

Report to: Cabinet

Date: 13 July 2023

Title: Property and Assets Update

Report of: Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning

Cabinet member: Cllr Zoe Nicholson, Leader of the Council and Cabinet Member for Finance, Assets and Community Wealth Building

Ward(s): All

Purpose of report: The report provides information on:

- A defective boundary wall at Westgate Car Park, and requests a budget allocation for initial investigations and surveys;
- Work being undertaken on Castle Rise wall;
- Progress at bringing The Marine Workshops back into use to support the regeneration of Newhaven, including a request for additional capital funding to support the second phase of improvements at the property to allow full occupation;
- West Beach Promenade, Newhaven Levelling Up Fund project, and requests delegated authority to agree terms and finalise the acquisition of the land with Newhaven Port and Properties Ltd, enter into a construction contract to build out the new restaurant and leisure facilities, and select an operator(s) to run them.

Decision type: Key

Officer recommendation(s):

- (1) To note the defective boundary wall at Westgate Car Park and approve the capital budget allocation of £150,000 for initial remedial investigations and surveys;
- (2) To note the progress update regarding remedial work being undertaken at Castle Rise Wall, notwithstanding that it is not a corporate asset;
- (3) To note the progress update regarding recommissioning of the Marine Workshops and approve the capital budget allocation of £400k to support phase 2 improvements at the property;

- (4) (a) To note the progress update regarding West Beach Promenade;**
- (b) To purchase the West Beach Promenade from Newhaven Port and Properties Ltd subject to contract, valuation and full due diligence;**
- (c) To construct a new restaurant and destination facilities on West Beach Promenade;**
- (d) To invite expressions of interest for the grant of a lease of the restaurant and leisure facilities, and to enter into that lease; and**
- (e) To authorise the Deputy Chief Executive and Director of Regeneration and Planning, in consultation with the Lead Member for Finance, Assets and Community Wealth Building and the Chief Finance (S151) Officer to take all necessary actions to progress the proposals set out in (4) above including the approval and implementation of all processes and procedures, the negotiation of terms, authorising the execution of all necessary documentation and any ancillary matters.**

Reasons for recommendations:

- (1) Westgate Car Park wall: the wall has become structurally defective, and a capital budget is required in order to support initial investigations and surveys. A further report will be brought back to Cabinet requesting additional capital budget once investigations are complete and design work has been undertaken on a remedial solution;**
- (2) Castle Rise Wall: to update on progress;**
- (3) Marine Workshops: the first phase of works to recommission the building is nearing completion, this report sets out a second phase of works to complete this multi-use business/community facility;**
- (4) West Beach Promenade: to enable delivery of this part of the Levelling Up Fund project.**

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1 Introduction

1.1 Westgate Car Park Wall, Lewes

In January this year part of the boundary wall to Westgate Car Park was reported as defective and in need of propping; the wall is owned by LDC. The wall is extensive at a height of 10m-12m and length of 65m, some of the structure appears to be part of the original town wall, double layered in areas and consisting of a mixture of building materials (flintwork, buttressing brickwork which has been previously strengthened with an additional skin of brickwork). As well as the wall itself, there is other property above the wall not owned by LDC that is showing signs of movement.

Urgent work has been undertaken to shore up the wall and the car park has been closed off. Investigations are underway to determine the geology and archaeology of the various layers of ground behind and around the affected area of wall so that the most suitable repair and strengthening solution can be carried out. Costs of remedial work cannot be confirmed at this stage, but a capital budget of £150,000 is requested in order to fund initial surveys and investigations. A further report requesting additional capital budget for the remedial works will be brought to Cabinet once more detail is available.

1.2 Castle Rise Wall, Lewes

In May 2022, a defect in the retaining wall to Castle Rise was identified by LDC's Building Control team and emergency works carried out to provide additional temporary support whilst legal work and remedial investigations were carried out. There are residential properties above the wall including LDC owned property.

In November 2022 Cabinet agreed a capital budget to support remedial works.

Since that meeting, further investigations and additional survey work have been undertaken to develop a specification of structural repairs. Structural reports are awaited before spend can be forecast.

1.3 The Marine Workshops, Newhaven

The Marine Workshops is a four storey Grade II listed building situated at Railway Quay on Newhaven Harbour. The property stands in an important location in Newhaven and bringing it back into use is a key element in the regeneration of the town. The building was converted to a University Technical College in around 2014/15, but this closed in 2019 after a brief period of use.

The Council is committed to bring the property back into use as a community, business, marine and exhibition/civic space.

The property was acquired from the Department of Education in June 2022 and phase 1 work has been ongoing since to recommission the building. In the course of phase 1 works, significant additional work was identified in order to ensure fire

stopping was compliant with current regulations throughout the building and works undertaken to address water ingress through defects in the fascia of the building.

During phase 1, officers have also been implementing plans for the occupancy arrangements within the building:

- LDC has already moved its main office space into the building having vacated Southover House and is utilising approximately half of the second floor.
- East Sussex College Group have been secured as tenants and will be taking the first floor of the building – their offer will include new courses in marine biology, ocean ecology and marine engineering.
- A local high-end state of the art printing company is in negotiation to take part of the ground floor and space on the third floor for a workshop and office space to enabled their continued growth in Newhaven town.
- A tender process is being launched to select an operator for the remaining unallocated parts of the ground and second floors.

1.4 West Beach Promenade, Newhaven

In February 2022, Cabinet authorised officers to bid for £12,686,307 of Levelling Up grant funding.

The successful bid was focused on supporting the fishing and maritime sectors in Newhaven in a post-Covid and post-Brexit environment around three core interventions, including the construction of a new restaurant at West Beach Promenade, alongside new leisure facilities that will draw visitors to the town and support active pursuits.

West Beach Promenade is owned by Newhaven Port and Properties Ltd (NPP) and initial discussions have commenced with a view to acquisition of the Promenade to create the proposed new restaurant and leisure facilities. NPP are now ready to enter into formal terms for the sale of the land.

2 Proposal

2.1 Westgate Car Park Wall, Lewes

Digs have been carried out at the base of the wall and an 8 metre bore hole made on land at the top of the wall. Additional investigations are required at base level to find natural chalk footings which will give a base for remedial works to be undertaken, such as additional buttresses or anchors. A radar survey will also be required to ascertain the thickness of the wall to support design solutions. The car park will remain closed until all works have been completed and the wall is made safe. A capital budget of £150,000 is requested at this stage. Further capital budget will be sought from Cabinet once the costs of remedial works are known.

2.2 Castle Rise Wall, Lewes

Investigations and surveys are continuing, and structural report is awaited. We will notify stakeholders and residents of the remedial works to be undertaken once remedial solutions have been designed.

2.3 **Marine Workshops, Newhaven**

Phase 1 works to recommission the property are almost complete; this works has included:

- Bringing the entire property back on line following a number of years of closure;
- Fire stopping and other improvements to ensure the building is compliant with current regulations;
- Works to ready occupation of the building by East Sussex College Group;
- Car park improvements.

The second phase of improvements focus on works to develop the community/business offer and allow full occupation of the building will include design and fit out of the 3rd floor to develop state of the art multi-use community, meeting, business and exhibition space. This facility will aim to act as a space that can be used to showcase Newhaven's culture and business offer.

A capital budget of up to £400k is sought to enable these Phase 2 works to be completed.

2.4 **West Beach Promenade**

Heads of terms are being discussed with NPP and these will set out the extent of land that may be available to LDC to acquire and any constraints the Port need to include, such as access rights for the sea wall. A valuation of the land will then need to be undertaken and full due diligence to allow the purchase to proceed to completion.

Designs for the new facilities are being finalised for determination by Planning Committee. LDC will procure for a contractor to build the restaurant and community facilities and enter into a build contract to enable the facilities to be constructed.

It will be necessary to invite expressions of interest to select an operator for the site. The intention is that the operator will occupy the restaurant as a tenant under the terms of a lease.

3 **Outcome expected and performance management**

3.1 The recommendations seek to make decisions on property and assets within the district in-line with strategic objectives and the Corporate Plan. This includes:

- Prioritising investment into local economies
- Increasing local employment opportunities
- Supporting business startups
- Developing local skills, supply chains and employment through partnership working
- Improving our public spaces
- Undertaking essential works to an asset within the district

- Associated delegations to enable officers to progress operationally

4 Consultation

- 4.1 Consultation has taken place with local residents, Building Control and other partners as required in the course of carrying out investigations and surveys to address the walls at Westgate Car Park and Castle Rise.
- 4.2 The proposal for the future use of the Marine Workshops has been developed in consultation with Cabinet, Strategic Property Board and the previous relevant portfolio holder. Discussions around the future of the Marine Workshops have also been held with Maria Caulfield MP, as well as Newhaven Port & Properties, to ensure that the proposed uses for the building do not impact negatively on the ferry service / port operations.
- 4.3 Designs and an update on West Beach Promenade were shared with ward and town councillors in late June.

5 Corporate plan and council policies

- 5.1 The proposals for remedial works to the walls at Westgate Car Park support the improvement of public open spaces outlined within the corporate plan.
- 5.2 The proposed redevelopment of the Marine Workshops fits strongly with existing Council policies, including LDC's Corporate Plan. In particular, the proposal will:
- Help to build community wealth through use of Council land to create new investment in our local economy and creating new employment for local residents in sustainable technology sectors.
 - Support the wider regeneration and objectives of the Newhaven Enterprise Zone, aligning closely with the Newhaven Enterprise Zone Strategic Framework and its three priorities for growth to ensure lasting and positive change. In particular, Priority 1 (Quality Growth). The Marine Workshops will ensure more cohesive development, linking well with the Town Centre and key employment areas to help foster greater pride in Newhaven and showcase its riverside location. Priority 2 (Inclusive Growth) is also closely aligned through the creation of new employment to ensure local residents are shared benefactors of change.
- 5.3 The proposals for West Beach Promenade also help to build community wealth through prioritising investment into local communities and increasing local employment opportunities through new facilities.

6 Business case and alternative option(s) considered

- 6.1 Investigations and surveys are taking place on the walls at Westgate Car Park and Castle Rise in order to determine the best options for remedial work.

- 6.2 Marine Workshops had been empty for around two years prior to the Council's acquisition, and no viable alternative uses had been presented to the former leaseholder during that period.
- 6.3 LDC applied for Levelling Up Fund grant monies for the proposed new restaurant and destination facilities at West Beach Promenade. LDC has determined that the new facilities would most effectively be delivered in line with the government's requirements for the grant funding by splitting the build and operation of the facilities. LDC will invite expressions of interest to select an operator(s) for the site.

7 Financial appraisal

- 7.1 The 2023/24 Capital Programme for the Council does not currently include a provision to undertake remedial action in respect of Westgate Car Park Wall (section 2.1) or the additional costs for the ongoing renovation of The Marine Workshops (section 1.3). Any further capital allocation for 2023/24 and future years is dependent on the generation of new capital receipts, new grant or recycling of any unutilised capital spend from 2022/23 (slippage).
- 7.2 The Capital Programme Oversight Board will shortly be reviewing the 2022/23 Capital Outturn to identify if any unutilised capital spend from 2022/23 can be reallocated or removed. If unutilised capital spend cannot be reallocated to these additional requests, the additional capital outlay will need to be funded through additional borrowing from the Public Works Loan Board (PWLB). As a result there may also be ongoing additional financial implications that will need to be incorporated into the overall Council's revenue budget and capital programme in the future.
- 7.3 Costs relating to the development and construction of new restaurant and leisure facilities at West Beach Promenade are funded from the successful bid for Levelling Up Funding which is incorporated in to the 2023/24 Capital Programme (£9.939m). The original bid did not anticipate acquisition of land at West Beach Promenade. However, during the course of the project development it became apparent that to ensure the security of the significant investment being made, the proposed new facilities would be more appropriately delivered through the purchase of the freehold of the land. The intention is to let the new facilities to an operator(s) once complete and this would enable the generation of a rent to offset an element of the land purchase cost. In addition, the site being purchased could potentially lead to other commercial/community benefits in addition to the restaurant and leisure facilities proposed; this would be subject to further exploration. The intention would be to use the existing Commercial Property and Acquisition funding already within the 2023/24 Capital Programme to complete this purchase.

8 Legal implications

8.1 Wall repairs

Any works will have to be procured in accordance with the Council's Contract Procedure Rules (CPRs) and the Public Contract Regulations 2015.

Marine Workshops

The works have been procured in accordance with the Council's CPRs and the Public Contract Regulations 2015.

West Beach Promenade

Purchase of land. The Council has power to purchase land and property pursuant to the Local Government Act 1972 (section 120). This power enables local authorities to acquire property for any of their functions or for the benefit, improvement or development of their area. Full due diligence will be carried out.

The proposed works will have to be procured in accordance with the Council's CPRs and the Public Contract Regulations 2015.

In relation to the grant of the lease, the Council cannot dispose of land held in the General Fund for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State. Disposal includes granting a lease. The rule only applies to leases where the lease term exceeds seven years.

The CPRs say that no lease of land where the estimated rent exceeds £25,000 per annum shall be made except after auction or the invitation of tenders or expressions of interest following appropriate public advertisement, unless authorised by Cabinet. The Council is proposing to invite expressions of interest at the appropriate time.

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9 Risk management implications

9.1 Works on the walls at Westgate Car Park, Castle Rise, and Marine Workshops are being carefully managed using in-house staff and external specialist agents and contractors.

Negotiations on the West Beach Promenade purchase and lease will be managed using specialist agents where required.

In relation to the planning permission required for the West Beach Promenade, pre-application discussions and due diligence will take place.

Regarding all build work, there are risks due to increasing construction costs due to inflation and instability of interest rates. The market continues to be monitored

closely and specialist/external advice will be taken where needed and the Council will look to enter into fixed price contracts where possible.

10 Equality analysis

- 10.1 There are no equality impacts of the proposed remedial work to the walls at Westgate Car Park and Castle Rise. An equality analysis of Marine Workshops and the West Beach Promenade will be undertaken at a later stage once development proposals for the sites have been finalised.

11 Environmental sustainability implications

- 11.1 The proposals for the Marine Workshops accord with the Council's Sustainability Policy and the three pillars of sustainability (the economy, the environment and social community). The project will encourage sustainable economic growth, seeking to re-purpose an existing building and bring it back into educational and commercial uses. The proposal will also deliver new premises for public services, helping to ensure our communities are able to thrive.

12 Contribution to Community Wealth Building

- 12.1 These proposals support the Community Wealth Building agenda by prioritising investment into local communities, developing local skills through partnership working and increasing local employment opportunities through new education and employment spaces at Marine Workshops and new employment spaces at West Beach Promenade.

The procurement of works and services will be undertaken using the Social Value Charter. The Charter considers and assesses important elements over and above financial cost. The Charter aims to ensure sustainability and value in the community.

13 Appendices

- None

14 Background papers

The background papers used in compiling this report were as follows:

- Cabinet 3 February 2022
<https://democracy.lewes-eastbourne.gov.uk/documents/s22894/Levelling%20Up%20Fund.pdf>
- Cabinet 10 November 2022
<https://democracy.lewes-eastbourne.gov.uk/documents/s26246/Property%20and%20Asset%20Management%20Update.pdf>