

Arun District Council

REPORT TO:	Economy Committee Extraordinary Meeting - 19 June 2023
SUBJECT:	Consideration of meanwhile uses for-Brewer's Fayre building, Bognor Regis
LEAD OFFICER:	Neil Taylor, Regeneration Consultant
LEAD MEMBER:	Councillor Roger Nash
WARDS:	Marine
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: Regeneration of key areas of the District and the promotion of leisure and tourism.	
DIRECTORATE POLICY CONTEXT: Effective management of Council owned property to promote the Council' objectives and generate revenues. The recommended option within this report satisfies the requirements of the Councils Asset Management Strategy in terms of 'disposals'. The options not recommended by this report (and likely any others which Councillors may wish to explore) will require significant time and resource to be expended in order to satisfy those requirements as noted at item 4.5.	
FINANCIAL SUMMARY: Members should note that the Business rates payable on the former Brewer's Fayre building of circa £38,500 per annum will become payable from 15 th August. There is no budget for this.	

1. PURPOSE OF REPORT

- 1.1. The purpose of this report is to stimulate debate regarding the meanwhile use of the former Brewer's Fayre building that has, unexpectedly become vacant. Should members wish to steer the use of building in a particular direction, officers will produce a cost estimate for the technical investigations work and investigate option for funding the costs.

2. RECOMMENDATIONS

- 1.2. That members adopt option 2, the market driven approach and allow Arun District Council property officers and their agents to seek the most appropriate and financially advantageous tenant representing best value.

2. EXECUTIVE SUMMARY

- 3.1 The former Brewer's Fayre building had formed part of a long lease agreement with Whitbread that also included the Alexandra Theatre. The theatre was sub-let, by Whitbread, to Arun Arts Ltd.
- 3.2 Having secured a Levelling up Fund grant to refurbish the theatre, Arun Council purchased the lease back from Whitbread to facilitate the building work. As part of the heads of terms of the lease transfer; Whitbread were set to take a 2 lease back from Arun Council to allow the operation of the Brewer's Fayre during the construction period of their new Premier Inn. At a late stage, Whitbread decided that they would not like to continue to operate the Brewer's Fayre during their construction period and consequently gave us vacant possession of the building on completion of the sale.
- 3.3 Arun Council now finds itself in possession of the freehold former public house, a building that is anticipated to be part of a wider regeneration scheme covering the whole of the remaining Regis Car Park site and the pub. The anticipated scheme will not be on site for at least 5 years, meaning that a meanwhile use needs to be found for the building to avoid it being an eyesore on the Esplanade for that 5-year period.

3. DETAIL

- 3.1. The building is approximately 1100m² and is mostly arranged on one floor with a large lost space and a first floor flat. The building has been cleared of the public house and kitchen fittings. Some roof repairs are required and there has been a payment of £100k from Whitbread towards dilapidations. In addition to the roof repairs; the services for the whole of the Regis Centre building and the public toilets are run from the Brewer's Fayre main panel, and therefore there will be a cost, estimated at £35k currently, to split all the services into the individual buildings.
- 3.2. Additionally, there are business rates payable on the build. Arun Council have 3 months grace on paying the rates as the building is empty, however from 15 August ADC will be liable for an annual cost of circa £38,500 unless the building is let before then.
- 3.3. The letting period of 5 years is not an attractive period for the market. Considerable conversion work will be needed to bring the building into service and that investment, from any user, will need a payback period in excess of 5 years. It is likely that ADC will need to offer a lengthy rent-free period to offset some of those costs.

3.4. Possible uses could be:

Option Nr	Possible use	Possible issues
1	Conversion in a public meeting space including. Opening up the ground floor and the eaves area.	This would involve a construction project including new wiring, lighting and alarms due to the need to remove walls and ceilings where all the services are attached. Likely cost could be in excess of £1m. ADC will need to budget for the running costs and the NND rates. Likely to take 2 years to open and therefore only 3 years operational life.
2	Market driven use. Placing the letting in the hand of our agents and letting to the most advantageous offer	Probably the most economical option. Would leave ADC with NND rates to pay over a short period until a tenant takes on responsibility. Probably will bring the building back into use the quickest.
3	Soft play and café use has been suggested.	ADC would need to seek an operator and may need to help with the cost of fit out. The Ceiling height might be an issue.
4	Restaurant use.	Again, the fit out cost will be high for a short let however we could offer the incentive of a pre-let in any new development that replaces the Brewer's Fayre to give some longer term certainty.
5	Let to a 'meanwhile use' operator who would split the building up for other uses.	

4. CONSULTATION

5.1 The purpose of this paper is to consult the members of the Economy Committee first. Any change of use may require planning consent and further consultation.

5. OPTIONS / ALTERNATIVES CONSIDERED

6.1 N/A

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

6.1. There are no immediate cost implications arising from this report other than the Business Rates alluded to in paragraph 4.2. Additional costs arising from future proposals for the site will be assessed by Officers as and when they are established, and the impact will be reported to Members.

7. RISK ASSESSMENT CONSIDERATIONS

7.1. Reduced staffing capacity within the Property, Estates, and Facilities team presents a risk in terms of the ability to deliver this project and others (see section 10 for mitigation).

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

9.1. Members are being asked to authorise Officers to seek the most appropriate and financially advantageous tenant using a market driven approach. The proposal is to let the property for a “meanwhile use” for a period of 5 years. This amounts to a disposal.

9.2. Section 123 (1) of the Local Government Act 1972 provides that, subject to certain exceptions, a local authority may dispose of land held by them in any manner they wish. Section 123 (2) provides that except with the consent of the Secretary of State, a local authority shall not dispose of land for a consideration less than the best that can reasonably be obtainable. “consideration” may comprise both money and other elements which have a commercial or monetary value to the Council, but which are capable of being quantified financially.

9.3. However, the requirement to obtain best consideration reasonably obtainable under section 123 does not apply where the disposal is by way of a short tenancy. A short tenancy is defined as a term not exceeding 7 years. Nevertheless, the council is still required to take reasonable decision in relation to its assets.

9. HUMAN RESOURCES IMPACT

9.1. Efforts are underway to recruit to a number of vacancies in the Property, Estates, and Facilities team, including temporary agency staff in order to ensure there is sufficient capacity to progress the team’s work programme. To explore anything other than the recommended option will add significant unexpected load to that work programme.

10. HEALTH & SAFETY IMPACT

10.1. N/A

11. PROPERTY & ESTATES IMPACT

11.1. The Property, Estates, and Facilities team has taken possession of this asset at relatively short notice. Work is ongoing to maintain the premises in a secure condition and to improve the external appearance, using the £100k dilapidation settlement. Work is also required to ensure the fabric of the building is fully weathertight. This asset presents a significant liability in terms of ongoing management and budget, and the recommendation of this report seeks to minimise that exposure.

11.2. It will be for the Property, Estates, and Facilities team to manage the delivery of any objectives set following consideration of this report. The Property, Estates, and Facilities Manager and the Senior Estates Surveyor are both in support of the recommended option, which will deliver best consideration for this asset with least delay, risk, or ongoing expense, as well as potentially attracting the interest of a valuable future tenant for the proposed wider redevelopment.

12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

12.1. N/A

13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

13.1. N/A

14. CRIME AND DISORDER REDUCTION IMPACT

14.1. N/A

15. HUMAN RIGHTS IMPACT

15.1. N/A

16. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

16.1. N/A

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BACKGROUND DOCUMENTS:

A presentation will be given at the meeting to aid debate.