

Cabinet Member Finance & Resources	Ref No: FR07 19-20
July 2019	Key Decision: Yes
Capital Funding: Demolition of County Buildings in Crawley	Part I
Report by Executive Director of Place Services and Strategic Manager, Economy	Electoral Division: Northgate and West Green

Summary

Demolition and redevelopment of the County Buildings site in Crawley, currently within County Council ownership, as identified in Appendix A, is critical to achieving committed outcomes in both the [One Public Estate Programme](#) (OPE) and the [Crawley Growth Programme](#) (CGP). The County Council owns the freehold for the site. Much of the site is empty and has been dormant for a number of years. Initial viability work identified the opportunity to deliver up to 195 homes and 4,780sqm of commercial space on the site delivering an annual yield of over £1m and a significant capital receipt.

West Sussex Plan: Policy Impact and Context

This proposal will support the delivery of key economic benefits identified in the OPE Programme and CGP which contribute to the Prosperous Place objective within the West Sussex Plan.

Financial Impact

The site currently costs WSCC £0.120m per annum through rates on the existing buildings and therefore demolition would deliver an immediate revenue saving. Relocation of existing users and demolition is a first phase of the project. Demolition could commence in April 2020.

A £27.4m funding allocation to the OPE Programme is included in the current County Council Capital Programme. This funding will be allocated to individual projects as priorities are identified, business cases are approved and appropriate decisions taken. This decision report proposes that £0.857m be allocated from the £27.4mm to the proposal to demolish the County Council-owned County Buildings site in Crawley.

Revenue funds to deliver the relocation of the County Council services currently occupying County Buildings and to support the progression of plans to redevelop the site are available from within the OPE programme grant and revenue allocation, so it is not anticipated that any further revenue funding will be required for this phase of the project. Revenue savings would be made as rates payable on existing buildings would be reduced.

Recommendation: That the Cabinet Member approves:

- a) The progression of plans to re-locate remaining occupiers in the property owned by the County Council at County Buildings in Crawley
- b) The allocation of £0.857m of funding in the Capital Programme to enable the demolition of the property owned by the County Council at County Buildings in Crawley: and to
- c) Delegate to the Executive Director Place Services the authority to award the demolition contract and progress the proposals to re-develop the County Buildings, Crawley site. Additional key decisions will be published as appropriate.

PROPOSAL

1. Background and Context

- 1.1 Demolition and redevelopment of the County Buildings site in Crawley is critical to achieving committed outcomes in both the OPE Programme and the CGP.
- 1.2 WSCC owns the freehold for much of the site including Centenary House, ex Police Station, old Library and an area currently leased to a Dental Practice. This gives a total site area of 1.05ha (Appendix A).
- 1.3 The Courts site remains fully operational and is out of scope of this proposal.
- 1.4 Much of the County Buildings site is empty and has been dormant for a number of years. Initial viability and master-planning work undertaken by Lambert Smith Hampton identifies the opportunity to deliver up to 195 homes and 4,780sqm of commercial space delivering income of over £1m per annum and a significant capital receipt. Relocating existing users (coroners, Find It Out Centre and, YES Service is anticipated to result in costs of no more than £0.200m. It is intended that the services will be re-located to buildings owned by WSCC and so no long term costs are anticipated. Loss of revenue from existing leases (Dental Practice) is estimated to result in costs totalling around £0.025m per annum. Hence the redevelopment offers an opportunity to increase revenue by around £0.975m per annum in addition to achieving a significant capital receipt.
- 1.5 Relocation of existing users and demolition is a first phase of the project. The cost of demolition is estimated to be £0.767m plus fees estimated to be £0.090m giving a total cost of £0.857m.
- 1.6 To achieve demolition the remaining occupants on the site will re-locate:
 - a) The Coroners Court – an alternative location at the former Bartons Infant School in Bersted, Arun has been identified. This alternative site is in a location that suits the Coroners service. Details of the alterations required to the building have been developed, and costed and tender information is being developed. It is anticipated that costs of re-locating will not exceed £0.150m, funded from existing OPE grant and approved feasibility funding. Planning permission for a change of use of the school building is not required. An initial programme for the move has been developed.
 - b) Find it Out Service and the YES Service – a re-location to Crawley Library will suit these services. Details are being developed with the Library Service. It is anticipated that the costs of re-locating will not exceed £0.050m. An initial programme for the move has been developed. This relocation would also constitute phase 1 of the creation of the proposed Community Hub at Crawley Library.
 - c) Dental Practice – the practice operates commercially, renting the building on the County Building site from WSCC. The current lease ends in October 2019. The tenant has been made aware of the proposals to demolish County Buildings and that the lease will not be renewed. The tenant will need to progress a programme to re-locate.

However, WSCC officers are working with the tenant to identify sites that may be suitable. The cost of this relocation will be borne by the Dental Practice.

- d) Change, Grow, Live is a service commissioned by WSCC that currently operates out of Centenary House on the County Buildings site. WSCC officers are working with the service to find alternative premises.

- 1.7 The cost of demolition equates to the net return likely to be secured in 12 months from the element of the site identified for potential commercial space. The investment will also increase the marketability and value of the area of the site identified for potential residential development of 195 homes.

2. Proposal Details

- 2.1 It is proposed that:

- a) £0.857m is allocated to the County Buildings demolition project from the remaining £27.4m One Public Estate allocation in the WSCC capital programme.
- b) revenue funding of up to £0.200m be allocated to the project from the existing OPE grant and corporate feasibility funding already secured for this project to fund the re-location of existing WSCC users.
- c) re-location of existing users is progressed to ensure that the site is vacant by April 2020.
- d) planning permission is sought for the demolition of existing buildings owned by WSCC.
- e) a demolition programme plan is developed to enable a demolition contractor to be appointed
- f) remaining OPE grant and corporate feasibility funding already secured for this project be allocated to support the progression of development options for the site once demolition is complete.

FACTORS TAKEN INTO ACCOUNT

3. Consultation

- 3.1 The proposal is supported by the Crawley OPE Board and the Crawley Growth Board.
- 3.2 The Leader, as portfolio holder for the Economy has also been consulted and is supportive of the proposal.
- 3.3 The local member has been consulted.
- 3.4 The proposal delivers commitments made in the OPE submission to Government and the Crawley Growth Programme business case approved by the Coast to Capital Local Enterprise partnership.

4. Financial and Resource Implications

4.1 Revenue consequences of proposal

	Current Year 2019/20 £m	Year 2 2020/21 £m	Year 3 2021/22 £m	Year 4 2022/23 £m
<u>One-Off Project Costs</u>				
OPE Grant Funded Budget	0.100	0	0	0
Corporate Feasibility Budget	0.100	0	0	0
Coroners Court Relocation Cost	-0.150	0	0	0
Find It Out / YES Relocation Cost	-0.050	0	0	0
Remaining Budget	0	0	0	0
<u>Ongoing Revenue Budget</u>				
Rates Budget for Property No Longer Required	0	0.120	0.120	0.120
Loss of Rental Income	0	-0.025	-0.025	-0.025
Remaining Budget	0	0.095	0.095	0.095

4.2 The proposal allocates £0.100m of revenue grant funding awarded by central Government to support the progression of OPE projects in Crawley. This revenue funding allocation will enable the re-location of existing users to progress ahead of demolition. Corporate feasibility funding of £0.100m has also already been secured through WSCC's capital governance processes to support further work to progress the development proposals for the site.

4.3 It is therefore not anticipated that any further revenue resources will be required to progress this proposal.

4.4 A net revenue saving of £0.095m will be realised as a result of the proposed demolition. This represents a reduction of £0.120m in respect of rates payments, which is partially offset by a £0.025m reduction in rental income generated from existing leases.

4.5 Capital consequences of proposal

The proposal allocates £0.857m of the £50m currently identified in the Capital Programme for investment in OPE projects to the demolition of County Buildings in Crawley.

	Current Year 2019/20 £m	Year 2 2020/21 £m	Year 3 2021/22 £m	Year 4 2022/23 £m	Year 5 2023/24 £m	Total £m
Capital budget	0.400	6.000	6.800	4.200	10.000	27.400
Change from Proposal	0.457	-0.457	0	0	0	0
County Buildings in Crawley	-0.857	0	0	0	0	-0.857
Remaining budget	0	5.543	6.800	4.200	10.000	26.543

5. Legal Implications

- 5.1 The procurement route for the demolition will be confirmed and agreed through the approval of a full business case prior to tenders being issued. Standing orders relating to procurement and contracts will apply.
- 5.2 The Public Contracts Regulations (PCR 2015) will not apply as the value of the works is below £4.551m.

6. Risk Assessment Implications and Mitigations

- 6.1 There is a risk that re-location proposals cannot be progressed as alternative sites are not suitable. This risk is minimised by working closely with existing occupiers to identify suitable alternative locations within WSCC ownership and by progressing feasibility and costing work in relation to re-location proposals.
- 6.2 There is a risk that the Shoreham Inquest is delayed or runs for an extended period and this will delay the demolition. This risk is mitigated by working closely with the Coroner Service.
- 6.3 There is a risk that the Dental Practice cannot find a suitable re-location option. The tenant's lease expires in October 2019. WSCC has no legal obligation to support the re-location. However, the Practice is providing a valuable local service and WSCC officers are liaising closely with the Dental Practice to ensure that, if at all possible, their re-location is achieved without significant interruption to their operation.
- 6.4 There is a risk that planning permission will not be secured for the demolition. This risk is mitigated by the close working relationship with Crawley Borough Council (CBC) and the project outcomes being part of shared objectives and commitments made to the LEP and OPE. Pre application planning advice will also be secured.

7. Other Options Considered

- 7.1 A number of options have been considered. These include a 'do nothing' option, an option to demolish vacant buildings only and an option to delay demolition until a comprehensive site development is in place. The option to procure the demolition utilising the contractual arrangement that CBC has in place to demolish the Town Hall site was also considered but the benefits identified were not significant and constraints relating to timing could be restrictive.

8. Equality Duty

The proposal to demolish the existing redundant buildings will have no impact as the buildings are currently not in use.

Part of the site to be demolished is currently in use and these users will be required to re-locate. Officers are working with these users to minimise impact and disruption. The Dental Practice is required to re-locate under the terms of its existing lease and the demolition will be programmed to enable the current lease to be concluded.

9. Social Value and Sustainability Assessment

A sustainability appraisal for the redevelopment of this site will be undertaken, which will explore the potential for significant energy and sustainability, including the incorporation of renewable energy generation, sustainable transport solutions in conjunction with wider town centre aspirations, and infrastructure to support the use of alternative fuel vehicles. These and other sustainability elements will be explored and incorporated where possible as the design process develops.

The consultants supporting the project have engaged with WSCC procurement processes, when social value was tested. It is considered that Social Value was not relevant at this stage of the project.

Lee Harris
Executive Director Place Services

Duncan Barratt
Strategic Manager

Contact:

Duncan Barratt, Strategic Manager, Economy (Tel 033022 23875)

Appendix A: Site Map - attached below

Background papers

None

Appendix A – Site Map

