

Meeting: Cabinet

Date: 24th August 2021

Wards affected: Cockington with Chelston, Tormohun, Preston

Report Title: Redevelopment of Former WCs – Corbyn Head & Preston

When does the decision need to be implemented: Immediately.

Cabinet Member Contact Details: Cllr Swithin Long, Cabinet Member for Economic Regeneration, Housing & Tourism. Swithin.long@torbay.gov.uk Cllr Darren Cowell, Cabinet Member for Finance. Darren.cowell@torbay.gov.uk

Director/Assistant Director Contact Details: Liam Montgomery, Director of Asset Management, Investment & Housing. Liam.montgomery@tda.uk.net

1. Purpose of Report

- 1.1 To develop the former WC's at Corbyn Head and Preston (North) via the Growth Fund to form café/restaurant premises with provision of community facilities. The WC's are no longer fit for purposes and are closed.
- 1.2 The proposal is to agree a building specification then enter into an Agreement for Lease with two operators selected following a marketing exercise, who will take the development on in shell form on completion of a 25 year Lease and fit out to an agreed specification at their own expense.
- 1.3 The intended outcome is to maximise the potential of currently unused assets by creating new quality business premises which will generate new jobs, promote inward investment and provide new leisure facilities for residents and visitors.

2. Reason for Proposal and its benefits

- 2.1 The reason for the decision is to enable the redevelopment of two buildings that are currently redundant and impacting negatively on the surrounding environment. The proposal will create two thriving businesses and provide facilities for the public such as WCs and showers.
- 2.2 Direct investment in these properties, rather than disposing of them by way of a lease and the leaseholder providing the investment, will ensure that pace and quality is maintained at these important locations.
- 2.3 The proposed redevelopment of the former WCs will create in total 40+ jobs with established employers who offer training opportunities. The Council's investment in these properties will be funded from the ongoing rental stream that will be created.

2.4 The proposals in this report help us to deliver the Council's ambitions by the creation of 40+ jobs with established employers who offer training opportunities and have links with local colleges. The proposals will also raise the profile of the area and encourage inward investment from other businesses. The proposed redevelopment will be undertaken with consideration given to energy efficiency and the businesses would commit to initiatives such as plastic-free packaging, reduction in food-miles etc.

3. Recommendation(s) / Proposed Decision

1. Subject to:
 - the tenant entering into an agreement for lease,
 - the criteria set out in the Growth Fund are met,
 - a detailed business case, demonstrating the rental stream is sufficient to repay any loan, is approved by the S151 officer

that sufficient borrowing be authorised to fund the redevelopment of former public toilets at Preston and Corbyn Head, identified by the land edged red at Appendix 1.
- 2 That delegated authority be given to the Director of Asset Management, Investment and Housing to agree and finalise the detailed lease terms and to enter into a 25 year lease with the tenants.

Appendices

Appendix 1 – Plan of Corbyn Head and Preston Site

Supporting Information

1. Introduction

- 1.1 Both buildings are closed to the public and not fit for purpose as WCs. The buildings are both in a reasonable condition, but it is anticipated that they will fall further into disrepair. This may encourage anti social behaviour and does not foster the impression of Torbay being a thriving place to live and visit if buildings in such prominent positions are empty and unused.
- 1.2 Following a marketing exercise in late 2020, the preferred bidders selected for Corbyn Head are WeSup Limited, and for Preston, Pierhead Cafes & Bars Limited. However if final terms cannot be agreed with the selected bidders, then alternative shortlisted bidders will be considered.
- 1.3 The proposal will remove the ongoing maintenance liability of these buildings and represents an opportunity to:
 - Create new jobs with training opportunities year round.
 - Design good quality energy efficient buildings and require the operator to adopt environmentally friendly initiatives which may encourage others to follow suit.
 - Generate a rental income and revenue from business rates. Once the Growth Fund finance is repaid, the asset will be purely income generating.

2. Options under consideration

- 2.1 Providing the respective bidders with a long lease and then for them to obtain a planning permission and redevelop the site was considered.
Due to a range of reasons including available finance, the interested parties were planning to redevelop the properties in stages over a number of years.
It was felt that the proposed option gave greater certainty to the Council around the delivery timeframe and the quality of what would be produced.
- 2.2 Alternative courses of action may include refurbishing the buildings for community use only or as WCs. This would create a revenue pressure on the Council with no identified funding source. This route would also forgo the opportunity to maximise the potential from these spaces and generate income from the buildings and may otherwise result in an ongoing maintenance liability for the Council.

3. Financial Opportunities and Implications

- 3.1 It is proposed that the cost of the preliminary works/surveys, design, planning consultancy and construction are financed via the Growth Fund. We believe that the project will meet the criteria for the Growth Fund.

- 3.2 It is proposed that the cost of servicing the finance will be met through the receipt of a market rent for the completed development.
- 3.3 The amount of funding needed will not be known until preliminary works/design and costings are undertaken.

4. Legal Implications

- 4.1 None, other than to enter into an Agreement for Lease and then a 25 year lease with the proposed operators.

5. Engagement and Consultation

- 5.1 Since the initial marketing of the opportunity at the end of 2020, the proposed details of the project have been treated as confidential.
- 5.2 It is proposed to carry out a period of community engagement and consultation during the design stage and via the planning process.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 The Public Services Value (Social Value) Act 2012, would be considered as part of the process to instruct a construction partner.

7. Tackling Climate Change

- 7.1 It is proposed that the buildings would be redeveloped to maximise energy efficiency. Part of the selection process to identify a preferred potential operator for the proposed new premises, was based on the operator's track record of implementing environmentally friendly initiatives such as plastic-free packaging, reducing food miles, encouraging the use of bicycles etc. These requirements will be set out in the lease documents.

8. Associated Risks

- 8.1 The risk associated with the proposal not being implemented would be that the buildings would fall into disrepair representing a maintenance liability for the Council. This may also encourage anti social behaviour and create a negative impression of Torbay's ability to attract investment.
- 8.2 The largest financial risk is linked to the proposed tenant facing difficulties and potentially unable to repay the rent. In this scenario the Council would obtain possession of the building and seek a new tenant to operate the facility. It is considered that the location of these properties would see a good range of interest once the buildings are complete and available for occupation.

Equality Impacts

9. Identify the potential positive and negative impacts on specific groups

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	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	Potential to include modern WCs & activities		
People with caring Responsibilities			No differential impact on this group with this proposal.
People with a disability	Potential to include modern WCs with disabled facilities		
Women or men			No differential impact on this group with this proposal
People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			No differential impact on this group with this proposal
Religion or belief (including lack of belief)			No differential impact on this group with this proposal
People who are lesbian, gay or bisexual			No differential impact on this group with this proposal
People who are transgendered			No differential impact on this group with this proposal
People who are in a marriage or civil partnership			No differential impact on this group with this proposal

Women who are pregnant / on maternity leave			No differential impact on this group with this proposal
Socio-economic impacts (Including impact on child poverty issues and deprivation)	Creation of jobs with training opportunities		
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			No impact on the health of the population

10. Cumulative Council Impact

10.1 None

11. Cumulative Community Impacts

11.1 None