

## Agenda Item 27

**Cabinet**

**27 November 2013**

**13/1324**



### **Council Owned Workshop Provision, Seaton**

#### **Exempt Information**

Para 3 Schedule 12A information relating to the finance or business affairs of any particular person

#### **Summary**

The potential for further investment in the Council's portfolio of workspace, in Seaton, was considered by Cabinet in October 2012. The Council has since acquired additional land in the town to facilitate such investment. Following consultation with the Council's tenants and the public, the Colyford Road Depot and Fosseway Park land has been the subject of detailed design and development appraisals undertaken by Grainge Architects. Their proposals have been the subject of informal consultation with the Local Planning and Highway Authorities. However, if they are to progress further both should be made the subject of formal planning applications. Certainty in relation to what can be delivered in terms of new workspace for business at both locations will aid a fully detailed assessment of viability, informed by market testing.

#### **Recommendation**

- 1. That a planning application be prepared and submitted before the end of the year to facilitate the construction of new workshop space on land owned by the Council at the Colyford Road Depot and Fosseway Park sites in Seaton, as detailed in this report;**
- 2. That subject to the necessary planning approvals being granted, further detailed design work is undertaken to facilitate the receipt of accurate costings for the practical delivery of new workspace in Seaton via a formal tender process;**
- 3. That by this means a further viability assessment is completed to determine a programme for either complete or phased delivery of the project(s) by an approved contractor.**
- 4. The approved capital budget be used (approx. £35k) to carry out the above before a preferred option is presented to Cabinet for approval.**
- 5. That the LEP is approached to determine if grant funding to support this project is available.**

**a) Reasons for Recommendation**

These proposals are designed to facilitate the progress of the regeneration programme in Seaton and to strengthen the Council's asset base.

**b) Alternative Options**

Both properties could be retained in their current use and condition or the Council could decide to dispose of its interest in these assets.

**c) Risk Considerations**

Direct participation in the development process as outlined in this report, involves risk. Every effort will be made to identify measure and devise an appropriate response to these throughout the delivery process.

**d) Policy and Budgetary Considerations**

Policy and budgetary considerations are considered within the main body of the report.

**e) Date for Review of Decision**

It is hoped that work on these proposals can progress to the point at which a final decision on the case for investment can be made at a meeting of Cabinet in September 2014.

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**1 Main Body of the Report****Introduction**

- 1.1 A report on the Council's investment in workspace for businesses in Seaton was considered by Cabinet on 3 October 2012. The report was framed by the possibility that Tesco Stores Ltd., might seek to acquire the Council's interest in the Riverside Workshops land to further their plans for development within the Seaton Regeneration Area (East Devon Local Plan LSE1). In the time that has elapsed since that meeting, no discussion between the Council and Tesco Stores Ltd., on this matter has taken place. The Council's tenants at the Riverside Workshop have been assured that there are no Council plans to redevelop the site. The asset currently produces gross income of £60,000 per annum and makes a useful contribution to the Council's trading income. However, the workshops are as constructed in the 1980s and future maintenance costs will eventually erode investment income as the structures continue to age.
- 1.2 The October 2012 report went on to consider the potential for additional Council investment in local workspace. Two sites were identified and in January of this year, the Council was successful in acquiring some 0.3035 hectares or 0.75 acres of land to the east of the Lyme Bay Auction Rooms in Harepath Road, for this purpose. This land (now referred to as Fosseyway Park) alongside the Council's Colyford Road Depot has been the subject of development and design appraisals by Grainge Architects. Their work was informed by a public consultation event arranged at Seaton Town Hall in June (and via the Council and Seaton Chamber of Commerce websites). Designs for the creation of 14 new workshop units on the Colyford Road Depot land have now been prepared alongside similar proposals for 7 new workshop units on the Fosseyway Park land. These ideas have been the subject of informal discussion with both the local planning and highway authority.

## 2.0 Colyford Road Depot, Seaton

2.1 The development appraisal of the Colyford Road Depot land has identified potential to create up to 14 new workshop units ranging in size from 50 square meters to 70 square meters. This would be achieved in combination with the creation of a substantially improved vehicular access and effected quite separately from of the pedestrian access to the Axe Wetlands that adjoins the northern boundary of the site. The creation of this new access would involve the clearance of all existing on-site structures. Accordingly, if the scheme is implemented the St John's Ambulance Brigade would be offered alternative accommodation in one of the new units.

2.2 The architect's suggestions for the Colyford Road site are illustrated in the drawings below. The units are designed to allow tenant flexibility in the way the space is utilized. Each could be used to accommodate a wide range of light industrial processes. Equally, the same space could be adapted to accommodate service businesses that are entirely office based. A preliminary cost estimate for delivering 14 new workshop units designed in this way is thought to be in the range of £700,000 to £990,000 + VAT. This estimate includes planning and professional fees, on site infrastructure costs and contingencies.

### 2.2 Colyford Road Depot Indicative Layout plan



## 2.5 Colyford Road Depot Indicative Elevation Plans



### 3.0 Fosseyway Park, Harepath Road, Seaton

3.1 The Fosseyway Park site (0.3035 hectares or 0.75 acres) is effectively the balance of a small private development of commercial workspace that includes the Lyme Bay Auction Rooms. The site was purchased by the Council in January 2013 for £198,000 and has since been the subject of a similar design and development appraisal by Grainge Architects. It is seen to offer the potential to accommodate 7 workshops, all slightly larger than the units proposed for the Colyford Road Depot site. As designed, they range in size from 70 square meters to 84 square meters. The scheme has been designed in a way that overcomes the potential for flooding in the south-eastern corner of the site. Here a small holding pond and improved site drainage will substantially improve surface water drainage. Preliminary cost estimates for delivering the seven units proposed is in the range of £450,000 to £660,000 + VAT. Again the emphasis will be on the production of flexible light industrial and office space within the terms of the planning consents agreed.





Rev	Date	Description	Author
1	20.10.13	Check list of ground floor plan	SM
2		Revised at client request	SM

grainge architects

Fosseway Park  
Seaton  
East Devon District Council  
Proposed Ground Floor Plan

IN PROGRESS

Date: October 2013  
Scale: 1:100 (G.A.)  
Drawing No: 961 / 110A

The West Street, Seaton Road  
Seaton, EX22 8JQ  
01392 436611 mail@grainge.co.uk





## 4.0 Viability Assessment and Project Delivery

4.1 The potential for further investment in the Council’s portfolio of workspace, in Seaton, was considered by Cabinet in October 2012. Since then the Council has acquired additional land in the town to facilitate such investment. Following consultation with the Council’s tenants and the public, the Colyford Road Depot and Fosseyway Park

land has been the subject of detailed design and development appraisals undertaken by Grainge Architects. Their proposals have been the subject of informal consultation with the Local Planning and Highway Authorities. However, if they are to progress further both need to be made the subject of formal planning applications. The cost of making these applications and the costs involved in their preparation are estimated to be in the order of £35,000.

- 4.2 These costs and the estimated costs of construction identified earlier, point to overall project delivery costs of between £1,150,000 and £1,650,000. Taking the mid range of the figures and assuming a 20 year loan from PWLB at a rate of 3.76% this shows a breakeven point at 23 years.
- 4.3 To assess the case for investment more accurately it will first be necessary to progress the workspace proposals for the Colyford Road and Fosseyway Park through the planning process. The cost of delivering the schemes as finally approved can then be made subject to market testing through a competitive tender process. In parallel, the planning consents agreed can be used to inform a marketing campaign presenting the proposals to potential end user businesses. Accordingly, before the Council is asked to make a final decision on the deliver these projects, it will have a useful guide to the likely levels of demand for new workspace in Seaton. This approach would reduce the Council's exposure to risk and facilitate a later informed decision as to whether or not the investment is justified, the timescale for delivery and whether or not a phased approach implementation is appropriate.
- 4.4 If the making of a planning application is agreed, the following timeline for workspace delivery becomes possible:

December 2013:	Public Exhibition of Planning Proposals (Seaton Town Hall);
Christmas:	Submission of Planning Applications for both sites;
April/May 2014:	Planning Applications determined; Detailed designs produced for both schemes; Production of Tender Documentation;
May 2014:	Submission of Building Regs applications; Invitation to Tender published;
July/August:	Appraisal of tenders received and of the marketing campaign (full review of project);
September 2014	Cabinet Decision Mobilisation of Contractor; Start on Site(s);
August 2015	Completion of works on site: workspace available to tenants.

As suggested earlier, this programme would be mirrored by a communications, marketing and sales campaign designed to ensure that by the time of the Cabinet meeting in September 2014, the Council has access to useful measures of the demand for workspace in Seaton.

- 4.4 The Capital Programme 2013/14 makes provision for borrowing of up to £770,000 in connection with the delivery of these significant new investment proposals. The investment was to have been facilitated by a loan from the Public Works Loan Board (£770,000) and the possible sale of the Riverside Workshops land (£400,00). In light of the fact that discussions relating to further development within the Seaton Regeneration Area (LSE1) have not progressed and a more comprehensive approach to the redevelopment of the Colyford Road Depot site now envisaged, more borrowing would be required to fully implement these schemes. Accordingly, it is suggested that

the funding potential of the Council's Capital Expenditure Programme is increased to reflect this requirement in 2014/15.

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### **Legal Implications**

On 3 October 2012 Cabinet agreed Grainge architects prepare and submit a planning application for workshop development on land to the rear of the Auction Gallery, Harepath Road, Seaton and for the creation of new workshop space at the Colyford Road Depot.

Since that time the legal team has acquired the Harepath Road site on the Council's behalf. There will be a need for ongoing legal advice and involvement in this project.

Members will be aware that this report is to be considered by the Cabinet as representative of the Council's landowning function. Any planning application will be considered by the council's Development Management Committee in due course in the normal way.

### **Financial Implications**

The current capital budget balance for Seaton Workshop provision is £556,000, with this amended development scheme requiring an estimated additional budget allocation of between £629,000 and £1,129,000. This would be funded by an additional PWLB loan. There is also a reduction in forecasted capital receipts of £400,000, as it appears the Riverside Workshops will not be sold.

This is a significant commitment for our Capital Programme and needs to be considered alongside competing capital schemes and in light of the Council Plan.

£35,000 is needed to progress to the planning permission stage. It needs to be confirmed that this expenditure is necessary **before** a decision to progress this scheme can be made.

There could also be additional cost implication due to VAT. If an "opt to tax" decision is taken at Colyford Road then VAT on the build costs will be recoverable (£140k to £198k) and VAT charged on rents. If not, then VAT is irrecoverable and adds to the costs of the project.

### **Consultation on Reports to the Executive**

Support is given to the investment proposed by the Asset Management Forum.

### **Background Papers**

- Appendix 1 – Tenanted non-residential Property Review – Industrial asset cluster
- Appendix 2 – Financial Appraisal - Cost & Income Analysis