

# **Project Documentation - Initial Project Proposal Document**

## **Project: St. James Industrial Estate, Chichester**

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**Version: 1.5**

### **1. Purpose of Document**

The purpose of this document is to set out the requirement for the instruction of a consultant to investigate possible future development options for the St. James Industrial Estate, establish the possible costs of any work that might be undertaken and assess this against the option of doing nothing.

The reason for the proposal is that the units on the site are now tired and facing competition from newer developments which are better suited to modern business requirements. In addition, the site is in a very sustainable location being close to the city centre and therefore offers potential to provide a greater benefit to the Council than it does at present.

This proposal directly supports the Corporate Plan 2015-18 priority to “promote commercial activity and economic growth”.

### **2. Project Description**

The project being proposed is the instruction of a consultant to investigate and report back on possible options for the site which offers considerable potential for improvement / redevelopment. There are considered to be two main options, aside from doing nothing:

1. Refurbishment and partial redevelopment
2. Complete redevelopment either for light industrial use (B1, B8) as existing, or for an alternative use, such as residential, with the provision of the light industrial space currently offered by St. James being re-sited elsewhere

This work could be undertaken in phases or in one go.

### **3. Background**

The St. James Industrial Estate was developed in the early-1980s to provide accommodation for small and start-up businesses. The site was developed around the old Council depot and so comprises converted brick built premises with some more modern steel frame units. The premises are basic and lack their own WC facilities, but most benefit from a loading door and parking space.

The long term future of the site needs consideration as the consequences of not undertaking some investigation into the future of the estate could mean that it will become increasingly dilapidated without significant investment and may start to become uncompetitive. The direct result of this would be a reduction in income to the Council and possible increased maintenance costs together with incurring charges for units which are vacant e.g. empty Business Rates, service charges and security costs.

At present seven of the units are occupied by a single tenant – the majority of these are within the central block which comprises most of the converted

depot buildings. Some of these units are unusual in shape and have different floor levels which means that they are not ideally suited to modern businesses. This tenant has been in communication with the Council about the possibility of moving to new premises elsewhere and may choose to break their lease when the opportunity arises in October 2016. If they choose to operate this break then the Council would be left with a large number of vacant units, many of which might be difficult to relet. The possible advantage of this to the Council is that it could provide the ideal time to undertake major work to the central block.

**4. Outcomes to be Achieved**

- A summary of possible development options for the site with approximate costings
- A cost / benefit analysis of the options
- Likely timescales for putting the possible options into action
- Any risks associated with each options of delivery.

If the study identifies a viable option a PID will be needed to identify resources and funding required.

**5. Timescales**

Whilst there is no urgent timescale for this project, it would be desirable to have a plan in place and to schedule this into the Council’s list of priorities so that work commitments and funding can be planned accordingly.

**6. Project Costs and Resources**

	<b>Costs (£)</b>	<b>Source</b>
One-off	£25,000	Reserves
Revenue	n/a	
Savings	n/a	
Services to be involved in the project delivery	Significant support will be required by the Estates Service in drafting proposals for the site and preparing an associated PID. Consultants will need to be engaged and provided with information and plans. This resource is not presently available within the existing Estates services however provision has been made to employ additional resources. Should the feasibility study prove successful and this project moves forward, resources will be needed from Legal, Finance, Procurement and Economic Development.	

**7. Benefits Against Investment**

These need to be determined by the appraisal, part of which will be to assess the investment required by the Council against the likely return and attractiveness of such a scheme as a commercial interest.

**8. Identify Risks**

The main risk associated with any changes to the site from its present form is that it may not produce any immediate financial benefit. However, this is partly due to the present favourable market conditions and may not be

sustainable in the event of an economic downturn. In fact, the current occupancy level follows a significant period of relatively high vacancies.

The feasibility work will identify any risks associated with each options and any mitigation that is required. However it is worth noting that there would be a loss of income whilst any work was being carried out to the site. The site currently produces an annual income in the region of £300,000 pa when fully let.