

Title: Riverside House Disposal Options

Lead Officer: Chris Elliott/Heather Johnson

Portfolio Holder: Councillor Day; Councillor Matecki; Councillor Falp;
Councillor Hales

Wards of the District directly affected: Milverton; Myton and Heathcote

Approvals required	Date	Name
Portfolio Holder	30 th Jan	Councillor Day; Councillor Matecki; Councillor Falp; Councillor Hales
Finance	As above	Andrew Rollins
Legal Services	As above	Kathryn Tebbey
Chief Executive	As Above	Chris Elliott
Head of Service(s)	As Above	Steve Partner
Section 151 Officer	As Above	Andrew Rollins
Monitoring Officer	As Above	Andrew Jones
Leadership Co-ordination Group	As Above	Andrew Day
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	Yes. Paragraphs 3 and 5	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes	
Accessibility Checked?	Yes	

Summary

This report sets out a proposal through which the Riverside House site is proposed to be brought forward for development in the context of other possible approaches, together with risks and opportunities associated with each. The paper also makes a recommendation based upon the information provided and requests delegated authority for agreements needed to proceed with the recommendation.

Subject to the above recommendations below being accepted, the report seeks approval for the allocation of the capital receipt which together with existing allocated CIL receipts to fund the project for the relocation of the Edmondscote athletics facility to land off Fusiliers Way and of the proposed Myton Path footpath/cycleway connecting Myton Road and Fusiliers Way and providing access to the relocated athletics track.

The report also seeks approval to the creation of a new park as a Commonwealth Games legacy and to commemorate Queen Elizabeth II.

Recommendations

- (1)** That Cabinet notes the options for the disposal of Riverside House, together with the associated risks, costs, and opportunities for each.
- (2)** That, subject to the necessary due diligence and completion of negotiations, Cabinet agrees (in principle and subject to contract) to the disposal of the Riverside House site on the basis as set out in the private and confidential appendix to this report and in line with the approved Development Brief for the site; and that Cabinet informs Council of its decision.
- (3)** Subject to recommendation 2 being agreed, that Cabinet agrees to delegate authority to the Chief Executive, in consultation with the Deputy Chief Executive (Monitoring Officer), Head of Finance (S151), Head of Neighbourhood and Assets, Group Leaders, and the Portfolio Holder for Resources and the Portfolio Holder for Housing, to finalise and agree the Heads of Terms and to subsequently put in place the necessary agreements and to seek any consents necessary or required to implement the proposals within this report.
- (4)** That Cabinet agrees to include within the Council's project list the new foot/cycle bridge over the River Leam and the creation of a new park stretching from Princes Drive to Emscote Road as a Commonwealth Games Legacy to be named Queen Elizabeth II Park in commemoration of the late Queen with a target date for completion of 21 April 2026 (which would have been the late Queen's 100th birthday), noting that a full business case will be submitted to a future Cabinet meeting.
- (5)** That Cabinet recommends to Council that the expected capital receipt be in principle earmarked and incorporated within the Council's Capital Programme and used to complete the funding package (including the existing commitment of CIL) necessary to cover the expected cost of relocating the Council's Edmondscote athletics facilities to land off Fusiliers Way and the associated footpath/cycleway connecting Myton Road and Fusiliers Way; subject to a further detailed report setting out and seeking approval for the details on the implementation of the schemes.
- (6)** That Cabinet agrees to making £100,000 available for progressing the projects listed at recommendation 4 to provide a staffing and other resource to be funded from additional income generated.

- (7) That the Council seek other funding for the new park, bridge, footpath/cycleway, and athletics facilities to enhance/ensure the intended outcomes.
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1 Reasons for the Recommendations

- 1.1** On 8 July 2021, Cabinet approved the draft Development Brief for the Riverside House site for public consultation. Then on 4 November 2021, Cabinet approved the updated Brief, following public consultation. It was agreed that the Brief will be used to guide future development on the site. The agreed brief is attached at **Appendix 1**. The site whilst allocated in the Local Plan for housing and in many ways certainly location wise is an attractive site it is also far from straightforward given it is partly in the flood plain; it is covered by extensive Tree Preservation Orders (TPOs); has a major sewer running through it; adjoins a conservation area; and, it slopes down both west to east and north to south.
- 1.2** Cabinet also approved the recommendation that a further report putting forward options for how a development at Riverside House may be brought forward for consideration. This report though has been dependent upon the Council having an agreed way forward for leaving Riverside House. That point has been reached as another report on this agenda recommends that the Council moves office provision to the ground floor of Saltisford One in Warwick in the short term – up to 6 years. Now that a plan to move from Riverside House this year has been established, options for disposal of the site can now be considered.
- 1.3** The options for bringing the site forward for development include:

1.3.1 Milverton Homes

The Council could decide to agree for Milverton Homes, the Council's wholly owned housing company, to bring the site forward for development. This option would also pose some degree of risk being carried by the Council since its almost certain that this would involve a loan from the Council, though that risk would also be potentially balanced by the prospect of a reward. The increase in interest rates, however, make this position more difficult to assess and sustain. So, it is difficult at this stage to assess the financial benefit to the Council of this option or for the development that would be envisaged on site.

This option would not provide a quick solution, as it would take Milverton Homes and the Council time to complete the due diligence process to find a partner to work with in a joint venture relationship and to assess any potential loan finance. The Council would therefore continue to have a financial outlay over this period in terms of running the building, especially business rates, unless it decided to demolish the building though this would also involve a significant cost up front. The Council would also lose some degree of direct control over the development of the site should this option be chosen. The mitigation for this issue is reliance upon the Council's role as Local Planning Authority, but this cannot compel development takes place in accordance with a specific scheme.

So, whilst this option has attractions it also means the Council is carrying risks for an indeterminate period and/or it needs to invest further to demolish the existing building. As a benchmark the cost of demolition of the Covent Garden car park is circa £1m.

1.3.2 The Council brings the Riverside House development to the market

The Council could potentially bring forward the site for development itself. In doing so, this would keep the full control of the future site within the Council's remit, in accordance with the Development Brief. This would not provide a quick solution and would mean that the Council would continue to carry costs of owning the site and /or the demolition of the existing building (circa £1m) and the upfront cost of preparing a planning application – circa £300 - £500k and then of the cost of funding the procurement and construction of new homes and ancillary development. Whilst this cost could be mitigated by the reward of receiving the full income of the site's development the recent increase in interest rates makes the assessment of any reward challenging to sustain. In addition, there is also a lack of resource/expertise available within the Council to bring forward the development of the site in this way and so would need to be bought in or time allowed for recruitment thereof, and therefore the associated costs of doing so would be high and would not be quick. This approach comes therefore with a considerable degree of risk and cost, all of which would lie with the Council.

1.3.3 Riverside House site is taken directly to the general housing market

Under this option the Council could market the Riverside House site on the general market and sell to the highest bidder/most compliant proposal. This is a more straightforward option compared to the options above. There would be some cost of marketing and obtaining expert advice to assess the financial proposals put forward. However, in following this approach the Council would lose direct control of the future use of the site and any design for the future of the site may considerably vary from the approved Development Brief. The Council would need to rely on its role as Local Planning Authority, but this would not result in a means to compel delivery of a particular scheme. This mitigation applies though to the other options set out above.

In addition, the Council needs to reflect upon its previous experience of trying to dispose of this site via a private sector partner which ultimately was unable to deliver a developer even with planning permission. Although there have been expressions of interest from various companies from time to time there is no guarantee that the interest would materialise as an up-front payment or a willingness to take on the existing building and the site's existing running costs immediately. Therefore, this approach carries the risk to the Council of continuing to have to carry the costs of the site for an undetermined amount of time unless it also decided to demolish the existing building with the upfront cost that that involves.

1.3.4 Summary of the Above Options

All the above options are technically possible, but none are without risk to the Council nor without upfront cost. However, the Council has received a specific proposal from another public body and this is considered in the private and confidential appendix.

1.4 The Proposal

- 1.4.1** The proposal received and set out in the private and confidential appendix is accompanied by place making infrastructure proposals. The agreed Development Brief for the site envisaged the inclusion of a bridge over the river Leam into Victoria Park. This would deliver greater access to public open space for any residents on the site but would also enable the wider existing community in the Milverton Hill area to have more direct access to Victoria Park and to the riverside corridor. The bridge would also enable a connection for walking and cycling along the river as there are tunnels under both Adelaide Road and Princes Drive, but they are on opposite sides of the river. The bridge would therefore enable that connection across the river to be made and so enable the creation of a continuous off-road footpath/cycleway route along the river through the town and onwards westwards via the proposed new park to St Nicholas Park in Warwick; and eastwards to Newbold Comyn and onwards into the wider countryside via the canal and old railway line, to Draycote Water in particular. There is always the risk that the cost of the bridge is greater than the sum allocated in which case the Council may choose to top up the funding using the £250k already allocated in the 5-year CIL programme for such a facility and top it up with more funds if or as necessary.
- 1.4.2** The proposal also envisages a place shaping investment in the laying out of a new park covering the area along the River Leam from Princes Drive to Emscote Road. An illustration of this potential is attached at **Appendix 2**. This project, which the Council has previously considered and supported, would represent a clear legacy for the Commonwealth Games. Given the timing it seems appropriate for **Royal** Leamington Spa to add another "royal" park and it is therefore also proposed that the park commemorates the life of Queen Elizabeth II and be named after her. As the park will take some time to implement in terms of design, community consultation, seeking of planning permission and then implementation it seems appropriate that the date of the late Her Majesty's 100th birthday be identified as a target date for opening 21 April 2026.
- 1.4.3** It is highly possible that the cost of the park could be more if local community aspirations; maximising the opportunity to implement the Council's commitment to improving biodiversity as per the recent Council motion; and integrating features to accommodate safe river bathing are also accommodated (see another report on this agenda relating to works in Leamington proposed by Severn Trent Water (STW)). Therefore, those other opportunities for funding should be pursued. This includes tapping into other funding sources held by STW and other agencies as well as approaching the West Midlands Combined Authority (WMCA) to secure Commonwealth Games legacy funding. It has circa £70m to distribute.
- 1.4.4** However, to implement the new park requires the relocation of the existing athletics facilities and to secure the small portion of land owned by the Guide Dogs for the Blind charity. The Council is in discussion on the latter point and will seek to secure that land in connection with the redevelopment of the main part of their site as part, if necessary, of a Section 106 agreement and therefore at no cost to the Council.

- 1.4.5** In respect of the athletics facilities the Council has a proposal to relocate the facilities to land off Fusiliers Way to the rear of Myton School as part of a much bigger project – see the current masterplan at **Appendix 3**. Connected to this is another project to create a footpath/cycleway from Myton Road to Fusiliers Way. As well as enabling access north and south to the new facilities it will also enable a new access to Myton School and to the new Schools proposed on Fusiliers Way as well as to the wider footpath and cycleway network. It will also create another access point to Warwick School and a pedestrian and cycle access to Warwick Technology Park. Officers are also in discussion with WCC officers on the footpath/cycleway becoming part of a bid to the Government relating to Active Travel as part of the overall funding package.
- 1.4.6** The current CIL schedule over 5 years allows for £1.5m for the relocation of the athletics facilities and £1.05m for the footpath/cycleway proposal as against an estimated cost of £3m to £4m for the athletics facilities overall and £1.75m to £2.75m for the footpath/cycleway. The Council has already agreed £225,000 for athletics and £150,000 for the Myton Path for the development of the proposals for each project in the financial years 22/23 and 23/24. The programme for both projects anticipates completion by the autumn of 2024 which would be enough time to then allow for the implementation of the new park. It is proposed therefore that part or all of the receipt from the disposal of Riverside House is used to underwrite/complete the funding gap set out in this paragraph to allow both projects to be fully implemented. This will require a detailed report so that Members understand the costs involved before proceeding in practice.
- 1.4.7** Whilst the Programme Team progressing the Council’s Leisure Development Programme is staffed to cover the athletics track and footpath/cycleway link the Team responsible for taking the Council’s parks and related projects forward does not have sufficient staff resource to take this forward, so it is proposed that up to £100,000 is provided from.

2 Alternative Options

- 2.1** The options that are available to decide upon are set out in Section 1 above and in the private and confidential appendix to this report. Given the previous direction by Members to officers to arrange to leave Riverside House as soon as possible and given the opportunity to deliver that objective via another report on this agenda, doing nothing with the Riverside House site is not a real option and indeed would be perverse in the circumstances.

3 Legal Implications

- 3.1** In recommending the opportunity set out in the **private and confidential Appendix 4** it is acknowledged that further consideration needs to be given to the final Heads of Terms, to ensure that the sale and leaseback provisions meet the Council’s timeframe for the intended move to other premises, compliance with legal limitations on the disposal of Council land generally and this site in particular and to ensure further due diligence prior to any final agreement. The name of the interested party will become public once the deal has been agreed, as will some of the values involved in that agreement, which Councillors will be advised on at the time. This information is withheld under paragraph 3, as information relating to the financial or business affairs of any particular person (including the authority holding that information), and because of the commercial sensitivity of the agreement and ensuring the Council can achieve maximum value from the agreement. However, the legal advice associated with

this report is anticipated will not become public at any stage and is withheld under paragraph 5, information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

4 Financial

- 4.1** The proposal enables the Council to maximise the revenue saving from leaving Riverside House much quicker than any of the other options available. See also the report elsewhere on this agenda relating to the relocation from Riverside House for details on revenue costs.
- 4.2** The recommended proposal also enables the Council to quickly receive a capital receipt which it can then use with agreed CIL to fully fund two of the Council's projects on its agreed list. In addition, it should allow two other project aspirations to be fulfilled at no additional capital cost to the Council.
- 4.3** If in principle support is given, then all of the projects involved will be subject to further reports to agree the details and costs of implementation.

5 Business Strategy

- 5.1 People - Health, Homes, Communities** – The Development Brief for the site envisages deliver of new homes, including at least 40% affordable housing, in line with the Local Plan policy. The development will also be in accordance with the agreed Development Brief for the site; and will therefore also deliver further connectivity for the community between the town centres, river walk and the creation of a new green park spaces. It also supports the health agenda through new and improved sporting facilities.
- 5.2 Services - Green, Clean, Safe** - The re-development of the site would be a sustainable form of development, supporting the Council's ambition of becoming a carbon neutral Council by 2025 and for total carbon emissions within Warwick District to be as close to zero as possible by 2030. The development will be net zero carbon in operation and it will be built to high quality standards. The car park will have appropriate levels of electric charging points, with the ability to add further in the future as requirements are likely to increase. The site will deliver improved connectivity between the town, river walk and public green spaces. The material from the demolition of the existing building is intended to be re-used on site to make as much benefit of the embodied carbon as possible. The Council's CO2 emissions will inevitably reduce because of leaving Riverside House and due to switching its athletics facilities to a new, purpose built alternative. In addition, installing the Myton Path will encourage green travel in the area.
- 5.3 Money- Infrastructure, Enterprise, Employment** – Following demolition of the current building (material to be re-used on site), the re-development of this site will provide housing which will contribute towards local jobs and the local economy. The employment currently provided on site by the Council will be re-provided in other locations, such as at Saltisford offices, and town centre hubs and this is the subject of another report on this agenda. The new park will add to the attraction of the district to visitors and may offer a new food and beverage opportunity.
- 5.3 People - Effective Staff** – The re-development of the Riverside House site supports and is supported, by different and flexible ways of working for

Warwick District Council and delivers effectiveness and efficiencies in terms of service availability.

5.4 Services - Maintain or Improve Services - The re-development of the site and the relocation of the Council's office will be accompanied by a new town centre customer front of house centre and an increase in the pace and use of digital technology to enhance the Council's operations.

5.5 Money - Firm Financial Footing over the Longer Term - The sale of the Riverside House site will maximise the revenue savings for the Council. In addition to the capital payment for the site, it will deliver a minimum of annual revenue savings to the General Fund of circa £250,000 for the Medium-Term Financial Strategy and remove significant overhanging capital costs required to maintain Riverside House.

Environmental/Climate Change Implications

5.6 The Council is committed to promoting the principles of sustainability throughout the design and build process and the proposed brief seeks to deliver a development that is as close as possible to net zero carbon in operation. The Homes England option provides confirmation that they will prepare the site in accordance with the agreed Development Brief. The other elements of the proposal will promote local Active Travel opportunities (walking and cycling) and offer additional green space and bio-diversity enhancement opportunities. Combined with other proposals elsewhere on this agenda and with proposals that this proposal will enable the Council to implement this will be a significant environmental and climate change improvement package.

5.7 Leaving Riverside House will enable a significant amount of CO₂ per annum to be saved and contribute to the Council's CO₂ footprint being reduced. The retention of the material from the demolition of the existing building on the site will mean the embodied carbon can be used for the new development and so reduce the extra carbon that would otherwise be involved. In addition, work will be undertaken to maximise the amount of other material that is recycled (such as the steel roof frame).

5.8 Relocation of the athletics facilities from Edmondscote to a new location should also enable the facilities to be run on a more energy efficient basis and so reduce the Council's carbon footprint.

6 Analysis of the effects on Equality

6.1 There are no equality impacts associated with the proposals in this report. However, an Equality Impact Assessment will be undertaken in each phase of works as they come forward.

7 Data Protection

7.1 There are no Data Protection implications associated with the proposals in this report.

8 Health and Wellbeing

8.1 The recommended proposal along with the proposals it enables the Council to deliver, provide a significant package of improvements that would contribute to the health and well-being of the population.

8.2 The health and well-being benefits include the provision of all new homes at net zero carbon so helping both CO₂ reduction wise but also in terms of cost of

heating/living.

- 8.3** The proposals also enable enhancements to opportunities for active travel – walking and cycling, and for the creation of a new green open space. These enhanced facilities can enhance both physical and mental health wellbeing to their users but will also encourage some change in mode of transport used more generally translating into improvements in CO2 emissions but also in reductions to air pollution and so aid the priority of the South Warwickshire Place Partnership Board (health) of which this Council is part, to tackling respiratory illnesses.
- 8.4** The relocation of the athletics facilities to a new site will be easier for all to access but especially children given its proximity to several schools and the ambition to make it accessible to school children. This will support the district's high level of participation in active if not necessarily competitive sports which translates into good physical and mental health.

9 Risk Assessment

- 9.1** The recent opportunity presented to the Council enables the site to be sold, demolished, and developed quickly, which is in both the Council's interests and in the interests of the surrounding community, which will benefit from links to green spaces, and updating the area.
- 9.2** There is a risk that by not putting the site on the open market the Council does not achieve its maximum value. However, Bruton Knowles have confirmed that the proposal does offer an appropriate package for the Council in terms of capital receipt and other associated benefits. It also provides a practical solution in terms of timeframe for delivering the Council's full revenue savings from the site as well as helping to deliver some of the Council's other priorities.
- 9.3** There is a risk that the proposer loses interest in the site should the timeframe extend beyond a certain point. This matter therefore needs to be determined one way or another now.
- 9.4** There is a risk that should the Council enter into an agreement they choose not to follow the contents of the Development Brief in full. The Council would have no control over the design for the site at that point other than to rely on its powers as Local Planning Authority. However, the proposer has been clear and consistent that they intend to deliver on this ambition. This can be explored further in the discussions on the Heads of Terms.

10 Consultation

- 10.1** There has not been any public consultation in relation to the options for the disposal of the site nor is this appropriate given it is a commercial agreement. However, the development of the site has been consulted upon and the other proposals will be subject to consultation as they are progressed.

Background papers:

Riverside House Cabinet Paper dated 8 July 2021

Riverside House Development Brief Update Cabinet Paper dated 4 November 2021

Warwick District Local Plan 2011-2029

New Projects for the Leisure Development Programme Cabinet Paper dated 6 July 2022

Supporting documents:

Appendix 1: Agreed Development Brief dated 4 November 2021

Appendix 2: Illustration of the proposed Queen Elizabeth II Park

Appendix 3: Masterplan for Fusiliers Way

Appendix 4: Private and Confidential