

29 March 2017

Report of	Head of Commercial Services Assistant Chief Executive	Elizabeth Flood 01206 507552
Title	Disposal of the Severalls Mixed Use Site	
Wards affected	Mile End	

This report provides a recommendation that the Severalls Mixed Use Site is disposed of for a mixed use retail and residential development.

1. Decisions Required

- 1.1. To agree to the disposal of the Severalls Mixed Use Site.
- 1.2. To note the proposal to dispose of the site for the development for a mixed use retail and residential development as detailed in the confidential report.
- 1.3. To note that part of the capital receipt for this site is proposed to be earmarked for investment into affordable housing, with the remainder being allocated into the Revolving Investment Fund as detailed in the report on Part B of the agenda.
- 1.4. To delegate the negotiation of the Head of Terms and conclusion of legal documents to the Statagic Director of Commercial and Place.

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. The sale of the Severalls Mixed Use site will provide a capital receipt which can be then used to invest in other RIF projects.

3. Alternative Options

- 3.1 The Council could redevelop the site itself and then either sell it or retain it as a long term asset. Development appraisals for various different types of development have been undertaken and while a profitable scheme could be produced the residual value of these is significantly less than the offers that have been received for the site.

4. Supporting Information

- 4.1 The Severalls Mixed Use Site is a site of approximately 0.7 hectares located on Whitmore Drive at the entrance to the Kingswood Heath development site (former Severalls Hospital). The site is currently owned by the developers of Kingswood Heath but is due to be transferred to the Council in Mid 2018 as part of a Section 106 agreement.
- 4.2 The Section 106 agreement does not stipulate that the Council should develop the land for a particular use, however the Severalls Hospital Masterplan does allocate the land for mixed uses including commercial, retail and community uses. The strategic location of the land at the entrance to the new community and opposite the primary school and proposed community centre make it ideal for neighbourhood retail units.
- 4.3 There is a covenant associated with the land which states that:
Following transfer of the Mixed Use Site to the Borough Council to ensure that any residential development on the Mixed Use Site facilitates the provision and delivery of housing for people within the Borough of Colchester whose housing needs are not met by the open market.
- 4.4 The site was marketed in the Estate Gazette for one week in February, with offers via informal tenders requested. This marketing resulted in 9 offers from 8 separate parties. All the offers were made on the basis of commercial development of the site, while some of the offers also included residential development as part of a mixed use scheme. Details of all the offers can be found in the Appendix to report on Part B of the Agenda..

5.0 The Proposal

- 5.1 The development proposal is for a retail scheme including a neighbourhood size convenience store and three smaller retail units plus flats above. This scheme will provide a small neighbourhood centre for the adjacent residential development plus some additional residential properties. This proposal is subject to planning permission and any scheme will need to ensure the protection of the TPO tree on the edge of the site.

6. Strategic Plan References

- 6.1 The recommended development will “Promote Colchester to attract further inward investment and additional businesses, providing greater and more diverse employment” by providing a new small scale neighbourhood centre. The developer has suggested the scheme will provide approximately 24 FTE jobs.
- 6.2 The development will also “Enhance the diverse retail and leisure mix”. By providing four new retail units in an area which lacks convenience retail facilities. The three smaller shops are likely to be of interest to independent traders.

7. Consultation

- 7.1 No public consultation has been undertaken. Any development on the site will be subject to gaining planning consent which will include a period of public consultation. Following a decision on the future of the site, it is intended to provide an update to Myland Community Council.

8. Publicity Considerations

- 8.1 This is a small element of a much wider redevelopment site and will mainly effect the new residents of Kingswood Heath. As such it is not proposed to formally publicise the development. However once a development has been agreed it is likely that the housing companies selling new homes at Kingswood Health will provide details to prospective home owners, as neighbourhood shops will be a positive feature of the overall development.

9. Financial implications

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

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 the following the parthway 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 Part B report