

Leader	Ref No: LDR01 (19.20)
June 2019	Key Decision: YES
Chichester Growth Programme – Southern Gateway	Part I
Report by Executive Director of Place Services	Electoral Division(s): Chichester South

Summary

The Chichester Growth Deal identifies a set of shared priorities between West Sussex County Council (WSCC) and Chichester District Council (CDC) to support economic growth within the city of Chichester.

The Growth Deal includes a commitment to delivering growth at the Southern Gateway through the development of housing, employment space, improved connectivity and improved public realm as identified in the Adopted Southern Gateway Masterplan. The Masterplan, adopted following extensive consultation, includes the development of land currently owned by the County Council (the Land); the redundant former Year 7 building and the current all-weather hockey pitch at Chichester High School.

The development of the Land would require the demolition of the redundant school building and relocation of the hockey pitch to release land currently on a long term lease to The Kemnal Academies Trust (TKAT).

The Coast to Capital LEP has allocated £5m of Local Growth Funding (LGF) to CDC to support the delivery of development at the Southern Gateway. WSCC and CDC signed a Funding Agreement in March 2019 that enables the allocation of £430k of LGF funds to the demolition of the redundant school building and a further £1.54m of LGF funds the relocation of the all-weather hockey pitch subject to key delivery criteria being met.

This report seeks approval in principle for the County Council to proceed with projects subject to a full business case being approved to demolish the redundant former year 7 school building and relocate the existing all-weather pitch as enabling works for the redevelopment of the Land and seeks approval to formally join a procurement process with CDC to identify a potential Development Partner for the Southern Gateway and allow a future Leader Decision to enter into a Development Agreement, should specific conditions be met.

A further key decision will be prepared to consider whether to implement any proposals that emerge from this process.

West Sussex Plan: Policy Impact and Context

This proposal will support the delivery of key economic benefits and strategic growth identified within the Chichester Growth Deal and the Chichester City Vision.

The delivery of growth at the Southern Gateway supports a number of priorities in the West Sussex Plan, particularly ensuring West Sussex is a prosperous place and being a council that works for our communities.

The progression of the Southern Gateway as part of the Chichester Growth Deal would, through partnership with Chichester District Council and wider Stakeholders deliver, amongst other things new city centre homes and employment space through the regeneration of a key gateway into the City, contributing to increased GVA within the District.

Financial Impact

The costs associated with proposed project will be met from LEP funding, therefore there is no revenue implications to the Council.

At present, there are no financial impacts associated with the decision to join the CDC procurement process to identify a development partner. Any such impacts will be set out in detail in a subsequent Leader decision prior to the completion of the OJEU procurement process.

Recommendations:

That the Leader approves:

- (1) That projects to demolish the Former Year 7 Block and re-locate the all-weather hockey pitch are added to the capital programme, funded by LGF, to include £430k for the cost of the demolition and £1.54m for the cost of the hockey pitch relocation subject to a full business case being approved;
- (2) That the Executive Director of Place Services be given delegated authority to enable the County Council to join the procurement process for a development partner and to make an appointment if so advised.

Proposal

1. Background and Context

1.1 The Chichester Southern Gateway regeneration project is a key proposal within the Chichester City Vision, and is included within both the Chichester Growth Deal and the One Public Estate West Sussex programme. The proposals include the comprehensive redevelopment of a number of publicly-owned sites around the railway and bus stations and canal basin in Chichester.

1.2 The Southern Gateway Masterplan was approved, following extensive consultation, by CDC as supplementary planning guidance in 2017 and supports the redevelopment of largely brownfield sites to provide:

- 365 residential dwellings including affordable homes
- 21,000sqm of commercial floorspace including leisure and retail
- Public realm and connectivity improvements through the southern approach to the City

- 1.3 WSCC are landowners of areas of land included within the red line boundary of the Masterplan area fronting onto the Kingsham Road (plan attached in Appendix A), which comprises the redundant former Year 7 building and the current all-weather hockey pitch at Chichester High School.
- 1.4 The development of the Land requires enabling works through the demolition of the redundant school building and the relocation of the hockey pitch in order to release the existing hockey pitch land, which is currently leased by The Kemnal Academies Trust (TKAT) on a long term lease.
- 1.5 Current proposals foresee the Masterplan being delivered through an appointed Development Partner. In order to identify a potential Development Partner and consider the potential capital receipts for the Land under the terms of the Southern Gateway Masterplan, CDC, as the Lead Authority published an OJEU tender in April 2019 with a view to completing the tender process and appointing a Development Partner in the Autumn of 2019.

2. Proposal Details

Former Year 7 Block Demolition and Hockey Pitch Relocation

- 2.1 The buildings proposed for demolition include the former Yr 7 block and an old music block, the site is located to the front of Chichester High School facing onto Kingsham Road, Chichester, comprising 3459 sqm of premises. The building has been vacant since 2014 when the Academy surrendered their short term lease and moved to new accommodation provided by WSCC and, by virtue of the sites inclusion with the Southern Gateway Masterplan, has been kept vacant.
- 2.2 The buildings are regularly the subject of security and vandalism concerns including a recent fire with associated health and safety concerns including the presence of asbestos within the building. The demolition of the existing building will remove existing health and safety and security concerns and reduce holding costs and will ensure that an attractive development site is available hence maximising the value of the land.
- 2.3 The buildings are held in freehold by WSCC and are considered surplus to requirements. The demolition of the buildings will be subject to Department for Education consent for disposal of School Land.
- 2.4 The current all-weather hockey pitch is located immediately south of the former year 7 block and is currently in regular use by both the Chichester High School and by the Chichester Hockey Club. In order to include the land parcel within the developable area, it will be necessary to relocate the pitch and retain hockey facilities within the locality.
- 2.5 The current hockey pitch and wider Chichester High School campus is held in freehold by WSCC but is currently under a lease to the Kemnal Academy Trust. Any development on the current hockey pitch land would require the re-provision of the hockey pitch and the surrender of part of the leased land back to WSCC and the consent from the Department of Education.
- 2.6 Discussions with the Chichester High School have taken place, with the High School supportive of the principles of the Southern Gateway and supportive of

the demolition and relocation of the hockey pitch. Discussions are ongoing with the High School in relation agreeing a Heads of Terms for the surrender and construction of a new hockey pitch within the High School grounds.

- 2.7 The WSCC Multi-Discipline Consultants (Faithful and Gould) have undertaken preliminary feasibility work to develop a programme and costing for the demolition and re-location works to inform the progression of these projects. This enabled a business case to be approved through the WSCC Capital Programme governance, including approval of the Capital Asset Board in March 2019. The anticipated project costs are £430k for the cost of the demolition and £1.54m for the cost of the hockey pitch relocation.
- 2.8 In March 2018 the Coast to Capital LEP allocated £5m of Local Growth Funding (LGF) to CDC to support the delivery of development at the Southern Gateway. In March 2019, a Funding Agreement was signed between CDC and WSCC to secure the spend of LGF for the demolition and relocation projects and, which has been supported by the LEP. Subsequently CDC have transferred £430k LGF to WSCC for the purposes of progressing the demolition of the redundant school building and have agreed with the LEP to hold £1.54m LGF for the relocation of the hockey pitch.
- 2.9 No WSCC funding will be required to match the LGF allocated to the demolition and relocation work. CDC will retain the contractual commitment to demonstrate match funding secured from private sector investment in the delivery of the development sites identified in the Masterplan.
- 2.10 Should the demolition of the school building or the relocation of the hockey pitch not progress within the agreed timeframe then the funds for the demolition (£430k) will be returned to CDC and the funds for the relocation (£1.54m) will be allocated by CDC / LEP to alternative projects.
- 2.11 The Funding Agreement with CDC requires the satisfactory spend of the LGF money in relation to the demolition by 31st March 2020 and for the works to the hockey pitch to be satisfactorily progressed by 31st March 2020.
- 2.12 These would be enabling works to increase the marketability and value of the Land in line with the current Masterplan and ensure best value would be reflected in bids received from potential Development Partners. The proposed demolition would also address ongoing health and safety issues and concerns relating to the redundant building.
- 2.13 The projects will either support the delivery of the Masterplan or, should the Masterplan not be deliverable or viable, support standalone development of sites owned by WSCC.

Procurement of a Development Partner

- 2.14 In order to ensure WSCC and CDC work together to implement the proposals contained in the Masterplan, the Authorities signed a Collaboration Agreement in April 2019 which highlights each authorities commitment to the Masterplan objectives and support for the procurement strategy and the methodology and criteria for the inclusion of the Land.

- 2.15 The Collaboration Agreement commits the inclusion of WSCC land in the development provided that key conditions are met including the requirement for a land receipt that is acceptable to WSCC. The Collaboration Agreement also allows for WSCC to join the procurement once initial expression of interest have been received and prior to the issue of invitation to bidders to take part in dialogue.
- 2.16 Continued involvement in the Procurement Process will ensure WSCC are able to assess material submitted through the OJEU process and ensure WSCC contribute fully to the process of reviewing submitted bids and the subsequent selection of a potential Development Partner.
- 2.17 The Collaboration Agreement makes clear the conditions and identified evaluation criteria that must be met in order for WSCC to enter into a Development Agreement with CDC and a potential Development Partner and for the Land to be drawn down by the appointed Development Partner.
- 2.18 The Collaboration Agreement also makes clear that, should the bids not meet WSCC valuations for its land then WSCC will not complete the procurement or be a signatory to the Development Agreement and that the Land would not be drawn down.
- 2.19 Should a Development Partner demonstrate that the WSCC valuation of its land can be met along with other key identified evaluation criteria then WSCC would be committed to the appointment of a Development Partner by CDC. Should WSCC obtain Member approval to agree to join the Procurement Process and the key conditions be met WSCC would be party to the appointment of the Development Partner and the completed Development Agreement (WSCC would not be committed if the valuation / key evaluation criteria were not met).
- 2.20 The outcomes of the Procurement Process would be the subject of a further Decision Report in the Autumn of 2019 (when the final developer returns have been received and assessed against the identified evaluation criteria, including land value / capital receipts).
- 2.21 WSCC and CDC are working in partnership in order to ensure the efficient delivery of projects. WSCC Procurement and Legal officers have been consulted in the drafting of the Collaboration Agreement and Funding Agreement and have reviewed the proposed procurement strategy, all of which have been the subject of detailed discussion between CDC and WSCC.

Factors taken into account

3. Consultation

- 3.1 The Chichester Growth Board has been consulted and supports the proposals identified in this report and the Masterplan has been the subject of public consultation with further Stakeholder Workshops held by CDC to progress the Development Brief.
- 3.2 The Chichester High School (The Kemnal Academy Trust) have been engaged in discussions regarding both the demolition of the former Year 7 Block and the relocation of the all-weather hockey pitch, including the preparation of draft Heads of Terms for the relocation.

- 3.3 The preparation of the Collaboration Agreement for the purposes of each authorities commitment to the Masterplan objectives and support for the procurement strategy has been the subject of extensive negotiation between the two Authorities Legal and Procurement Officers. This includes the preparation of material for the current OJEU process and the draft Heads of Terms for a Development Agreement.
- 3.4 The LEP has been consulted by CDC, as Delivery Body and the Funding Agreement between CDC and WSCC reflects the proposals in this report.
- 3.5 Further consultation will take place with Stakeholders, including County Council Members and wider stakeholders as Southern Gateway is progressed.

4. Financial (revenue and capital) and Resource Implications

Capital Expenditure

- 4.1 The County commissioned initial feasibility studies to identify the likely programme and procurement routes for the demolition and relocation projects including costings of the projects. The indicative project costs are £430k for the demolition and £1.54m for the hockey pitch relocation
- 4.2 The overall financial profile for the demolition and relocation take into account the available LGF funding as summarised in the table below:

Project	Funding	Funding Source
Demolition of Former School Building	£430k	LGF Transferred to WSCC
Relocation of All-Weather Hockey Pitch	£1.54m	LGF held by CDC
Total	£1.97m	

- 4.3 The programme for the demolition and relocation subject to an approved business case would see the spend profile over 2019/20 and 2020/21.

Project	Source	19/20	20/21
Demolition of Former School Building	LGF Transferred to WSCC	£430k	£--
Relocation of All-Weather Hockey Pitch	LGF held by CDC	£150k	£1.39m
Total		£580k	£1.39m

- 4.4 Should the demolition of the school building or the relocation of the hockey pitch not progress within the agreed timeframe (as set out in para 2.11 above) then the funds for the demolition (£430k) will be returned to CDC and the funds for the relocation (£1.54m) will be allocated by CDC / LEP to alternative projects.

Revenue Savings

- 4.5 The demolition of the existing buildings would remove current revenue pressures associated with the ongoing / reactive costs of maintenance and security at the site. Since the buildings were closed in 2014, there has been an on-going need to meet maintenance and security costs set out below:

Historic Revenue Cost	
Corporate Landlord / Vacant Property Budget	Impact
2014	£4,251
2015	£4,564
2016	£3,495
2017	£4,600
2018	£3,175

- 4.6 WSCC will be the Contractual Lead for the demolition and the relocation works with a total estimated cost of the schemes of £1.97m, which will be added to the WSCC Capital Programme to meet the design and subsequent delivery costs of the identified schemes.
- 4.7 Individual Full Business Cases will be submitted for each Project prior to the projects commencing on site. The Full Business case will identify the procurement proposals for each project. Funding will be drawn from the LGF grant transferred to WSCC for the demolition work and will be drawn down from LGF grant held by CDC for the relocation of the hockey pitch, subsequent to WSCC entering into an agreement with the Kemnal Academy Trust for the construction of a new hockey pitch and surrender of the existing site.
- 4.8 Should the value of the demolition and relocation of the hockey pitch exceed the indicative project costs, funding to support the demolition of the existing school building could be met from existing OPE Capital Programme allocation and funding options to support the re-location of the all-weather pitch will be reviewed further and set out in the full business case prior to progressing the proposals further.

Capital Return

- 4.9 Should the Southern Gateway MasterPlan proceed through the appointment of a Development Partner, the terms of the Collaboration Agreement would require the appointed Development Partner to satisfy statutory and regulatory requirements including receipts from land disposal having regard to S. 123 of the Local Government Act 1972.
- 4.10 This detail will be subject to the assessment of bids submitted through the Procurement Process and the outcomes will be the subject of a Decision Report in the Autumn 2019.

The Effect of the Proposals

- 4.11 Delivering growth at the Southern Gateway fulfils a proposal within the wider Chichester Growth Deal to enhance this key gateway to the City and deliver a mixed use development that includes office, retail, residential and leisure uses and GVA growth in Chichester.
- 4.12 The Key objectives from the development of WSCC assets at Southern Gateway are:

- Make best use of a County asset in a key town centre location
- Secure value from underused assets
- Achieve outcome commitments made in securing OPE funding support from Government
- Support the development of a diverse and vibrant Southern Gateway in Chichester
- Contribute directly to the outcomes committed in the Chichester Growth Deal.

Future transformation

- 4.13 The Chichester Growth Deal provides a commitment between WSCC and CDC to deliver sustainable growth, unlock opportunities for new homes, commercial and retail floorspace, preserve existing and create new jobs. The Growth Deal supports the delivery of the growth aspirations identified in the CDC Corporate Plan 2015 -2018, the Local Plan Key Policies 2014 – 2029, the West Sussex Plan 2017 – 2022, the West Sussex Economic Growth Plan 2018-2023 and comprises a key element of the One Public Estate West Sussex programme.
- 4.14 The Southern Gateway makes the best use of Grant Funding (LEP Local Growth Fund and OPE Grant Funding) to support the identified growth opportunities within Chichester, demonstrating the success of working in strategic partnership with Chichester District Council through the Chichester Growth Deal.

Human Resources, IT and Assets Impact

- 4.15 WSCC have appointed a Growth Programme Delivery Manager who will, working with partners including the Senior Officers at Chichester District Council, ensure that the projects are co-ordinated within WSCC and with partners.
- 4.16 Consultancy/technical advisory services will be provided by the WSCC Multi-Disciplinary Consultant to develop the demolition and relocation project and undertake the necessary contractor procurement. Valuation and Estates Services and Legal Services will support negotiations and the development of necessary agreements including valuation work.

5. Legal Implications

- 5.1 WSCC Legal and Procurement Services have been consulted in the preparation of the Funding Agreement with CDC to secure the transfer and allocation of LGF funds held by CDC for the progression of the demolition and relocation projects.
- 5.2 WSCC Legal and Procurement Services have been consulted in the preparation of the Collaboration Agreement with CDC setting out how the Authorities will work together to bring forward land within their respective ownership in line with the Southern Gateway Masterplan and to identify means to select a Development Partner.

- 5.3 WSCC Legal and Procurement Services have been consulted in the preparation of the draft Heads of Terms for the Development Agreement and WSCC input to the OJEU tender material published by CDC.
- 5.4 The Funding Agreement includes contractual obligations committing WSCC to progress the demolition and relocation projects to ensure the LGF funding is retained for the projects. Should specific milestones not be met, there is a risk that CDC would not be able to demonstrate sufficient progress to the LEP and the funds may be clawed back.
- 5.5 The Collaboration Agreement commits WSCC to include the Land within a Development Agreement should specific valuation criteria of the Land and other key identified evaluation criteria be met through the Procurement Process. The Collaboration Agreement enables WSCC to progress a Decision that allows WSCC to enter into the Procurement Process and, should specific valuation criteria of the Land and other key identified evaluation criteria be met through the Procurement Process, enter the Development Agreement.

6. Risk Assessment Implications and Mitigations

- 6.1 There is a risk that governance is complicated with the involvement of a number of partners in the delivery of projects. This risk is minimised by ensuring clarity exists from the early stages of the programme delivery as recommended in this report and through the development of the Collaboration Agreement with Chichester District Council and an appropriate agreement with the Chichester High School together with the existing Governance Structure through the Chichester Growth Board and Project Officer Group.
- 6.2 There is a risk that the County Council (and partner organisations) cannot deliver the demolition and relocation projects and that funds have to be returned or allocated by CDC / LEP to alternative projects. This is mitigated by the development of a programme and procurement strategy for both of these projects and the progression of an agreement with the Kemnal Academy Trust in relation to the relocation of the hockey pitch.

7. Other Options Considered

- 7.1 A number of options have been considered for the delivery of projects for demolition and relocation including 'do nothing' and 'do minimum' (progressing proposals for WSCC land only). Such an approach undermines the partnership nature of the Chichester Growth Deal and the opportunity to apply LGF funding to the progression of projects and places a significant resource burden on a single partner with a resultant risk that project delivery is delayed or not funded

8. Equality and Human Rights Assessment

- 8.1 Not required as this report addresses procedural matters. Equality issues will be considered through the development of proposals in the individual projects for demolition and relocation.

9. Social Value and Sustainability Assessment

- 9.1 Not required as this report addresses procedural matters. Social Value issues will be considered through the development of proposals in the individual projects for demolition and relocation.

10. Crime and Disorder Reduction Assessment

- 10.1 Not required as this report addresses procedural matters. Crime and disorder issues will be considered through the development of proposals in the individual projects for demolition and relocation.

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Appendices – Appendix 1: West Sussex County Council Land