance on the Flexible Use of Capital Receipts

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Sustainability & Risk Assessment

1. Economic

The proposal to market the site for a mixed use scheme accords with the Adur and Worthing Economic Plan 2013 - 2023 where the Economic Priorities are named as Support Business, Develop Growth, Enhance Business Environment, Advance Local Skills, Encourage Sustainability and Promote Health and Wellbeing.

The Economic Plan also states "*It is vital that Adur and Worthing provides foundations for business to operate effectively*" and promotes the following aims:

- Support Business
- Develop Growth
- Enhance Business Environment
- Advance Local Skills
- Encourage Sustainability
- Promote Health and Wellbeing

2. Social

2.1 Social Value

Conditional disposal and redevelopment of the site with mixed use will enhance the town and help to support the economic prosperity of the District.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Development of the site once the construction compound has vacated, will prevent unauthorised encampments on the site.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Marketing the site for a conditional disposal will bring forward development of the remaining, redundant brownfield site as identified as the strategy for Shoreham within Platforms for our Places.

4. Governance

An internal officer board consisting of representatives from key departments essential to successful delivery will meet and review the programme at key stages of the marketing exercise.

Officers involved will include:

- Director for the Economy
- Chief Financial Officer
- Solicitor to the Council
- Senior Solicitor
- Asset Portfolio Manager
- Head of Planning and Development

The board will collaborate on decision making and will require regular updates from the Major Projects project manager who will advise the board on a regular basis, highlighting any changes to the status of the proposals.