

# Arun District Council

<b>REPORT TO:</b>	<b>Economy Committee 16/04/24</b>
<b>SUBJECT:</b>	<b>Bognor Regis Arcade update</b>
<b>LEAD OFFICER:</b>	<b>Neil Taylor, Regeneration Lead</b>
<b>LEAD MEMBER:</b>	Councillor Roger Nash, Chair of Economy Committee
<b>WARDS:</b>	<b>Hotham / Marine</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b> 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.	
<b>DIRECTORATE POLICY CONTEXT:</b> The Council has a responsibility to bring forward regeneration activity across the district where possible. Bringing the upper floors of the Bognor Regis Arcade back into use will improve the appearance of the arcade and provide 35 new homes. The scheme will bring wider regeneration benefits including increased footfall in the Arcade and High St area, increased perception of security due to there being more activity in the area, and increased spend locally. An additional benefit for Arun District Council will be a reduction in maintenance liabilities associated with the Arcade currently and in the future.	
<b>FINANCIAL SUMMARY:</b> The project is included in the capital programme at a cost of £7,991,069, of which £628,322 is grant funding from the Brownfield Land Release Fund.	

## 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members on the progress of the project to refurbish the upper floors of the Bognor Regis arcade to provide new residential accommodation.

## 2. RECOMMENDATIONS

- 2.1 The Economy Committee note the progress on the project.

## 3. EXECUTIVE SUMMARY

- 3.1 At the Economy Committee meeting held on 13 June 2023 members approved the proposal to refurbish the upper floors of the Bognor Regis arcade to provide new apartments and a further retail unit, subject to the Council being allocated a grant under the Government's Brownfield Land Release Fund.

- 3.2 The BFLR grant was awarded in August 2023 and the project consultants were engaged through the Fusion21 procurement framework via Hampshire County Council.
- 3.3 Since their appointment Ridge Consultants have carried out the following tasks:
- Extensive survey work to the existing building.
  - Asbestos testing.
  - Asbestos removal and decontamination.
  - Enabling works (works funded by BLRF grant) design.
  - Preparation of the enabling works tender information.
  - Enabling works procurement pack.
  - Supervised Hampshire County Council procurement of a contractor.
  - CDM and safety analysis prior to work starting on site.
  - Main works design.
- 3.4 The project remains on track and within the budget allocated.
- 3.5 Further updates will be provided to the Economy Committee as the project progresses.

#### **4. DETAIL**

- 4.1 Project Background -One Public Estate Brown Field Land Release Fund award (£628k) received in ADC accounts 19/09/23. This will fund initial enabling works which will then facilitate onward refurbishment of the Arcade, including conversion of the upper floors to a private rented residential scheme (PRS) with up to 35 1 & 2 bed apartments. Also, the demolition of the former single storey BID (now CAB) unit and replacement with a three-storey apartment block with café/deli at ground floor fronting Belmont Street and linked to the Arcade at upper floors.
- 4.2 We have continued to fully scope and instruct the technical evaluation and due diligence required, with Ridge. Full suite of enabling works documents has now been completed and submitted to HCC Procurement for review/sign-off and then to be used to tender the enabling works contract via the selected Framework (New Minor Works Framework) (NWF) Lot 2 GB2) on which we have had seven interested contractors confirming intention to bid. The enabling works costs scheduled in this documentation match the full allocated grant funding sum and the tender process will be completed with a contractor appointed ahead of the OPE stipulated 31/03/24 date.
- 4.3 Site surveys, inspection & design evaluation have now been completed to inform this enabling stage and wider detailed design works. This has included full structural evaluation which has established that the existing load bearing capacity of the current structure looks to be adequate for the additional apartments to be added above floor one on the east wing. Asbestos removal and air quality testing (for any further particulates) has now been completed and certified and the works to the floor of Arcade unit 6 completed which encapsulate asbestos containing fill material found below floor level. A small amount of asbestos containing material has had to be left as will require

accessing via the main contract works (scaffold towers) when these are later implemented. These areas are non-intrusive and include roof tiles with asbestos mix and chimney caps/boiler flues (2.no) within the pitched roof space.

- 4.4 Electrical sub-station analysis (capacity and likelihood of a new sub-station on site/adjacent) continues and building services/M&E scoping works. As previously advised, engineer inspections of most of the ground floor retail units (where access was granted) have recently been undertaken and some short falls in compliancy of electrical intakes/safety identified (likely landlord required upgrades). These will require upgrade and initial findings have been reported to ADC Property & Estates (P&E) to ascertain if they were aware and have budget to complete these upgrades on the units they have tenanted and are receiving rent on and also to upgrade any currently vacant units ready for new incoming tenants, a response is still awaited albeit P&E have acknowledged.
- 4.5 Fire engineers have now been appointed and are currently evaluating design proposals. This is likely to result in a revised access/corridor configuration to create shorted corridor runs and more access/egress points to street level. Inclusion of a lift is also being investigated.
- 4.6 With these further design refinements has come the potential to accommodate an additional apartment, so a new potential total of 36 units, this is being further evaluated but is very likely. The requirement for multiple bin stores has been identified and initial designs progressed. On York Road a resident access has been added which utilises an existing door/hallway and stairwell and added adjacent (notionally in part of a vacant retail unit) an enclosed bin store. P&E have been notified and they are currently evaluating this as a temporary let has been made to a Tapas bar, with a view to then this being relocated to the new unit the development will provide on Belmont Street, therefore continuity of trade and rental stream and ideally no net loss as the new unit floor area is likely to exceed that of the vacant/temp let unit to be used to accommodate the required bin store (generally there is not other area available for this).
- 4.7 The roofing works (West wing repairs) commissioned by Property & Estates has now been scheduled so as not to inhibit the enabling works, with potentially some overlap as works run concurrently.
- 4.8 Project team continue evaluating all ongoing surveys and findings to help refine the design and provide better cost certainty for the main redevelopment works. Through this process, design and cost will be fully refined to support the business plan and, subject to gateway approvals, move the project into RIBA3 and a planning application accordingly. Whilst the RIBA3 work will be subject to a future fee proposal from Ridge, it is likely that this may be facilitated early via the processes detailed above which have already been completed and required to inform the enabling works tender documents.
- 4.9 Ridge continue to perform well working with & under ADC regeneration supervision and management, the project team meets weekly (this has been more regularly in recent weeks) given the volume of workstream required to fully inform the enabling works tender documents. This is ensuring programme,

enabling works and RIBA stages are configured and informed jointly and as swiftly and accurately as possible.

- 4.10 Working with DevComms we have briefed the BR Bid & BR Regeneration Board and have issued a statement to be included in the OPE quarterly briefing document prepared by WSCC as well as attending the quarterly WSCC OPE Programme Board (MW/DV) to update on the Arcade. We are also working with Stiles Harold Williams (SHW) managing agents for the Arcade in order to continue a positive and ongoing messaging and briefing strategy to work with the various commercial tenants in the Arcade and wider community as these feasibility works, surveys and testing progress. We have continued to brief tenants and stakeholders and have had further direct dialogue with OPE with regard to progress and specific contract and tender clarity points.
- 4.11 A draft programme and risk register have been worked up and will continue to be refined following evaluation of the current survey and design work in progress.

#### Budget

- 4.12 Currently all in order and as previously detailed.
- 4.13 An overall budget and funding route is to be further discussed and finalised with ADC Finance and 151 Officer(s) and in part is already informed by the overall high-level project budget previously detailed and approved at committee(s) but will be further informed and costed via the technical due diligence and design work ongoing with Ridge to RIBA2 and enabling works evaluation.

### **5. CONSULTATION**

- 5.1 Ongoing with tenants.

### **6. OPTIONS / ALTERNATIVES CONSIDERED**

- 6.1 N/A

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

- 7.1 There are no additional direct financial implications resulting from this update report, enabling works have been grant funded and where we have allocated budgets for the remaining works once the financial viability due diligence has been completed we will seek committee approvals if required as appropriate.

### **8. RISK ASSESSMENT CONSIDERATIONS**

- 8.1 Programme/Placing Enabling works contract by 31/03/24. However full tender docs pack is now with HCC Procurement, and this will shortly be tendered via the approved NWF Framework with contract returns and appointment completed ahead of the 31/03/24.

- 8.2 Overall Budget & Viability, this will be better informed once all technical parameters and wider building design and surveys (RIBA2 into 3) have been completed and costed.
- 8.3 Interest rates and construction inflation, albeit these do look to be stabilising in recent weeks, all are monitored regularly and any appropriate adjustments to forecasting made (borrowing rates, funding sources, yields, inflation rates).
- 8.4 Planning Permission: initial external site visit & discussions with ADC Planning & Conservation Officers generally positive, as designs are refined (and budget proved) further and ongoing detailed dialogue will be implemented.
- 8.5 Market conditions (sentiment, demand, rents - commercial & residential, yields, sales values etc).
- 8.6 Tenant negotiations and continuity of trade, if works access is required via ground floor units to undertake fire/thermal/acoustic compartmentalisation. Currently we are designing around this with all works being proposed to be undertaken at first floor and in the floor/ceiling void above these units (fire engineers currently further evaluating). However, some survey work (as detailed above) is ongoing and further required at ground floor and may impact these tenants on a short term, temporary basis. This is to be mitigated ahead by the work we are doing with DevComms and the managing agents SHW to update the tenants and build dialogue.
- 8.7 Ongoing poor condition of building and lack of previous/immediate maintenance plan/budget allocation in order to make building weather tight ahead of enabling/main project works coming in 2024 (after another winter). ADC P&E commissioned roof repairs will not be undertaken until late winter/early spring 2024 which means the water ingress to the structure will predominantly continue for another full winter season. This has been initially discussed with P&E and a budget, programme and schedule of works provided. The intention now is to further explore notionally scheduling these roof works as part of an enabling works phase and associated notional budget allocation, which is currently funded by the P&E previously allocated budget, and a suitable mechanism established for then taking this budget allocation into the main works sums at a later date, having first detailed it in the enabling works spend sums.

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

- 9.1 The purpose of this report is to update members on the progress of the project to refurbish the upper floors of the Bognor Regis arcade to provide new residential accommodation and Members are being asked to note the report. As this is a report for noting there are no immediate legal or governance implications.

## **10. HUMAN RESOURCES IMPACT**

- 10.1 None

## **11. HEALTH & SAFETY IMPACT**

11.1 Health and Safety impacts are being considered by the consultants as part of the design.

## **12. PROPERTY & ESTATES IMPACT**

12.1 The project overall is being progressed by the project manager working in parallel with the Property and Estates team. Further resource will be required to develop specific aspects of the project.

## **13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

13.1 N/A

## **14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

14.1 N/A

## **15. CRIME AND DISORDER REDUCTION IMPACT**

15.1 Improving the Arcade and its environs will help reduce crime and the fear of crime.

## **16. HUMAN RIGHTS IMPACT**

16.1 None

## **17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

17.1 None

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### **CONTACT OFFICER:**

**Name:** Neil Taylor

**Job Title:** Regeneration Lead

**Contact Number:** 01903 737707

### **BACKGROUND DOCUMENTS:**

Economy Committee report 13 June 2023 – Bognor Regis Arcade