

Meeting: Cabinet **Date:** 14/12/2021

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), identified by the plans at appendix 1, with investment from 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 different operators selected following a marketing exercise, who will take the development on in shell form on completion of a 25 year Lease and then fit out the premises to an agreed specification at their own expense.
- 1.3 The red line plan at appendix 1 is indicative at this stage and subject to minor alteration. Please note the green shaded area is the possible maximum extent of any external seating and again is only indicative at this stage and subject to alteration.
- 1.4 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

We want Torbay and its residents to thrive.

We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay and affordable housing for our residents.

We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.

- 2.1 The proposals in this report help us to deliver this ambition by enabling 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.
- 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 circa 40+ jobs with established employers who offer training opportunities. The Council's investment in these properties will be repaid 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. That the use of the Growth Fund is approved to fund up to £1,250,000 for the redevelopment of former public toilets at Corbyn Head and up to £717,500 to fund the redevelopment of former public toilets at Preston, identified by the land edged red at Appendix 1, having demonstrated that the potential rental stream is sufficient to meet the terms of the Growth fund as set out in exempt Appendix 2; with due diligence to be delegated to the Director of Finance, and the Director of Asset Management, Investment and Housing in consultation with the Cabinet Member for Housing, Regeneration and Tourism, to
 - Agree and finalise the detailed lease terms and to enter into a 25 year lease with the preferred bidders
 - Ensure that the Growth Fund criteria are met as a consequence of the lease terms, including ensuring that the business case meets borrowing costs.

Appendices

Appendix 1 – Indicative Plan of Corbyn Head and Preston Site

Appendix 2 – Financial Summary – Part 2 Confidential

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 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.
 - 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 gives greater certainty to the Council around the delivery timeframe and the quality of what will be produced.
- 2.2 Alternative courses of action may include refurbishing the buildings and leasing them at a peppercorn or 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.
- 3.2 It is proposed that the cost of servicing the finance will be met through the receipt of a market rent, or higher, for the completed development.
- 3.3 High level concept design drawings have been funded and submitted by the preferred bidders and costed by a quantity surveyor to inform the business case.
- 3.4 Further work is required to better refine and finalise the costs for each project and therefore the build costs figures set out in Appendix 2 are only estimates at this stage. In the event the design or scope of the project alters after liaison with the Planning Authority then the rental figure may alter accordingly. In any event the rent will always be a market rent or a figure sufficient to service the Councils loan repayments, whichever is higher and the total capital expenditure will not exceed the amounts set out in the recommendation.

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.
- 4.2 Please note that the plan at Appendix 1 is currently indicative and is subject to minor alteration. The areas shaded green is a possible area for external leasing and may be dealt with via a separate lease/license and is yet to be determined.

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 only been discussed internally and with Members.
- 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 within the available budget. 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 and formalised 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 further 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 due to the location of these properties we would expect to 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