

Revolving Investment Fund Committee

Item
7

1 February 2016

Report of	Head of Commercial Services Assistant Chief Executive	Howard Davies 01206 507885
Title	The redevelopment of 5-6 St Nicholas Street (Jacks)	
Wards affected	Castle	

This report concerns the proposal to use RIF (Revolving Investment Fund) funds for the redevelopment of 5-6 St Nicholas Street (Jacks) in order to meet the Council's regeneration objectives for this part of the town centre, stimulate economic development, deliver jobs and help meet the Council's future financial targets.

1. Decisions Required

- I. To approve the recommended proposal outlined in the confidential Part B of the agenda, including high level building specification, costings and delivery programme for the proposed mix use development at 5-6 St Nicholas Street (known as Jacks).
- II. To approve the release of capital funding identified in the confidential section of this agenda from the RIF for spend on the project, together with an agreement to carry out short term borrowing if required (subject to final viability check at the point of planning consent).
- III. To note the options, financial assumptions and associated risks as set out in the confidential business case.
- IV. To give delegated authority to the Strategic Director for Commercial and Place in consultation with the Portfolio Holder for Business and Resources to submit a planning application and subject to final viability checks, to appoint a building contractor following an open tender process.
- V. To note that a further report will come back to Cabinet in respect of the delivery mechanism for the residential units.

2. Reasons for Decisions

- 2.1 The RIF was established to recycle capital receipts into projects that could deliver against a number of Council objectives. The RIF can be used to support wider economic growth targets and deliver infrastructure supporting regeneration but its principle function is to recycle capital funds from the sale of assets for investment into income producing opportunities which can in turn support provision of frontline Council services. This proposal delivers on a number of these objectives by, restoring a historic building in a

key part of the town centre to deliver economic growth, creating new town centre living opportunities and providing a return through a robust investment case.

- 2.2 Where the Council wishes to secure high levels of future income there is a need to carry out investment decisions in a more commercially focused way based on a clear business case. The Business case is attached to the report on Part B of the agenda.

3. Alternative Options

- 3.1 The business case in Part B of this agenda outlines a number of ways in which the site can be redeveloped but the only alternative option to redevelopment is to leave the building in its existing state with the current temporary tenant on the ground floor and vacant space on the upper floors. Given the age and general condition of the building it is not recommended that this option is pursued as costs of maintenance and repair will increase. Furthermore this area is starting to benefit from increased inward investment and if the location improves then values will rise making redevelopment an attractive option.

4. Supporting Information

- 4.1 5-6 St Nicholas Street was purchased by CBC in 1967. The property was for some time leased by Jacks at a rent of £17,150 but this firm went into liquidation in January 2013. Since September 2014 the property has been let to the Bridge Way charity.
- 4.2 The Council allocated £30k in 2015 to carry out a feasibility exercise into the opportunity to redevelop the site for a mixed used development. This work included, initial designs, cost plans, building surveys, planning, viability work and investigations into general market conditions in the locality.
- 4.3 Following a procurement process the Council appointed Purcell, a Colchester based architectural firm, to carry out an initial design process on the site.
- 4.4 A series of meetings have been held between the Council as client, the architects and planning service to agree the design concept which would be appropriate for the character of the building and its surroundings.
- 4.5 This feasibility work has now completed (see Appendix A Plans) and a number of development options have been identified in the confidential business case attached to Part B of this agenda.

5.0 The Proposal

- 5.1 The option which Purcell has produced provides for commercial/retail space on the ground floor; this commercial use would be along the whole of the St Nicholas Street elevation, providing an active retail frontage. Seven residential flats would be created over the three floors, a mixture of one and two bedrooms. The proposal includes a three storey rear extension and alterations to existing roof height within the building. The front elevation will remain as existing.
- 5.2 The flats are generally of a larger size than most modern flatted developments to reflect the high quality of the development. Given the Town Centre location, car parking would not be provided, but a cycle storage area would be included.

- 5.3 It is proposed that the Council would develop the scheme using capital within the Revolving Investment Fund and retain the completed investment to provide an ongoing revenue stream.

6. Strategic Plan References

- 6.1 The scheme will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment” by investing in an area of the town centre which is currently benefiting from private sector investment.
- 6.2 The preferred development is expected to “Promote Colchester’s heritage and wide ranging tourism attractions to enhance our reputation as a destination” by giving a new lease of life to a well loved historical building within the town centre.

7. Consultation

- 7.1 Given the small scale nature of the development, it is not envisaged that a public consultation exercise will be required, although the plans for the building could be included in any wider consultation exercise or exhibition for the Town Centre.
- 7.2 The redevelopment will require a planning application which will provide an opportunity for public consultation.

8. Publicity Considerations

- 8.1 Although the redevelopment of this building will be a relatively small project there has been strong public interest in plans for its future. Therefore opportunities will be taken all the way through the redevelopment process to engage with the public, local historical groups and ward councillors.

9. Financial implications

- 9.1 The financial implications and case for investment are addressed in detail in the Part B report and confidential Business Case.

10 Equality, Diversity and Human Rights, Community Safety and Health and Safety implications

- 10.1 Please see EQIA report here - <http://www.colchester.gov.uk/article/12743/Commercial-Services> or by following the pathway www.colchester.gov.uk / Your Council/How the Council Works/Equality and Diversity/Equality Impact Assessments/Commercial Services.

11. Risk Management Implications

- 11.1 A risk register has been prepared for the scheme. The key identified risks are reported in the Business Case.

Appendices

Appendix A –site plans
Appendix B – site map