

Arun District Council

REPORT TO:	Economy Committee – 02 February 2022
SUBJECT:	Application for funding to the Brownfield Land Fund in relation to the Bognor Regis Arcade
LEAD OFFICER:	Neil Taylor, Regeneration Consultant
LEAD MEMBER:	Councillor Andy Cooper
WARDS:	Marine
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: Bring the unused upper floors of the Arcade back into residential use will support the Council's Vision in respect of delivering the right homes in the right places. Using our expertise to influence the local housing market, working with the right partners from all sectors, to develop the housing and infrastructure that we need.	
DIRECTORATE POLICY CONTEXT: This report is to gain committee approval for a grant application to help deliver apartments over the existing Arcade that will reduce the present void costs and deliver new homes.	
FINANCIAL SUMMARY: The plan is to convert the upper floors of the Bognor Regis Arcade and the ground floor of number 10 into private rented apartments (PRS) at a cost of approx. £5.6M. The return in rent roll is expected to be circa £272k per annum. This set against a current void liability and large maintenance costs annually. In order to make the development viable, we need to apply for a grant from the BLF of potentially £476k (£17k per unit x 28 units) in order to improve viability.	

Reasons for urgency: *[For urgent/late reports only:]* The special circumstances for non-compliance with Access to Information Procedure Rules Part 6 Section 1 Paragraph 5.1 and Section 100B(4) of the Local Government Act 1972 (items not to be considered unless open to inspection at least 5 days before the meeting) are that:-

- There are no further meetings of the Economy Committee in this municipal year and not bringing this report to members at this time would mean that the Council would be unable to apply for this Grant opportunity as the application requires being submitted by the end of March 2023.

1. PURPOSE OF REPORT

- 1.1. For Committee to consider the merits of applying for a grant from the BLF in support of a potential development.

2. RECOMMENDATIONS

- 2.1. That the Committee approves the submission of a grant funding application to the Brownfield Land Fund in respect of the Bognor Regis Arcade.
- 2.2. That the Committee delegates to the Chief Executive in consultation with the Chair of the Economy Committee, the authority to prepare and submit the grant funding application.

3. EXECUTIVE SUMMARY

- 3.1. The purpose of this report is to seek Committee approval for the submission of a grant funding bid to the Brownfield Land Fund in respect of the renovation of the upper floors of Bognor Regis Arcade. The commercial space in the arcade has been renovated since the Council bought the building in 2017, and that commercial space is now almost fully let and is thriving. However, the upper floors have fallen into disrepair and continue to deteriorate. A number of options have been considered to bring the upper floors back into use however the business case has never been satisfactory. The Council has engaged the services of a specialist to prepare the outline business case and prepare the grant submission. During the outline design and business case process, it has become clear that only market rental residential accommodation will generate sufficient rental income to cover the investment need and the grant funding of approximately £17k per unit will be needed to make the development stack up financially.
- 3.2. The outline business case report is not yet completed and will be circulated to Committee Members once it is finalised.
- 3.3. This report seeks approval to submit the grant funding application only. The project approval will be sought later subject to a successful grant allocation and a full business case.

4. DETAIL

- 4.1. The renovation will focus on the upper floors of the Bognor Regis arcade and the full height of number 10, currently occupied by the Bognor Regis BID.
- 4.2. The capacity of the site has been assessed as 29 apartments, a mix of 1, 2 and 3 bed and 2 new retail/café units at the ground floor of number 10.
- 4.3. An approximate total renovation cost of circa £7M
- 4.4. An approximate total rent roll of circa £272K per annum net.
- 4.5. A hoped-for grant allowance of £476k
- 4.6. All subject to confirmation by the business case.

5. CONSULTATION

- 5.1. No consultation has taken place.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1. Other options have been considered over the years but none have been financially sound without significant additional funding for which there would be not be a financial return.

7. COMMENTS BY THE INTERIM GROUP HEAD OF FINANCE/SECTION 151 OFFICER

On the understanding that the grant application does not commit the Council to the project or any expenditure on the project, finance have no comment.

8. RISK ASSESSMENT CONSIDERATIONS

- 8.1. Failure to secure grant funding of a sufficient level to make the renovation financially attractive. In this case the project will be abandoned.
- 8.2. The risk exists that the full business does not prove viable, in which case the project will be abandoned.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

- 9.1. Where the bid is successful the Council will be required to enter into a Grant Funding Agreement the details of which are not clear at present. There are no other legal or governance implications.

10. HUMAN RESOURCES IMPACT

- 10.1. There is limited human resources impact.

11. HEALTH & SAFETY IMPACT

- 11.1. No direct health and safety impacts have been identified.

12. PROPERTY & ESTATES IMPACT

- 12.1. There is no impact due to the grant submission.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

- 13.1. No direct impact.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

- 14.1. There is no impact from the submission of a grant application.

15. CRIME AND DISORDER REDUCTION IMPACT

15.1. No direct impact.

16. HUMAN RIGHTS IMPACT

16.1. No direct impact.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1. Not applicable.

CONTACT OFFICER:

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BACKGROUND DOCUMENTS:

Appendix 1, Initial design layout options