

27 August 2019

Dear Members of Scrutiny Committee:

Councillors: Caroline Ansell (Chair); Dean Sabri (Deputy-Chair); Helen Burton, Peter Diplock, Robin Maxted, Colin Murdoch, Pat Rodohan and Robert Smart

Meeting 2 September 2019

I am now able to enclose, for consideration, the following report at the above meeting that was unavailable when the agenda was printed.

**Item Item
No**

7 Sovereign Centre Task and Finish Group Update (Pages 3 - 16)

Yours sincerely

Committee Services

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Report to:	Eastbourne Scrutiny
Date:	2 September 2019
Title:	Outcome of Task & Finish Group: Redevelopment of Sovereign Leisure Site
Report of:	Sovereign Centre Redevelopment: Task & Finish Group
Ward(s):	Sovereign
Purpose of report:	To report on the outcome of the task & finish group initiated by scrutiny to discuss the options for the redevelopment of the existing Sovereign Leisure Centre site
Officer recommendation(s):	(1) To note the outcomes achieved by the task and finish group on reviewing the development options for the Sovereign Leisure site based on commercial advice and guidance sought (2) To agree that the future redevelopment options laid out in section 2.1 be agreed to progress in principle with further due diligence on the financial and legal implications of each option undertaken (3) To agree for a report to Cabinet to allocate a budget for the required enabling works and due diligence to develop an options appraisal and business case to redevelop the site.
Reasons for recommendations:	To agree to the in principle future options to redevelop the site of the Sovereign Leisure Centre
Contact Officer(s):	Name: Jessica Haines Post title: Head of Commercial Business E-mail: Jessica.haines@lewes-eastbourne.gov.uk Telephone number: 07814921262

1 Introduction

- 1.1 The scrutiny committee agreed to set up a task and finish group in September 2017 which was then ratified as part of the scrutiny work programme, by full Council in November 2017. The purpose of the group was to allow for a focussed discussion on the future options for the land which would become vacant on demolition of the existing Sovereign Leisure Centre. The first meeting was held on the 6th June 2018 where Officers presented to Members.

- 1.2 In order to inform the task and finish group expert local agent Stiles Harold Williams (SHW) were invited to present options for redevelopment based on their knowledge of the local and regional commercial markets. The significant advantage of the existing Sovereign Centre Site is that it provides a rare seafront development opportunity capable of providing the catalyst for wider regeneration. However ensuring a commercial view and advice on the redevelopment was critical to inform Members decisions given that the financial viability of redeveloping the site would be critical to the delivery of any option.

2 Development Options

- 2.1 Development possibilities for the site were presented by SHW and included;

1. High quality residential development – the advice given was to look to develop an ‘iconic’ building which could rival other seaside town regeneration and attract a good level of investment.
2. Affordable housing – the demand for affordable housing continues to increase and any development would need to be planning policy compliant meaning it would be likely a requirement of permission for residential development to be granted.
3. Retirement homes / village – coastal towns such as Eastbourne have a good market for older persons housing and agents are actively seeking sites in seafront locations for this style of development.
4. Beach front leisure/water sports – given the geographical location of the site there are clear opportunities to explore the development of water sports facilities which would enhance the overall development offer
5. Beach huts – there were examples of significant beach hut expansion on seafront estates in other locations which produce a good commercial return.
6. Convenience store sub 5,000 sq. ft – this would be a commercial element of a residential scheme on the ground floor.

- 2.2 Overall the outcome of the exercise and commercial advice is that the best financial return would be created from residential development. However the task and finish group are mindful of the Councils role at creating sustainable communities and economic growth. It is therefore proposed that a mixed used development is considered including exploring options including leisure facilities, residential, commercial and tourism related activities. Approaching the options appraisal for the site as a mixed use would provide flexibility to attract the right level of interest from the private market and operators whilst ensuring the strategic objectives of the Council are achieved.

- 2.3 Benefits of a residential development on the site in particular presented by SHW were;

- Increased housing supply
- Re-use of a Brownfield site
- Associated public realm enhancement
- Capital receipts and additional business rates and council tax income

- Further good news that Eastbourne is expanding
- Catalyst for further investment in the seafront estate creating new economic centres

3 Options dismissed for Future Redevelopment

3.1 The outcome of the discussion and commercial advice from SHW concluded that some options for redevelopment were not considered viable. These included:

- Supermarket; given the close proximity of Lottbridge Drove it was not thought the site would be suitable for further retail development in particular food outlets.
- Theatre/Arts; the redevelopment of the Devonshire Quarter and opening of The Beacon mean that development of further creative spaces in this locality would be counterintuitive to the Councils related strategy.
- Commercial/retail/office; the Town Centre is focus for economic growth and further development of commercial space at scale would affect those interlinked approaches.
- Hotel; it would have a detrimental effect on existing Eastbourne seafront hotels and unlikely to be of interest to developers due to being far from the Town Centre.

4 Next Steps

4.1 The initial analysis suggests that a fundamentally residential approach is the preferred option with the requirement of supplementary commercial outlets. It is therefore recommended that a further more detailed site options analysis is commissioned with a residential focus.

4.2 In order to undertake the right level of due diligence the Council would need to take a decision to invest funding into survey and option appraisal work. There is also legal searches which would need to be completed.

5 Financial appraisal

Valuations on the development land and the potential financial gain of developing the site will be assessed through the option appraisal process once a budget has been allocated.

6 Legal implications

Legal advice on the implications of the proposals will be taken as the proposals are developed. Legal searches, title investigation and any other relevant due diligence will also be undertaken

7 Risk management implications

N/A

8 Equality analysis

N/A

9 Environmental impact analysis (EBC)

N/A

10 Background papers

N/A

Scrutiny Sovereign Centre Task Group

**Minutes of meeting held in Meeting Room One. Town Hall on 23 January 2019
at 6.00 pm**

Present:

Councillor Paul Metcalfe (Chair)
Councillors Colin Belsey, Pat Rodohan and Jim Murray

Officers in attendance:

Jessica Haines (Head of Commercial Business), Ian Fitzpatrick (Director of Regeneration and Planning) and Paul Quanstrom (Corporate Projects Support Officer) and Jazmin Victory (Committee Officer)

Also in attendance:

Jason Roberts (Graduate Surveyor, Retail & Business Space, Stiles Harold Williams), Peter Coldbreath (Partner Development, Stiles Harold Williams) and Richard Pyne (Partner Retail and Leisure, Stiles Harold Williams)

12 Minutes of the meeting held on 26 November 2018

The minutes of the meeting held on 26 September 2018 were submitted and approved, and the Chair was authorised to sign them as a correct record.

13 Apologies for absence

There were none.

14 Declarations of interests

There were none.

15 Urgent items of business

There were none.

16 Sovereign Centre Task Group

Councillors noted the presentation from Stiles Harold Williams, an independent property real estate advisory business which specialises in many aspects of commercial and residential property. Topics covered in the presentation included:

The advantages of the Sovereign Centre Site:

- Exceptionally rare Seafront Development Site

- Capable of providing the catalyst for wider regeneration within an isolated and currently underutilised backwater
- A 'blank canvas'
- Prominent Gateway Site

Possibilities of development on the site:

- High quality residential development
- Affordable housing
- Retirement homes / village
- New water sport & Beach front leisure
- Beach huts
- Convenience store sub 5,000 sq. ft

Other uses:

- Supermarket – being mindful of the proximity of Lottbridge Drove
- Theatre/Arts – however due to the newly revamped theatre district of the Devonshire Quarter and Cineworld moving from Sovereign Harbour Retail Park to their new Multiplex in The Beacon unlikely to be suitable
- Commercial - with The Beacon now open and the Town Centre trading well, it would not be viable to cause further competition
- Office - Eastbourne has a good town office market but development in this locality was not likely to be financially viable

Benefits of a residential development on the site:

- Housing supply
- Re-use of Brownfield site
- Public realm enhancement
- Capital receipts and additional council tax income
- Jobs
- Sustainability
- Further good news that Eastbourne is expanding
- Catalyst for further investment

Councillors questioned why a hotel development was not recommended by Stiles Harold Williams and were informed that, not only would a 5* hotel have a detrimental effect on existing Eastbourne seafront hotels, but they did not envision a sustainable amount of clientele to warrant a developer being interested in the site.

Whilst Councillors were not satisfied with the suggestion of a Supermarket or convenience store being developed, they were inclined to the idea of a multiuse approach to the site, whereby residential flats would be built on top of a retail establishment and possibly high-end hotel rooms (4*). Possibilities for types of residential housing discussed by the Task Group included:

- Age restricted flats;
- Luxury high rise flats tailored for high earners; and
- Flats tailored for professional sharers.

Councillors felt that due to the unique location of the site, it could warrant unique seafront architecture with regards to both building design and height, and that a good scheme would be a competition for architects to submit designs.

Resolved:

1. That members noted the presentation of Stiles Harold Williams; and
2. That members and officers noted that this was the final meeting of the Scrutiny Sovereign Centre Task Group and that a draft report would be circulated to members in due course for their approval. Following this, the final report would be presented to the Scrutiny Committee at its meeting on 10 June 2019.

The meeting ended at 7.15 pm

Councillor Paul Metcalfe (Chair)

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Scrutiny Sovereign Centre Task Group

Minutes of meeting held in Meeting Room One - Eastbourne Town Hall on 26 September 2018 at 6.00 pm

Present:

Councillors Paul Metcalfe (Chair), Colin Belsey and Jim Murray

Officers in attendance:

Jessica Haines (Head of Commercial Business), Matthew Hitchen (Senior Planning Policy Officer) and Jazmin Victory (Committee Officer)

Also in attendance:

Alex Hall, AECOM

7 Minutes

The minutes of the meeting held on 6 June 2018 were submitted and approved, and the Chair was authorised to sign them as a correct record.

8 Apologies for absence

There were none.

9 Declarations of interests

There were none.

10 Urgent items of business

There were none.

11 Sovereign Centre Scrutiny Task Group

Members noted the presentation from the Head of Commercial Business and were informed that she would be taking over from the Senior Planning Policy Officer as the lead officer for this task group. Topics covered in the presentation included:

The Sovereign Centre Land - Options Appraisal:

- How to achieve best value for the community
- How to ensure sustainability of neighbourhoods & communities linking closely with the Council's planning colleagues
- Engagement and consultation with stakeholders

- Commercial viability and opportunity
- Potentially 3.39 acres of land for development

Members suggested that the potential 3.39 acres of land could allow for more than one option to be developed in order to maximise the commercial viability of the site. Officers suggested that at the next meeting of the task group 3D visualisations which presented multiuse potentials of the site could be provided.

Members queried whether the Council had any preference regarding whether the land be rented on a leasehold agreement or the land be sold. Officers responded that this would ultimately be a decision for Cabinet once proposals had been put forward by interested companies.

Option Appraisal – Initial Assessment:

- The site could lend itself to leisure and entertainment uses given its close proximity to similar businesses
- Opinion has been gathered from soft market testing and operators of
 - Ten pin bowling
 - Supermarkets
 - Hotel chains

Members unanimously rejected the idea of a supermarket being built on the site, on the basis that it was not considered best use of the sites seafront location. Members queried why housing options were not suggested by officers, and were informed that, considering what was developed around the building, given the close proximity of the site to other facilities and having worked closely with the planning department, the Council felt that the options provided were suitable and practical initial suggestions. Regarding hotels, members were mindful that a big chain hotel could have a negative effect on the existing hotel industry along the seafront of Eastbourne.

Members questioned what restrictions the Council were aware of, and were referred to information provided in the Senior Planning Policy Officer's report at the meeting of the task group on 6 June 2018:

5.2 The majority of the proposed development site is subject to various restrictive covenants, one of which prevents the land from being used "as a school or for any educational purpose or as a public house or beer shop".

5.3 In addition, there is a restriction on the use of the site for "any trade or business whatsoever or otherwise as a private dwelling house without the consent in writing of the Duke his heirs or assigns".

Pursuant to the minutes of the last meeting, the Senior Planning Policy Officer presented maps of the area which included site plans, a map detailing flood

zones of the area and a topographic map indicating the AOD (members noted that AOD stood for "above ordnance datum"). A copy of these maps is to be uploaded alongside the minutes of this meeting.

Resolved:

1. That members noted the presentation of the Head of Commercial Business;
2. That members noted the maps provided by the Senior Planning Policy Officer, pursuant to the minutes of the last meeting; and
3. That at the next meeting of the task group, the Head of Commercial Business would present a market engagement report with practical possibilities and commercial people who were interested in the site, alongside 3D visualisations of potential options. The next meeting of the task group was anticipated to take place in early December.

Reason:

To contribute to the focussed programme of work which would enable the task group to understand the planning policy considerations of the Sovereign Centre site; consider options for the site, as presented by officers and recommend a preferred option for the site to the Cabinet on 20 March 2019.

The meeting ended at 7.00 pm

Councillor Paul Metcalfe (Chair)

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Scrutiny Sovereign Centre Task Group

Minutes of meeting held in Meeting Room One in Eastbourne Town Hall on 6 June 2018 at 6.00 pm

Present:-

Councillors Colin Belsey, Paul Metcalfe MBE, Jim Murray and Pat Rodohan

Officers in Attendance:

Matt Hitchen (Senior Planning Officer) and Jazmin Victory (Scrutiny Officer)

1 Apologies for absence

There were none.

2 Election of the Chair for this Scrutiny Task Group

It was resolved that Councillor Metcalfe be elected Chair of the Sovereign Centre task group.

3 Declarations of interests

There were none.

4 Task Group Membership

It was resolved that Councillors Metcalfe, Belsey, Rodohan and Murray form the Sovereign Centre Task Group membership.

5 Urgent items of business

There were none.

6 Sovereign Centre Scrutiny Task Group - Preliminary Meeting

The Committee noted the report of the Scrutiny Officer which outlined that the purpose of the preliminary meeting was to finalise the scope and terms of reference for a Scrutiny Review regarding the options for the current Sovereign Centre site.

The terms of reference of the Scrutiny Sovereign Centre task group would be;

- To understand the planning policy considerations of the Sovereign Centre site;

- To consider options for the site, as presented by officers and;
- To recommend a preferred option for the site to the Cabinet on 20 March 2019.

The task group anticipated meeting three times. At the task group's final meeting, a report written by the Senior Planning Officer outlining the findings and recommendations of the scrutiny topic would be presented to members for feedback and amendments. This feedback would inform the final report, which would be presented to the Scrutiny Committee meeting at its meeting on 4 February 2019, and then to the Cabinet on 20 March 2019.

Despite doubts regarding the value of the task group when the current Sovereign Centre could still be renovated, members understood that this review assumes the demolition of the existing Sovereign Centre, which would then provide an opportunity for alternative future uses of this key site on the seafront.

The committee were advised of the importance of market research being undertaken in order to ascertain what the market would like to see on the site, as well as what developers thought was financially and commercially viable for the site.

When discussing development considerations, members noted the importance of considering the heights, scales, forms and designs of the surrounding buildings. Members suggested that at the next meeting, the Senior Planning Officer provide maps of the area to assist with this.

Members expressed disappointment that, despite being invited and confirming attendance, no member of the Estates Team was present to contribute towards the finalising of the terms of reference for the task group.

Resolved:

- 1) That the timescale and terms of reference for the Scrutiny Sovereign Centre Task Group Panel be agreed;
- 2) That the Estates Team be invited to the next meeting of the task group; and
- 3) That the Senior Planning Officer liaises with relevant officers to begin planning how the task group's market research will be undertaken.

Reason:

To comply with Scrutiny Procedure Rule 23.1, that the task group hold a preliminary meeting where it sets its terms of reference, and a timescale for reporting back to the Scrutiny Committee.

The meeting ended at 6.45 pm

Councillor Paul Metcalfe MBE (Chair)