

Chichester District Council

CABINET

2 June 2015

Plot 21 Terminus Road Chichester

1. Contacts

Report Author:

Patrick Harrison, Strategic Asset Management Surveyor,
Tel: 01243 534720 E-mail: Pharrison@chichester.gov.uk

Cabinet Member:

Mrs. Gillian Keegan, Cabinet Member for Commercial Services
Tel: 01798 344084 E-mail: gkeegan@chichester.gov.uk

2. Executive Summary

Following approval of the Initial Project Proposal Document (IPPD) a detailed Project Initiation Document (PID) has been prepared (Appendix 1). The PID confirms the viability of a redevelopment of the site under a pre-letting agreement. This report recommends Cabinet to advise Council to proceed with the project.

3. Recommendations

3.1. That the Council be recommended that Option 3 in the PID be approved as the Plot 21 Terminus Road Redevelopment Project and

- (i) That funding of £66,000 is released from Capital Reserves to enable the demolition and planning matters to be progressed immediately**
- (ii) That the balance of the estimated total costs set out in section 7 of the PID (Appendix 1) be released subject to a pre-let agreement being in place delivering a minimum return on investment as set out in section 3.9 of the PID.**

4. Background

4.1. The Council owns the freehold interest in the site. In November 2013 the opportunity to accept the surrender of the then existing 38 years long leasehold interest to enable the site to be redeveloped was approved by Cabinet. Completion of the surrender of the long leasehold interest took place on 26 February 2014. The submission of an outline planning application to demolish and clear the site of buildings and redevelop with B1 Business, B2 General Industry and B8 Storage and Distribution uses

was approved by Cabinet which, if approved, would allow redevelopment with a new building. An agent was instructed to market the site.

- 4.2. This Cabinet decision included the approval of costs associated with submission of the planning application and the acquisition costs funded from existing Estates Service budgets. Cabinet also approved that in the event of business rates becoming payable whilst holding the building, urgent powers to be used if necessary to fund those costs as provided for within the constitution.
- 4.3. At its meeting on 6 January 2015 as part of its consideration of the Corporate Plan, Cabinet approved the proposals for the development of this site in principle subject to the PID being approved and authorised the release of £100,000 from capital to fund the demolition of buildings and clearance of the site. Detailed estimates now obtained however indicate that these costs, including asbestos removal, will exceed £100,000 as indicated in the PID and additional budget of £66,000 is required to enable this work to be undertaken.
- 4.4. As anticipated, the marketing of the site has proved that given the condition, design and specification of the existing building it is unlikely to be let in its existing state. The building is obsolete and needs to be redeveloped.
- 4.5. Initial negotiations are progressing with an interested party to occupy a new building under a pre-letting agreement. The prospective tenant has been provided with provisional heads of terms including initial architect's sketch plans meeting their requirements which have been costed by consultants. The proposal is currently being considered by the interested party and we await their confirmation that it is of interest subject to planning and the Council's internal approval procedures. The proposal is for the interested party to lease based on a development agreement to occupy the building on practical completion.
- 4.6. A planning application has been submitted but Highways England (HE) requires the submission of additional traffic data. Traffic Consultants have been instructed and their report is with the Development Management Service to pass on to inform HE and we await their comments.

5. Outcomes to be achieved

- 5.1. The redevelopment of a site with a new sustainable building to improve the environment.
- 5.2. Increased rental income receipts from the grant of a new lease subject to a pre-letting agreement and a development agreement (see PID Appendix 1 for further details).

- 5.3. Improve the economy by attracting a new employer and/or providing an opportunity for an existing Chichester based company to expand into Terminus Road.
- 5.4. The proposed project supports the Corporate Plan 2015-2018 “Priority to improve and support the local economy” and the objective to “Promote commercial activity and economic growth”

6. Proposal

- 6.1. Option 3 as detailed in the PID is recommended for approval.
- 6.2. Following the grant of planning permission, to demolish the buildings and undertake preparatory work for development.
- 6.3. The Estates team to conclude a binding pre-let on terms that justify the investment and the Council to proceed with the development.
- 6.4. Appoint an employer’s agent to manage the selection and appointment of demolition contractors, assemble the other members of the professional development team, appoint a building contractor and be responsible for the delivery of the building to practical completion on time and within budget.

7. Alternatives that have been considered

- 7.1. The Option Appraisal for the PID considered six options that are outlined in Section 8 of the PID at Appendix 1 and the option appraisals are available to members as background papers.

8. Resource and legal implications

- 8.1. As Government funding reduces, there is a general requirement to increase income to fund the Council’s annual budget. It is recognised that this can be achieved in part by maximising income from Council owned properties. The consequences of not undertaking the above would result in a derelict site remaining unoccupied with the Council having to fund NNDR currently at £38,700.50 per annum. Further detail is included in the PID at Appendix 1.

9. Consultation

- 9.1. External consultation is not appropriate at this stage.
- 9.2. Economic Development has been consulted and supports the proposal.

10. Community impact and corporate risks

- 10.1. There is a risk that detailed planning permission for the demolition of the existing building and the redevelopment of the site will not be obtained or that conditions are attached to the consent that render redevelopment

unviable. This, however, will be mitigated by engaging professional advisers.

- 10.2. The redevelopment of this brownfield site would improve the environment and present an opportunity for existing Chichester based businesses seeking to expand to secure new premises that may release existing premises for occupation or redevelopment as well as provide an opportunity to attract a new business in to Chichester.

11. Other Implications

Crime & Disorder: The additional employment created could assist in the reduction of Crime and Disorder.	Yes	
Climate Change: The development will be to sustainable standards	Yes	
Human Rights and Equality Impact: The provision of the new building will improve employment opportunities in the area.	Yes	
Safeguarding:		No

12. Appendix

- 12.1 Appendix – PID (not for publication)

13. Background Papers

- 13.1. Option appraisals for the PID (not for publication)