

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

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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