



ADUR & WORTHING COUNCILS

Joint Strategic Committee
10 April 2018
Agenda Item 11

Key Decision: No

Ward(s) Affected: Central

Colonnade House Digital Hub

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1 This report sets out the preferred approach to the development of a Digital Hub at properties No 5 and 7 High Street, Worthing, which will be operated alongside Colonnade House to create a combined Creative Digital Hub providing additional flexible workspace for small and start-up digital/tech companies.
- 1.2 The report outlines that a key aspect of the scheme would be to complete the site assembly by purchasing the freehold of No 5 High Street, Worthing from West Sussex County Council.

2. Recommendations

- 2.1 The Joint Strategic Committee is recommended to:
 - i) Agree the preferred approach of the creation of a Digital Hub for Worthing.
 - ii) Approve a budget envelope of up to £140,000 to purchase the freehold of No. 5 High Street, Worthing (and associated costs) to complete the site assembly for the project.
 - iii) Agree to amend the Worthing Borough Council capital programme to include the new scheme

- iv) To note the development of a funding bid to the European Regional Development Fund.
- v) Delegate the decision to purchase No. 5 High Street to the Director of Economy in consultation with the Leader of Worthing Borough Council.
- vi) Note that a further report will be submitted to the Committee following the outcome of the funding bid setting out the details of the redevelopment of the site.

3. Context

- 3.1 In 2015 Colonnade House received capital and revenue funding from the Coastal Communities Fund (CCF) for the development of low cost affordable creative art studio workspaces and gallery. This was to address a lack of affordable creative business start-up floorspace within the Borough. The proposal also made use of a vacant building (previously used by the CVS).
- 3.2 The Colonnade House Creative Hub opened to paying tenants in October 2016 and has been hugely successful with good levels of occupancy and hosting a range of bespoke projects and events. Rent levels though low are deliberately kept affordable, in accordance with the criteria of the original funding bid.
- 3.4 Despite the success of the Creative Hub, additional income streams will be needed to sustain Colonnade House into the future (beyond March 2020). The project currently benefits from residual CCF funding, a rent free period and 100% relief on business rates.
- 3.5 The development of a Digital Hub in Worthing town centre is an important part of increasing the economic and business performance of the town through improved infrastructure and connectivity. It is intended that the new Creative and Digital Hub will benefit from connection to gigabit-speed fibre infrastructure, as part of the Gigabit project. This ultrafast broadband would attract new and expanding companies from the digital and creative sectors.
- 3.6 The development of a Digital Hub accords with the recently published Adur & Worthing Economic Strategy 2018 - 2023. Digital connectivity, infrastructure and development plays a fundamental role in driving future economic

performance. The Digital Hub forms part of the 'Superconnected Worthing' transformational solution within the Economic Strategy.

- 3.7 Blending digital and creative spaces in a single project offers the potential to make a positive intervention that will support these growing sectors. Additional benefits will include the physical upgrade of some important buildings of historic and architectural interest.

4. Development Proposals

- 4.1 In order to support the Colonnade House Creative Hub into the future, Officers have been developing a bid for funding from the European Regional Development Fund (ERDF) for the creation of a Digital Hub as an extension of the Colonnade House Creative Hub.
- 4.2 This bid is part of a consortium, the West Sussex EU Funding group, who have appointed an organisation called YKTO to coordinate the bid and manage the funding for the duration of the three year programme, if the bid is successful. To create the Colonnade House Creative and Digital Hub Worthing Borough Council (WBC) are seeking £800,000 which would support the refurbishment of 2 additional properties No.'s 5 and 7 High Street, Worthing, to create additional flexible employment floorspace. No 7 High Street is owned by WBC and No 5 High Street is owned by West Sussex County Council (WSCC).
- 4.3 Alongside the bid development, Officers have been negotiating the purchase of No. 5 High Street from WSCC who have the freehold on the property. Officers are currently carrying out due diligence on the property in order to progress the purchase from the County Council.

5. Indicative timescales

- 5.1 The initial outline proposals will be considered and the Council, as part of the consortium, should receive an early indication of the likelihood of the bid to receive funding in late Spring 2018. Following the submission of detailed bids a funding decision is likely in Autumn 2018. If the bid is successful, ERDF funding programme would start from early 2019 (subject to ERDF funding contractual arrangements).
- 5.2 The purchase of No 5 High Street, subject to satisfactory outcomes of all required searches and enquiries will need to be completed within the

timeframe of the funding programme to ensure alignment with the ERDF funding parameters.

6. Engagement and Communication

- 6.1 The proposed Digital Hub at Colonnade House emerged from discussion with stakeholders around the priorities for Adur & Worthing Economic Strategy 2018-2023.
- 6.2 Members have been kept informed of ongoing discussions with WSCC regarding the purchase of No. 5 High Street by WBC.

7. Financial Implications

- 7.1 The purchase of No 5 High Street is being negotiated between the two parties. An overall budget envelope for the purchase of the building of £140,000 is requested which includes any associated fees.
- 7.2 Worthing Borough Council set up a budget of £247,000 for the delivery of major projects as part of the 2018/19 budget process. It is proposed that this budget is used to fund the acquisition of the property. The purchase of the building does not currently feature in the Capital Programme so this will need to be amended accordingly.
- 7.2 The ERDF bid requires 50% match funding which officers have calculated on the basis of staff time (including the on site management of the new Creative and Digital Hub), rental income and the cost of purchase of No. 5 High Street.
- 7.3 Once site assembly is complete, the properties No.'s 5 and 7 High Street will require considerable refurbishment. Initial estimates have been used to support the funding bid. Similar to the financial models of other funding streams, the Council would be eligible to claim funding quarterly in arrears. The Council would therefore be required to forward fund the costs associated with the refurbishment of the two properties.

8. Legal Implications

- 8.1 S1 Localism Act 2011 provides the general power of competence and empowers local authorities to do anything which individuals can do apart from that which is specifically prohibited by pre-existing legislation.

- 8.2 S120 Local Government Act 1972, provides that principal Councils may acquire by agreement any land for the purpose of their functions or the improvement of their areas for money or money's worth as a purchaser or lessee. In considering what is money or monies worth any arrangements relating to Overage Provisions on purchase should be assessed and taken into account.
- 8.3 Any subsequent disposal of land purchased by the Council is to be for best consideration subject to s123 of the Local Government Act 1972.
- 8.4 S1 Local Government (Contracts) Act 1997 allows the Council to enter into a contract in relation to any of its functions, where purchasing works or services, the Council must comply with its Contract Standing Orders and Public Contract Regulations 2015.

Background Papers

- Adur & Worthing Economic Strategy 2018 to 2023
- Coastal Communities Fund – Bids for Colonnade House, JSC 1st April 2014

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Sustainability & Risk Assessment

1. Economic

- 1.1 The development of additional employment floorspace with connection to ultrafast broadband is a critical element of delivering the Adur & Worthing Economic Strategy.

2. Social

2.1 Social Value

The creation of the Digital Hub will support and sustain the existing Colonnade House, enabling it to continue to provide low cost, affordable work and gallery space.

2.2 Equality Issues

Matters considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matters considered and no issues identified.

2.4 Human Rights Issues

Matters considered and no issues identified.

3. Environmental

The development would make more efficient use of a brownfield site, providing employment floorspace in a town centre location close to existing amenities and well connected to the public transport system.

4. Governance

- 4.1 A dedicated project board will oversee the governance of the project ensuring:

- 1) Due diligence
- 2) Alignment with Council priorities and policies
- 3) Legal issues and compliance with legislation
- 4) Risk management including health and safety
- 5) Statutory approvals
- 6) Stakeholder Management
- 7) Change control

- 4.2 This framework will work in collaboration with the existing governance structures at Colonnade House.