

## Agenda item

### Chichester District Council

#### OVERVIEW AND SCRUTINY COMMITTEE

30 March 2021

#### Southern Gateway

##### 1. Contacts

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##### 2. Executive Summary

The Council, along with its partner, West Sussex County Council (WSSCC) have been working to implement the Southern Gateway Regeneration Project since the original Project Initiation Document (PID) was approved by Cabinet in June 2016. An Official Journal of the European Union (OJEU) procurement process commenced in May 2019 and a preferred developer partner was selected on the 24 December 2019.

COVID 19 lockdown one, new ways of working and subsequent lockdowns has had a significant impact on the progress of completing a Developer Agreement contract with our selected developer Henry Boot Developments (HBD).

The officers working with our appointed legal advisors and property consultants have progressed the commercial discussions linked to the Development Agreement but due to the impact of Covid 19 there is uncertainty in the future of markets sectors such as leisure, retail, hospitality and office accommodation. In addition to this HMCTS have announced the need to open a Nightingale Court in Chichester to address the backlog of criminal cases which means that these commercial discussions are on-going.

##### 3. Recommendations :

**3.1 Overview and Scrutiny Committee note the background information contained in the part one report and makes any recommendations to Cabinet.**

## 4.0 Background

- 4.1 The Council has for many years sought to achieve regeneration of the Southern Gateway area, originally via adoption of Supplementary Planning Guidance in 2001, which resulted in limited redevelopment of the area where this was merited on a commercial basis without the need for public sector drive, funding or support. Further development has since been hampered by the cost of the infrastructure and the relocation needs of the existing businesses within the area.
- 4.2 The current Southern Gateway master plan, working with key partners and following extensive consultation and technical studies, was adopted by Full Council in November 2017. The Southern Gateway master plan can be found on the Council's website at <https://www.chichester.gov.uk/CHttpHandler.ashx?id=29430&p=0>
- 4.3 In order to provide the required public sector financial support to assist the delivery of the master plan, a successful application to the Coast to Capital Local Enterprise Partnership (C2C LEP) was made by the Council. At their meeting in March 2018, the Council approved the Funding Agreement for £5m to support the project.
- 4.4 The Council also resolved, at its meeting in March 2018, that if it needed to, to be able to use its compulsory purchase powers in principle, to make and promote a compulsory purchase order(s) to acquire the relevant land to enable the development of the land, identified in the adopted Southern Gateway Master Plan. This resolution has been communicated directly to the landowners.
- 4.5 At the meeting on 2 October 2018, Cabinet approved the Southern Gateway Development Brief, which can be found on the Council's website at <https://www.chichester.gov.uk/CHttpHandler.ashx?id=31776&p=0> and at the March 2019 Cabinet meeting, approved a procurement process governed by the Public Contracts Regulations 2015 via the OJEU process to secure a development partner.
- 4.6 Following the procurement process, Cabinet and Full Council, on the 3 December 2019, approved the selection of the preferred developer Henry Boot Developments (HBD). Following standstill and the conclusion of WSCC governance arrangements, HBD were notified of their selection on the 24 December 2019.
- 4.7 Cabinet on the 3 December 2019 also approved delegated authority to the Deputy Chief Executive or the Director of Growth and Place, after consultation with the Strategic Leadership Team, the Leader and Cabinet Member for Growth, Place and Regeneration and the Growth Lead at WSCC to approve and execute the Development Agreement based on Heads of Terms.

- 4.8 JLL property consultants and Browne Jacobson, legal advisors were appointed in January 2020 to continue to support the Council in the implementation of the regeneration project and the completion of the Development Agreement.

### **Progress on the Development Agreement**

- 4.9 There has been significant progress on the project with a number of key milestones already having been achieved including the production of a master plan and development brief, an OJEU procurement process to select our developer plus the acquisition of a relocation site for Stage Coach bus maintenance and administration offices in Terminus Road.
- 4.10 Following the selection of Henry Boot Developments (HBD) as our preferred developer partner, the Covid-19 pandemic has had an inevitable impact on progress of the project. With delays caused by lockdown one, adapting to new working practises over the summer and continuing to work under the constraints of the impacts of lockdown two and three.
- 4.11 Market conditions are also significantly different to what they were 14 months ago when the procurement process was being undertaken, and with a large number of the outputs of the regeneration project being linked to the hospitality, office, retail and leisure sectors, the Covid 19 pandemic has had an impact on the viability of the overall scheme to deliver in these sectors. Many of these sectors will take years to recover; some may never recover to the levels predicted before the pandemic.
- 4.12 However during this period we have remained committed to the delivery of the regeneration project to deliver the much needed homes and employment within the City which has only been exacerbated by the pandemic. We have continued to work with HBD and our appointed property consultants JLL to review and develop options for the phasing of the project to be delivered due to the change to the markets caused by the pandemic.
- 4.13 There are a number of sites within the Southern Gateway Regeneration project area, the Bus depot, Bus Station, Crown and Magistrate Courts, Basin Road car park, Royal Mail depot, the old police field and the old redundant school buildings in Kingsham Road with neighbouring all weather pitch.
- 4.14 As part of phase one of the delivery of the project, HBD had proposed to develop the old Police field site (subject to site assembly), old school site and all weather pitch for residential and employment use, and discussions have progressed with the Sussex Community Health Trust and the NHS West Sussex Clinical Commissioning Group to potentially develop a community health hub and GP surgery space.
- 4.15 Also as part of the phase one delivery was the redevelopment of the Magistrate Courts and the Crown Courts for mixed use development, with potential hotel, retail, leisure and residential units.
- 4.16 The discussions with HM Courts and Tribunals Service (HMCTS) regarding the acquisition of this site was underway when late last year they confidentially

informed us that they were looking to use these facilities in Chichester as a Nightingale Court, to address the backlog of court cases especially criminal cases. HMCTS publically announced on the 15 February 2021, additional court facilities throughout the Country naming Chichester as one of these locations in the press release. HMCTS have confirmed to us that the facilities will be used for at least two years and at the end of this period the facilities required for the service going forward will be reviewed. They also confirmed that they are not in a position to negotiate a sale based on vacant possession which they had previously indicated as a possible way forward.

4.17 Due to this we are unable to progress the Court site as part of the phase one developments with HBD. We have been working with HBD, who remain committed to bringing forward a viable phase one, on the alternative sites within the Southern Gateway Regeneration area.

## **5.0 Outcomes to be achieved**

5.1 Whilst the Southern Gateway Masterplan sets out a number of key objectives and requirements to secure mixed use redevelopment and regeneration of the area, it is a flexible document that will enable a range of uses, including residential use, of appropriate scale, design, form and density to be delivered across the identified development sites, subject to planning approval. Before each phase of delivery a viability assessment will be produced, informed by soft market testing, to ascertain the market position and viability of each phase. In some instances, the current phase of the project may need to consider the implications of changing the mix of uses, value engineering the scheme or adjusting the density of residential units to make the phase viable, subject to planning approval and compliance with the master plan.

## **6.0 Proposal**

6.1 That Overview and Scrutiny Committee note the background information contained in the part one report and considers any recommendations to Cabinet

## **7.0 Consultation**

7.1 There has been widespread public consultation associated with the development of the Southern Gateway Masterplan. Since COVID 19, Councillors have been kept informed of progress via the councillor's monthly bulletins and the regular informal update meetings with Leaders of the Groups, as well as a Cabinet report in September 2020 and a Cabinet and Full Council report in November 2020. In addition the CDC and WSSC Growth Board receives quarterly updates on the key Growth projects at each meeting where representatives of both the District Council (currently Cllr Lintill, Cllr Dignum, Cllr Oakley and Cllr Moss) and WSSC meet.

## **8.0 Community Impact and Corporate Risks**

8.1 The Southern Gateway Regeneration project has significant positive social impacts and economic impacts for the area including the provision of new

housing (including at least 30% affordable), improvements to the public realm, cycle routes, commercial space as well as supporting the visitor economy. Details are contained in the Southern Gateway Master Plan and Development Brief.

8.2 There are significant risks to the delivery of the Regeneration project key risks include; market viability, infrastructure costs, site assembly costs and relocation costs of existing businesses.

## 9.0 Other Implications

<b>Are there any implications for the following?</b>		
	Yes	No
<p><b>Crime and Disorder</b></p> <p>The development will be constructed to “secure by design” standards and will therefore have a positive impact on crime and disorder.</p>	X	
<p><b>Climate Change and Biodiversity</b></p> <p>HBD have been made aware of the District and County’s declaration of a climate change emergency. Their submission includes their response and proposals in this respect including complying with BREEAM very good standard and the Sustainable Housing Code. Improving the attractiveness to use public transport, cycling and walking as the prioritised mode(s) of transport is also reflected in their tender return.</p>	X	
<p><b>Human Rights and Equality Impact</b></p> <p>The facilities proposed in terms of places for people to live, including those less able to compete on the open market, places for people to work, including shared workspace will all contribute positively. All new facilities will be DDA complaint and accessible.</p>	X	
<p><b>Safeguarding and Early Help</b></p> <p>The potential for a new Community Health hub within the development is a positive contribution and should make access to these services more streamlined.</p>	X	
<p><b>General Data Protection Regulations (GDPR)</b></p> <p>A development of this scale will involve the systematic monitoring of public areas (including by CCTV). Any new/relocated systems will need to be the subject of Data Protection Impact Assessment through the Data Protection Officer to manage any changes to surveillance.</p>	X	

<b>Health and Wellbeing</b>	X	
The public realm proposals and calming the area of traffic are all expected to contribute positively.		
<b>Other</b> (please specify)		X

## 10.0 Appendices

10.1 None

## 11.0 Background Papers

11.1 Southern Gateway Master plan - Available on the Website

<https://www.chichester.gov.uk/CHttpHandler.ashx?id=29430&p=0>

11.2 Southern Gateway Development Brief - Available on the Website

<https://www.chichester.gov.uk/CHttpHandler.ashx?id=31776&p=0>