

**Report of the Executive Manager – Operations and Transformation**

**Cabinet Portfolio Holder for Economic Growth and Business Councillor A Edyvean**

**1. Summary**

- 1.1. This report provides an update to Cabinet on the successful progress of the Cotgrave regeneration project Phase 1, and also sets out the potential next steps to progress Phase 2 of the town centre regeneration.

**2. Recommendation**

It is RECOMMENDED that to progress Phase 2 Cabinet agree that:

- a) The row of shops which includes Units 1-4c is demolished once the Council has achieved vacant possession
- b) The capital programme be amended and the £387k underspend from the Land North of Bingham budget from 2017/18 is reallocated to cover additional costs associated with securing the vacant possession and demolition of Units 1-4c and bringing forward Phase 2
- c) Officers undertake detailed work on the investment opportunity for Rushcliffe Borough Council to develop the area of the shopping centre shown as Phase 2 in Appendix A
- d) Concurrently the Phase 2 area is red-lined and marketed to ascertain private sector interest which could result in a capital receipt to the Council
- e) The results of both c) and d) above are reported back to Cabinet later this year.

**3. Reasons for Recommendation**

- 3.1. Following the report to Cabinet in February 2018 (“Cotgrave Town Centre Land Transactions”), Cabinet agreed that the Council should secure the leaseholds of Units 1-3 in the shopping centre to enable Phase 2 work to progress. Unit 3 has now been acquired, and negotiations are at an advanced stage for the acquisition of Units 1 and 2.

- 3.2. The report to Cabinet also approved that the Council should use the existing allocation in its capital programme for the Cotgrave Regeneration scheme to fund the acquisition costs, with the understanding that the allocation may need to be reviewed once costs were available for the next stage of the scheme.
- 3.3. A pre-tender estimate has now been put together for the remaining works relating to Phase 1 of the scheme. The works comprise the demolition of the police station, library, health centre and the creation of the new public realm and car park. The pre-tender estimate falls within the budget allocated, therefore, officers are pleased to report that Phase 1 is being delivered within the budget set by Cabinet in December 2015. Additional costs to the project to progress Phase 2 including the acquisition and demolition costs for Units 1-4c cannot be fully absorbed into the existing cost envelope for the scheme and so the reallocation of other capital underspends is requested.
- 3.4. Officers have investigated potential options for Phase 2 which are set out below in para 5.4. To test which of these options provides the best outcome it is advised that a marketing exercise is undertaken to test the market more rigorously, whilst at the same time, the Council does further work on its own investment options for the site.

#### **4. Supporting Information**

- 4.1. At its December 2015 meeting, Cabinet agreed to deliver the Option 1 scheme for Phase 1. This included the following:

##### **Town centre**

- Demolishing the Scotland Bank residences and building a new multiservice centre on this site to house health, police, library, RBC contact point and possibly Cotgrave Town Council (pending a decision by the town council).
- Demolishing the existing police station, library and health centre and creating new and improved public realm and landscaping, thus opening up the precinct to Candleby Lane, creating visibility for shop fronts and a safe and welcoming environment.
- Refurbishment of the existing back run of shop units including new fascias and glazing to provide a fresh new look and improvements to the appearance of the back of the shops.
- Conversion of the flats above the units to a new business centre to create attractive employment space for local businesses to operate from – to be accessed from the front of the shops.
- Improvements to the green space and play area.

##### **Colliery site**

- Based on identified demand, the creation of 15 new industrial units on the colliery site adjacent to the Council's existing stock at Colliers Way. These units to range in size from 750 sq ft to 2000 sq ft.

- 4.2. In addition to the previous or current funding for the scheme of £8.6m that had been secured (some had already been expended in acquisitions and fees), it was identified that the Council would need to fund a minimum of an additional £2.5m for this option. Phase 1 was forecast to cost £8m.
- 4.3. So far, the Scotland Bank residences have been demolished and the multiservice centre has been procured and is part-way through construction. The back run of shop units (Units 5-14) have been refurbished and the flats converted into nine new offices. Of these nine units there is interest from local businesses in seven at the time of writing. The 15 new industrial units on Colliers Way have been built and are all let creating additional new jobs in Cotgrave.
- 4.4. The outstanding works in Phase 1 are to demolish the old public sector buildings (police, library and health centre) once they are vacated and to convert the space to parking and public realm. In addition the play area will be improved with some additional financial support from Cotgrave Town Council.
- 4.5. There has always been an ambition to conclude the project by looking at a second phase of the shopping centre which would regenerate the area currently occupied by Units 1-4c. This would be Phase 2.

## **5. Phase 2**

- 5.1. The Phase 2 area is shown as the red-line area on the plan in Appendix A. It comprises the row of shops which are Units 1-4c. This was not originally included in Phase 1 because the Council did not have control of the full row of shops, three of which had long leasehold agreements (Units 1-3). Of the outstanding units, the Council has secured Unit 3 and is in advanced negotiations with Units 1 and 2.
- 5.2. It is planned that the remaining tenants in the row will either relocate to other parts of the town centre scheme or vacate their units depending on their preference and circumstances.
- 5.3. Whilst Phase 1 has been successfully refurbished, it is not proposed to refurbish Units 1-4c. The aspect of the row is unsightly from Candleby Lane and there would be more flexibility for the future area if the row was demolished and the land use considered more widely.
- 5.4. External market advice has been secured from independent property consultants, Box Property to consider future uses for the site, and the options they have considered are set out below:
  - Care home/ supported living – Cotgrave has two existing care homes. The subject site is not ideal both in terms of its accessibility and its topography but care or assisted living is certainly a potential use and one which could complement the retail

- Budget supermarket – the size requirements have now increased to circa 18,000-25,000 sq.ft pushing land sizes towards the 2 acre mark. It would not be possible to provide enough land to accommodate this store format and recent conversations have confirmed that Cotgrave is not a location of interest to the two major budget supermarkets
  - Redeveloping the block for further retail or service sector tenants. A redevelopment to provide 7,500 sq.ft of new retail could be accommodated. This space could be divided to suit individual retailers' size requirements. Interest has been confirmed from several regional or national brands.
  - Family pub/ restaurant – interest is not considered to be forthcoming for this use.
  - Cinema – it is not considered to be viable for an operator to provide a cinema in this area.
- 5.5. Ultimately a marketing exercise will enable the options in paragraph 5.4 to be tested out and it is recommended that this is undertaken.
- 5.6. The Council also has an Asset Investment Strategy which it has utilised to good effect to invest in commercial acquisitions. There could be an opportunity for the Council to invest an amount from its Asset Investment fund in a new retail unit in Cotgrave as part of Phase 2 and this will be investigated by officers.
- 5.7. It is recommended that both a marketing exercise, and a business case for Council investment be pursued in order to provide Cabinet with all the options available in order to make a decision on next steps.
- 5.8. The proposed timescales for this are to undertake the demolition of the existing units at the same time as the current library, health centre and police station which are due to be demolished later this year. This of course will be subject to vacant possession of the units having been achieved. If the marketing and the options appraisal for Council investment are carried out concurrently then it is anticipated that a further report could be brought to Cabinet setting out the options in the autumn.

## **6. Financial update**

- 6.1. The original budget of £8m for Phase 1 has been realistic and it has been possible to deliver the scheme so far within budget. However, the scope of the project has been extended to start to deliver Phase 2 by securing the freehold of the Units 1-4c and then demolishing these units.
- 6.2. The demolition will prevent the Council becoming liable for business rates on the empty units which is likely to be around £30k pa. It would also help prevent anti-social behaviour in or around the units once they are vacated. Previous experience with Scotland Bank found that the houses did become a target for anti-social behaviour once they were vacant.
- 6.3. It is recommended that the capital programme be amended and the £387k underspend from the Land North of Bingham budget is reallocated to cover

additional costs associated with securing the vacant possession and demolition of Units 1-4c and bringing forward Phase 2.

## **7. Risk and Uncertainties**

- 7.1. The marketing exercise will provide evidence of what the market could deliver for Phase 2.

## **8. Implications**

### **8.1. Finance**

Financial implications are covered in paragraph 6.3.

The capital programme can be adjusted to increase the Cotgrave Regeneration budget by £387k and will be referenced in the year-end 2017/18 financial outturn report.

### **8.2. Legal**

None.

### **8.3. Corporate Priorities**

The Cotgrave Regeneration project is a strategic task within the Council's corporate plan.

<b>For more information contact:</b>	Kath Marriott Executive Manager – Operations and Transformation 0115 914 8291 <a href="mailto:kmarriott@rushcliffe.gov.uk">kmarriott@rushcliffe.gov.uk</a>
<b>Background papers Available for Inspection:</b>	Cabinet report, February 2018 “Cotgrave Town Centre Land Transactions” Cabinet report, December 2015 “Cotgrave Regeneration Scheme”
<b>List of appendices (if any):</b>	<b>Appendix A</b> – Plan of the Phase 2 Site