



ADUR & WORTHING
COUNCILS

Joint Strategic Committee
3 November 2020
Agenda Item [10]

Key Decision [Yes/No]

Ward(s) Affected:

Supporting the Creative and Digital Sector - Colonnade House Expansion

Report by the Director for the Economy

Executive Summary

1. Purpose

- 1.1. To inform elected members of the progress of Colonnade House and outline the vision to expand and establish a Creative and Digital Hub in the heart of Worthing town centre.
- 1.2. To set out Worthing Borough Council's strong commitment to supporting and growing the Creative Industries in the town, with Colonnade House being positioned as a hub for this key sector.
- 1.3. To seek approval to progress the scheme through to a planning consent for the redevelopment of Colonnade House and adjoining properties.

2. Recommendations

It is recommended that the Joint Strategic Committee:

2.1 Note the successful progress made to date of establishing Colonnade House as a Creative Hub, since its inception in 2016.

2.2 To agree to the vision for expanding Colonnade House and establishing this as a Creative & Digital Hub to support the creative sector.

2.3 To delegate authority to the Head of Major Projects & Investment to:

- a) Make the necessary consultancy appointments to prepare and submit a Full Planning Application.
- b) To prepare a Full Business Case for the development of No 5 and 7 High Street and 52 Ann Street, Worthing.

3. Context

3.1 The expansion of Colonnade House is a key cross-cutting commitment in Platforms for Our Places 2020-22 that aims to develop the creative and digital sectors and skills base. In addition, the scheme (referenced in 1.6.6 and 1.8.9 of Platforms for Our Places) is also identified to support the delivery of ultrafast broadband and the wider ambitions around the digital economy (1.4.3).

3.2 This scheme also supports the Council's 'And Then' ambitions to develop our capabilities to support our micro start ups and micro entrepreneurs in response to the Coronavirus pandemic. It's worth noting that despite the pandemic the current Colonnade House is running at 90% tenant occupancy and 100% hires for the gallery spaces. This demonstrates the continued interest and demand, and the importance of the project to the overall economy.

3.3 In 2015, the Council secured Coastal Communities Funding (CCF) to redevelop Colonnade House from a redundant and neglected building (former CVS) in Worthing town centre into a number of creative spaces.

3.4 In 2016, the Council partnered with the Adur & Worthing Trust to refurbish the building and bring into operation a series of creative studios and two gallery spaces. This refurbishment was to address a lack of creative business start-up floorspace within the Borough.

3.5 The partnership has grown the business to deliver a series of successful projects (e.g. Geminate and Space to Make), whilst the tenant spaces have, on average, delivered to 80% occupancy levels and the galleries at near full capacity since inception. The current operating levels are highlighted under 3.2.

3.6 In 2018, Members will recall the report to Joint Strategic Committee (JSC) that set out the proposed approach for the development of an expanded Colonnade House at properties Number 5 and 7 High Street, as well as 52 Ann Street. That report agreed to the acquisition of Number 5 High Street from West Sussex County Council (WSCC) to complete site assembly to allow the design of a masterplan for the full scheme.

3.7 Since finalising the acquisition in 2019, a number of work strands have been instigated to explore the potential of delivering an expanded Colonnade House into the adjoining buildings. Whilst the current operation can be

deemed successful, the available space isn't enough to make the operation sustainable. The intention of expansion is to allow for a sound business case for the future by creating additional lettable space without increasing the existing core costs.

3.8 ECE Architects were appointed in Autumn 2019 following an open tender exercise to design the scheme. This consultancy has worked with Officers to work up plans for the redevelopment of the whole site, incorporating the footprint of Number 5 and 7 High Street, and 52 Ann Street, into a single building for use as a Creative and Digital Hub. It's proposed ECE continues to partner with the Council to deliver the Full Planning consent.

4. Background

4.1 The Department for Culture, Media and Sport (DCMS), in 2019, estimated that Creative Industries provided more than £100 Billion GVA to the UK economy and continues to be one of the fastest growing sectors. The sector competed in GVA terms with the UK's automotive, life sciences and aeronautical industries.

4.2 Creative Industries is made up of a number of components which includes film, TV, music, fashion and design, arts, architecture, publishing, advertising, video games and crafts. In addition, this rapidly moving sector continues to evolve and now includes sub-sectors such as "Createch". This digital component didn't exist 5 years ago, demonstrating the ability of this sector to adapt and flex in the marketplace.

4.3 The ability of the sector is driven by the creation of micro start ups (or micro entrepreneurs) and small SMEs. In early 2020, this sector provided over 2m jobs in the UK. The average size of a Creative Industry business being 3.3 employees. The existing client base in Colonnade House reflects this market.

4.4 The Creative Industries sector provides the ability for our population to start, hone and develop their entrepreneurialism skills. This sector has the ability to also provide the ever important balancing of work and life pressures, whilst fostering innovation.

4.5 The Fourth Industrial Revolution will create new jobs but it will reduce others. Whilst job reduction is likely to be highest in administration, manufacturing and retailing, the three sectors that still being regarded as the

most resilient are the Creative Industries, personal and social care and environmental tech.

4.6 The Coronavirus pandemic has provided an initial 'shock' to this sector, and whilst resilient to the Fourth Industrial Revolution, has suffered in the wake of lockdown. However, the delivery of a £1.57 billion package of measures from the government shows the contribution that the Creative Industries has, and will, contribute to the UK and local economies.

4.7 Whilst the sector as a whole has been affected by the pandemic, it is worth noting that interest in flexible workspaces continues to rise. This demand is predicated on small businesses and freelancers seeking non-core city locations and looking for commuter towns or city suburbs to reset their businesses. An expanded Colonnade House has the potential to capitalise on this emerging market.

5. The Vision

5.1 The scheme, and proposed planning application, enables the Council to establish a sustainable Creative and Digital Hub that responds to the ongoing occupancy success at the existing Colonnade House. It is worth noting the pandemic hasn't affected these occupancy levels.

5.2 The two buildings adjacent to Colonnade House, Number 5 and 7 High Street are in very poor condition. Number 5 is redundant with fire damage and asbestos and Number 7 is part occupied with the basement and upper floors unfit for use. Along with the plans for Union Place, there is scope for these buildings to contribute to re-establishing the High Street and provide a bold and fresh new appearance to one of the key arrival points in Worthing town centre (in this instance coming West on the A259).

5.3 The proposed Creative & Digital Hub will provide 267sqm of additional commercial floorspace over 4 storeys which will accommodate the following outputs:

- 5 x new studios
- 2 x upgraded studios
- 1 x new cafe
- 2 x creative work spaces
- Meeting rooms, production space and exhibition facilities

In addition the creative aspect the development will provide 344sqm of residential units:

- 2 x Studio Flats
- 2 x 2-3 bed flats
- 2 x 2-4 bed flats

5.4 The emerging design builds on the traits of the existing building, however encapsulates the need to create greater activation at ground floor level and increasing the availability of creative space. The design carefully considers the location, especially when considering the ‘changing high street’ and the need for a mix of uses. The redevelopment of this site showcases the intention by the Council to fully contribute to upgrading the High Street and bringing redundant buildings ‘back to life’ to support the overall economy.

5.5 Whilst the physical building is important, the use ‘through the building’ is an important aspect to note. With the connection of ultrafast broadband, and the natural location, the intention is for Colonnade House to be established as the fulcrum of the Creative Industries in the Borough. The existing operation is already connected to a number of key creative networks and learning providers, including the University of Brighton and University of Sussex. This relationship will develop as a result of the expanded offer.

5.6 The extension of Colonnade House will also provide job creation and, maybe less known, the ability to deliver reskilling and retraining for Creative Industries through CPD programmes. Whilst a Full Business Case will outline the economic benefits, this development anticipates to create 20 new direct jobs and 25 indirect jobs. The new facility will also build on the wider brief of professional development support for the sector as over 150 individuals have taken advantage of the professional development on offer.

5.7 The following table sets out the anticipated time frames of key milestones for the delivery of this project:

Key Milestones	Delivery Timeframe
Planning Application Submission	December 2020
Planning Committee	February 2021
Full Business Case	March / April 2021
Contract Award	Summer 2021

Start on Site	Autumn 2021
Completion	Spring 2022

6. Engagement and Communication

6.1 The redevelopment of Colonnade House has been identified in a number of strategic documents, including Platforms for Our Places. Not only is Colonnade House referenced in line with the Creative Industries, it's also part of the fibre package to bring Ultrafast Broadband to Worthing town centre. All of these elements have been presented to Members through various Joint Strategic Committee reports.

6.2 The project has also been a standing item on the Colonnade House Management Group for the last 12 months. The Group, made up of the Adur & Worthing Trust and Worthing Borough Council representatives, have discussed the approach and the requirement to build on the successes of the current partnership.

6.3 An Officer team has been set up to guide the work of ECE and project manage the delivery of the project. This cross departmental team includes expertise from Place & Economy, Finance and Legal services, all driven by an assigned Project Manager from Major Projects & Investment.

6.4 In late 2019, ECE developed early plans based on responding to the 'vision' identified in Section 5. The emerging design has been influenced by a number of pre-planning application meetings with the Planning Services.

6.5 To aid the design, the Colonnade House Management Group distributed a number of surveys to those businesses and freelancers who have occupancy in the current building, and to those who have 'come through' the facility. This sectoral pre-consultation further influenced the specification and provided detailed insights into the requirements of an expanded operation.

6.6 Finally, again prior to the formal public consultation, Officers held individual discussions with the existing tenants (Number 5 and 7 High Street and 52 Ann Street) of the buildings to outline the vision for the scheme. Following the consultation exercise two out of the five businesses have relocated to alternative premises.

6.7 Following the pre-consultation exercise, the plans were the focus of a formal stakeholder consultation in January 2020 and a public exhibition held on 14 January. Members of the public also had the ability to complete an online consultation questionnaire. The consultation exercise gathered 139 responses with 41.8% either agreeing or strongly agreeing to the principle of the development plans and 46.1% saying the development would make a positive contribution to the area.

6.8 Stakeholder consultation was also carried out with the current leaseholders of Colonnade House, Adur & Worthing Trust, and with the Worthing Society. Overall, both are supportive of the requirement to redevelop, noting the current state of repairs of these buildings and the need for the design to be sympathetic to the location. This consultation provided positive input into the design.

7. Financial Implications

7.1 Colonnade House currently has a £113,060 budget in the 2020/21 capital programme which can be used to fund the costs associated with the next phase of the project.

7.2 The proposed value of the works to be commission to secure planning permission is £75,100 which can be broken down as follows:

	£
Architects Fees	20,000
Planning fee	5,100
Surveys and insurances	30,000
Contingency	20,000
Total spend	<u>75,100</u>

7.3 Following the next stage of the project, a report will be presented which outlines the full cost of developing the site and seeks funding. A full business case outlining the options for the use of the site and the associated revenue costs will be presented at this time.

Finance Officer: Sarah Gobey

Date: 20th October 2020

8. Legal Implications

- 8.1. Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that it is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 8.2. Section 1 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.
- 8.3. Section 1 of the Local Government (Contracts) Act 1997 provides that every statutory provision conferring or imposing a function on a local authority confers the powers on the local authority to enter into a contract with another person for the provision or making available of assets or services, or both (whether or not together with goods) for the purposes of, or in connection with, the discharge of the functions by the local authority.
- 8.4. The Council will need to comply with the Public Contract Regulations 2015 in respect of the provision for the supply of goods and services and any procurement exercise to contract for those goods and services must be conducted in accordance with the Regulations and a failure to do so may be declared upon receipt of a procurement challenge anti competitive and in breach of the Regulations.
- 8.5. The Council is also to have regard to the procedures set out in its Contract Standing Orders found at Part 4 of the Council's Constitution.
- 8.6. In preparing a full business case the Council will need to consider any overage payments that may be payable to West Sussex County Council in respect of the redevelopment of 5 High Street.

Legal Officer: Andrew Mathias

Date: 22 October 2020

Background Papers

- [Colonnade House Digital Hub - JSC Paper 10.04.18](#)
- [Creative Industries Sector Deal - GOV.UK](#)
- [Public Consultation Design Boards - January 2020](#)

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Sustainability & Risk Assessment

1. Economic

- The proposal to develop the site for a Creative Industries Hub 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 Borough.

2.2 Equality Issues

- Matter considered and no issues identified.

2.3 Community Safety Issues

- Matter considered and no issues identified.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- Redevelopment of the site will improve the character and appearance of this part of High Street and the eastern access to the town centre by redeveloping the existing dilapidated buildings with a high quality design.

4. Governance

- An internal officer board consisting of representatives from key departments, essential to successful delivery, has met and reviewed the programme at key stages of the development.