

BABERGH DISTRICT COUNCIL

COMMITTEE: Cabinet	REPORT NUMBER: BCa/18/12
FROM: Cabinet Member for Assets and Investments	DATE OF MEETING: 12 JULY 2018
OFFICER: Jonathan Stephenson Strategic Director & Anne Bennett Corporate Manager	KEY DECISION REF NO. CAB12

BABERGH DC FORMER HQ REGENERATION PROJECT – APPROVAL OF RECOMMENDED OPTION

1. PURPOSE OF REPORT

- 1.1 In September 2016 Full Council made the decision to relocate from the HQ buildings in Corks Lane, Hadleigh to Endeavour House as the current HQ was not fit for purpose to fulfil modern local government functions with Mid Suffolk District Council.
- 1.2 In April 2017 Strategy Committee gave approval for the appointment of a design and planning team following a full and compliant procurement process. The appointment of the design and planning team was required to support with developing options for the future use of the existing headquarter building at Corks Lane and the associated Corks Lane and Bridge House Car parks; and to develop a programme of work which would ensure the successful delivery of a developed design, that would enable the determination of a detailed planning application for the site.
- 1.3 This report sets out the options that have been considered and explain the rationale for the recommended option.
- 1.4 The purpose of the report is to provide information on the proposed option for the sites development, to Cabinet, prior to a decision being taken to submit a full planning application for the proposed option set out within 2.1 of this report (option 2) and within Appendix A.

2. OPTIONS CONSIDERED

- 2.1 Carter Jonas carried out an initial soft assessment of the site in February 2016 to indicate what uses might be targeted. These options were further explored by Ark consultancy and Carter Jonas has updated their Employment Viability Report and this can be found at appendix D:
- 2.2 COMMERCIAL OFFICE SPACE: Within a 7-mile radius of the site the office space that is available is significantly smaller than the council offices. Offices are taking on average 43 months to let and the demand for commercial office space in this location is extremely limited. If the building was to remain as commercial use, then a significant sized organisation would need to be attracted to the town. The likelihood of this being achieved is very small.

- 2.3 Ark contacted commercial agents who all confirmed this summary is correct. A Chartered Surveyors at Bury St. Edmunds who are a commercial agent specialising in finding clients for Class A and Class B use said that they had no suitable clients for the building and would find it extremely difficult to find one.
- 2.4 RETAIL: There would be very little demand for retail in this location. Shops in the High Street are regularly available to rent and local agents confirmed that Retail space at the Hadleigh office site was too far out of the town centre to be of any interest to potential clients. Class A use would not be attractive to their client base.
- 2.5 LEISURE USE: The location has the potential to take a small boutique hotel as part of a wider mixed-use development of the site, however the market for such hotels is weak with several recent bankruptcies in the sector. Ark contacted agents who specialise in finding sites for this type of use confirmed that the market for a Boutique Hotel would be small and currently they said it would be difficult to find a client for the site.
- 2.6 RESIDENTIAL: Hadleigh is an emerging town that is considered by many to be in good commuting distance to the City. There is good demand for housing with a significant sales premium over the towns close by such as Needham Market.
- 2.7 Residential Care could have a market in this location, however McCarthy and Stone currently have a scheme under development at 109 High Street, Hadleigh, Suffolk, IP7 5EJ. The flood plain situation for the site would also have a significant impact on the attractiveness of the site for a residential care use. A consultant specialising in finding sites for care home clients and although they said the site could be attractive to their clients the McCarthy and Stone consent together with the flood plain issues and the need to redevelop the existing listed buildings would be a significant barrier to a care home operator considering the site.
- 2.8 General residential development of the site was seen as attractive to housing developers. Agents who specialise in finding sites for housing confirmed that if this site were to come forward as a site for housing there would be significant interest.
- 2.9 Soft market testing concluded that residential use of the site was the only viable option. Three residential options were therefore developed in November 2017:

Option 1 -Retention and conversion of ALL buildings: all listed, all of the 1980's extension buildings, Bridge House with new build adjacent to Bridge House and Corks Lane corner and car park

Option 2 (recommended option)- Retention and conversion of the listed buildings, part retention and conversion of the 1980's extension i.e. retention only of the 1980's extension that could be readily converted to residential, demolition of Bridge House and new build development on Bridge House Car park and Corks Lane car park.

Option 3 – Retention and conversion of the listed buildings, total demolition of the 1980's extension, demolition of Bridge House with new build being within the curtilage of the listed buildings, Corks Lane corner and car park and on and adjacent to site of Bridge House.

<p>3. RECOMMENDATIONS</p> <p>3.1 That the Cabinet considers comments made by Full Council (appendix h) on 19th June 2018 and makes recommendations for any amendments to the preferred option (Option 2) and development scheme</p> <p>3.2 That Cabinet approves Option 2 (section 2.1 of this report) and delegates responsibility to the Strategic Director, with responsibility for Assets and Investments, in consultation with the Cabinet Member for Assets and Investments, to submit a full planning application for the redevelopment of the former Council HQ site at Corks Lane and the Bridge House and car parks.</p>
<p>REASON FOR DECISION</p> <p>This option provides for a comprehensive and sympathetic regeneration of the site whilst enhancing the significance and setting of the important listed buildings and preserves the character and appearance of the Conservation Area.</p>

4. KEY INFORMATION

- 4.1 At the Council meeting on 22 September 2016 Councillors considered and noted the key information relating to the development of the Hadleigh site in C/70/16 (Appendix A).
- 4.2 At that stage early market testing and early appraisal of the possible options for the sites had been undertaken. In September 2016, following a development appraisal report by Carter Jonas, Council approved proposals for officers to investigate the future options for the use of the Head Quarters site.
- 4.3 An OJEU advert was placed inviting expression of interest and 6 bidders were selected to interview. Both Council Leaders were part of the formal interview process with officers in April 2017.
- 4.4 In June 2017 Purcell Architects, Lawson Planning Partnership, Hoggarth Cooke and Morley Riches & Ablewhite were appointed to support the Council with design, planning advice, feasibility and financial viability appraisals of the options for future use.
- 4.5 The commission was for both Babergh and Mid Suffolk's HQ sites and the aim of the commission was to establish a redevelopment option for each of the sites which realises the potential market values of the sites and is acceptable in planning policy terms; alongside the requirement to deliver outcomes which meet the Councils' Joint Strategic Priorities and also consider the socio-economic impact relating to the closure of the offices.
- 4.6 An important outcome for the commission was to achieve the delivery of a solution that will prevent the sites lying dormant for an extended period of time; and provide residential development that creates apartments in the retained, converted buildings and new housing on the surrounding car park sites.
- 4.7 The project team have been developing proposals for the site. These proposals have been developed using the following mechanisms:

- Site assessment and Pre-planning discussions
- Market testing outcomes
- Viability testing and appraisal
- Sounding Board, Councillor, Town Council & public engagement comments

4.8 This report takes into consideration the detailed design and planning work and takes into consideration all survey work, additional market engagement and the financial appraisal of various options. All options included the retention of the 5 historic buildings on the site.

4.9 The brief was to provide a residential development, creating apartments in the retained, converted buildings and new housing on the surrounding car park sites.

4.10 The rationale for the extent of demolition of the 1980s consisted of defining which blocks of the existing office complex could be converted to residential use without compromise to the quality of created residential accommodation. This resulted in the proposal to demolish the council chamber (due to its bespoke design as a chamber and difficulty in conversion) and the associated deep plan areas of office and circulation. In addition, the existing refectory wing was proposed for demolition for the same reasons.

4.11 The proximity of the site to the River Brett imposes significant flood risk constraints. A detailed flood modelling has been undertaken to define the extents of the flood plain and the extent of development potential for the site, without building within the recognised flood plain.

4.12 New build options for the Corks Lane car park (to the west of the office buildings) were explored, testing housing of different types and apartments. However, much of the car park would need to be retained for parking to support the adjacent apartments (converted offices).

4.13 Options were developed for the Bridge House site, which retained and converted Bridge House with adjacent new build, or proposed to demolish Bridge House. Following consultation with our traffic consultant, the position of Bridge House prohibits the use of the adjacent driveway (leading to the allotments) as an two way road, which is instrumental to unlocking the development of the site. Furthermore, a detailed structural survey of Bridge House was undertaken by The Morton Partnership which defined the extent of structural works required to restore the building. This was cost prohibitive and therefore it is proposed to demolish Bridge House.

4.14 **Next Steps**

- Following approval from Cabinet a full detailed planning application will be submitted for approval (August);
- Section 106 Heads of Terms of Agreement (if any);
- During the planning determination period (13 weeks) a detailed business case will be prepared and presented to Council for a decision to be made

on the delivery approach to the site, in readiness for the planning determination;

- Project start on site

4.15 **Project Benefits**

- The local economy will benefit from increased employment during the construction phase and increased foot fall for local shops and services in the long term.
- This scheme will provide outcomes which impact on the Councils Strategic Priorities by providing housing delivery.
- Comprehensive site reuse and redevelopment, including the retention and enhancement of the listed building significance and settings and preservation of the character and appearance of the Conservation Area
- The retention of the riverside walking routes
- Community Infrastructure Levy

5. **LINKS TO JOINT STRATEGIC PLAN**

5.1 The release of the former HQ sites for economic and housing purposes meets the following key strategic priorities:

- Property investment to generate income and regenerate local areas
- Making best use of land and buildings across the Suffolk system
- Further develop the local economy and market towns to thrive.

6. **FINANCIAL IMPLICATIONS (Further Information Contained in Part 2 – Restricted)**

6.1 The costs of feasibility and design work being undertaken to support delivery of the regeneration of the headquarters site are included within previously approved capital and revenue budgets.

Revenue/Capital/ Expenditure/Income Item	2017/18	2018/19	2019/20
Purcell Contract (includes others subcontracted as full project team)	£109,082.41	£74,602.09	N/A
Other Surveys/land investigation & Consultation commissioned directly by the Council	£83,972.41	£26,640	N/A
Full Planning Application & listed building consent	N/A	£23,963	N/A

A business case for the regeneration of the headquarters site, which sets out the full financial implications, including any capital funding requirements, will be presented to Council for approval, at a future date, prior to moving forward with the regeneration of the site.

7. LEGAL IMPLICATIONS

- 7.1 All procurement for the project was advertised nationally and via the Office of journal of the EU (OJEU) using a two-stage process.
- 7.2 Subject to Cabinet approval a planning application will be made pursuant to Regulation 3 of the Town and Country Planning General Regulations 1992 (as amended).
- 7.3 All rights of way and ownerships have been rigorously investigated by solicitors and they have confirmed that the development of this option can be achieved.

8. RISK MANAGEMENT

- 8.1 This report is most closely linked with the Council's Corporate / Significant Business Risk No. 4b Assets and Investments, Failure to Manage our corporate and housing assets effectively. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If we didn't explore fully the options for the former HQ site the Council may not achieve the best economic, social and financial outcomes from the site	Unlikely (2)	Medium (2)	Having the appropriate professional and technical experts to support the Council to ensure that the future options are fully appraised.
Other project risks:			
The project cannot be delivered within budget and within the agreed timescale. If projects are delayed could give rise to increased costs.	Unlikely (2)	Bad (3)	The project team have been working well together, all relevant surveys and site investigations have been carried out so that cost implications are known and it also serves to front load the planning application. Full consultation with stakeholders as

			the project has progressed have shaped the proposals.
The planning application is refused.	Unlikely (2)	Bad (3)	The pre-application has been very thorough.
There is a market downturn which means that the viability position is altered for the project.	Unlikely (2)	Bad (3)	The Council could consider using properties for private rent whilst the market recovers.

9. CONSULTATIONS

- 9.1 Sounding board November 2017: A project sounding board consisting of Ward Councillors, the Council Leader, and representatives of the town council was established in November 2017 to provide important confidential input from representatives of the community. In November 2017, the site analysis, strategic and detailed briefs, concept designs and 3 site options were presented to the Sounding Board.
- 9.2 Pre -application submissions were made to the Planning Authority and statutory consultees as follows – to Historic England in October 2017, to the Planning Authority (incorporating Suffolk CC as Local Lead Flood Authority, Highways and Place Services Historic Buildings/ Ecology Officers and the Strategic Housing Officer) in November 2017.
- 9.3 Cabinet briefing and all member sessions – January 2018.
- 9.4 Town Council meeting 13th February 2018.
- 9.5 SDRP – March 2018, the consultant team engaged with the Suffolk Design Review Panel. Following a site visit, the site analysis, briefing and outline options were presented along with the developed, preferred option. The review panel provided useful feedback which has been reviewed and taken into account during the subsequent development of the proposals.
- 9.6 Public consultation exhibitions of the proposals were held at Hadleigh Cricket Club Pavilion and at the Guild Room (Town Hall) on 11th and 18th April.
- 9.7 Second sounding board –April 2018, the consultant team presented to the Sounding Board members, feeding back the responses from the SDRP and the public consultation.
- 9.8 The proposal (Option 2) was presented at Full Council, for comment, on the 19th June 2018. These comments can be found at Appendix H.

9.9 The advice from all these bodies, the responses arising from the public consultation exhibitions, councillor briefings and Full Council (19th June 2018) have been taken into account in developing the scheme design for the preferred option, including the associated site redevelopment mitigation strategies.

10. EQUALITY ANALYSIS

10.1 Equality Impact Assessment (EIA) not required as there are no equality issues arising from the contents of this report and the recommendations.

11. ENVIRONMENTAL IMPLICATIONS

11.1 The environmental implications of the project/build specifications will be set out in the report on the delivery of these proposals

12. APPENDICES

Title	Location
(a1) Process Summary	Attached
(a) Paper C/70/16 Site Options	In Part 2 of the Report-Restricted
(b) Public Consultation Exhibition Boards	Attached
(c) LPP Summary of Consultation Responses	Attached
(d) CJ Employment Viability Report	Attached
(e) MRA Viability Information	In Part 2 of the Report-Restricted
(f) High Level Project Plan/ Timetable	Attached
(g) Drawing	Attached
(h) Comments from Full Council 19.06.2018	To follow