

Title: Creative Quarter / Future High Streets Fund – Old Post Office / Former Stoneleigh Arms

Lead Officers: Chris Elliott – Chief Executive, John Careford – Head of Place & Economy, Philip Clarke – Policy & Projects Manager, Martin O’Neill – Projects & Economic Development Business Manager, Mark Brightburn – Programme Co-ordinator

Portfolio Holder: Councillor Cooke

Wards of the District directly affected: Leamington Brunswick and Leamington Willes

Summary

***Following further review by officers, it has been agreed that this report can be a public report in its current format – 13/04/2022**

A report was presented to a meeting of Full Council on 5th August 2020 outlining the Final Business Case submission for the Future High Streets Fund (FHSF). The Council was seeking funding of £14million from the fund to facilitate the delivery of a number of projects.

Full Council approved the list of projects to be included as part of the bid as follows;

- Spencer Yard
- Town Hall
- Royal Mail Old Post Office and
- One further confidential site which is not subject to any of the recommendations in this report

Since the successful award of £10million to Warwick District Council from the FHSF, significant efforts have been made to secure a lease on the former Old Post Office in Leamington Spa for use as part of the Creative Quarter. Royal Mail Group are however now not in a position to release this lease and so an alternative building within WDC ownership which can be redeveloped to deliver the same outputs is proposed in the form of the former Stoneleigh Arms public house on Clemens St.

As such, this report seeks approval to:

- * confirm a project adjustment to the FHSF and Creative Quarter; and,
- * agree, in principal and subject to appropriate permissions, the intended change of use for the former Stoneleigh Arms public house asset.

Recommendations

- (1)** That Cabinet notes the significant efforts that have been made to secure a lease on the Old Post Office from Royal Mail Group and that this building is now not available to the Creative Quarter as set out in paragraphs 1.2.1 and 1.2.2

below.

- (2)** That Cabinet approves the reallocation of FHSF funds amounting to £1.887million as well as the Warwick District Council co-funding of £1.123million (therefore a total of £3.01million) to the former Stoneleigh Arms public house in place of the now unavailable Old Post Office as set out in paragraphs 1.3.1 to 1.3.3.
- (3)** That Cabinet delegate authority to the Head of Service for Place and Economy in consultation with the Place and Economy Portfolio Holder to oversee the intended change of use of the former Stoneleigh Arms public house asset and to obtain the appropriate permissions as set out in paragraphs 1.4.1 and 1.4.2.
- (4)** That Cabinet delegates authority to the Chief Executive in consultation with the Head of Place and Economy, the Leader of the Council and the Place and Economy Portfolio Holder, to make any future decisions regarding the potential re-profiling of Future High Streets funding. Any such changes will also be subject to formal approval from the Section 151 Officer and the Department for Levelling Up Housing and Communities that administers and monitors the fund including formal change requests.
- (5)** That Cabinet delegates authority to the Head of Assets to agree appropriate terms with the Council's Creative Quarter Development Partner, Complex Development Projects (CDP), with regards to the freehold or leasehold transfer of the Stoneleigh Arms public house.
- (6)** That Cabinet approves the release of £30,000 from the Community Projects Reserve in order to commission a master plan study of the potential for wider development opportunities for the area around the Stoneleigh Arms including the Court Street Car Park area, the Althorpe Street industrial area and the canalside.

1 Background/Information

1.1 This section sets out the background to each of the recommendations.

1.2 Recommendation 1

1.2.1 Discussions have been progressing with Royal Mail Group (RMG) on the use of the Old Post Office within the Creative Quarter since the successful award of FHSF. RMG had indicated that a lease could be drawn up to enable this use and this was underway. However, RMG have now decided that they want to keep their options open with regard to the use of the Old Post Office and so have withdrawn the property from the market.

1.2.2 In order to meet the defined spend deadline for FHSF funding, it is therefore pragmatic to move the funding from the Old Post Office to an alternative site, which can deliver the same outputs with a similar development. This is preferable rather than to risk waiting in case the Old Post Office becomes available again by which time we may not have enough time to carry out the development and utilise the funds. Any unspent FHSF monies would then need

to be returned to Government.

1.3 **Recommendation 2**

- 1.3.1 The WDC owned assets Court Street Car Park, former Stoneleigh Arms fronting onto Clemens Street and the former Old School fronting onto Court Street form an area of consideration for redevelopment for new creative uses within the Creative Quarter project.
- 1.3.2 The former Stoneleigh Arms public house is currently unused and derelict and forms an eyesore at the mid-point of Clemens Street which is a busy local centre serving the wider residential area. Redevelopment of this asset is a priority for the Creative Quarter and the Creative Quarter Partnership Board have agreed that this should be utilised to deliver the same outputs as those envisaged at the Old Post Office, utilising the FHSF award of £1.887million plus the Council's co-funding of £1.123million in line with the agreed funding criteria.
- 1.3.3 Given that this asset is in WDC ownership, it is available immediately to ensure that the timescales associated with the spend of the FHSF can be met, thus reducing any risk of losing this funding.
- 1.3.4 Early discussions have been held with the Department for Levelling Up, Housing and Communities (DLUHC) in respect of this proposal to re-assign the funding. Indications from the Department are that this is merely a change of site and will not impact upon the Full Business Case that was submitted to the FHSF. As such, formal change request documents have been submitted in tandem with this Cabinet report with a view to progressing swiftly should approval be given by Cabinet and formal approval from DLUHC.

1.4 **Recommendation 3**

- 1.4.1 The proposed use of the former Stoneleigh Arms will be in line with that set out in the FHSF bid which secured the funding for the former Old Post Office. It is important that these outputs are not changed in order to continue to use the funding for this purpose. The use will be led by new creative business enterprise providing flexible office accommodation and meeting spaces with other complementary uses.
- 1.4.2 The redevelopment of the building will work up options which may include retaining the façade onto Clemens Street to retain the historic interface, but then a more major restructuring to the rear to enable new modern floorspace to be created, given the poor condition of the existing building.

1.5 **Recommendation 4**

- 1.5.1 As part of the Full Business Case development for the FHSF, a formal Governance arrangement needed to be put in place. There is currently a Creative Quarter Partnership Board (CQPB) established to oversee that Programme and all of the FHSF projects are linked closely to the Creative Quarter. The exception to that is the Sustainable Movement Networks. It was therefore sensible for the formal Governance of the FHSF to also sit under the CQPB, including the Sustainable Movement Network.
- 1.5.2 Whilst it is not envisaged, nor preferable, for other significant alterations to the funding profiles or the projects within the FHSF, there may be instances when future changes are required as a result of, for example, changes in project delivery timescales, market conditions or other previously unforeseen circumstances.
- 1.5.3 In order that any future potential changes that may need to be made are not required to be reported to Cabinet, it is recommended that changes are

approved by the Chief Executive, as the Project Sponsor, along with the Head of Place and Economy, in conjunction with the Leader of the Council and the Place and Economy Portfolio Holder in the first instance. Following on from that, any proposed changes will still require the approval of the Section 151 Officer (as prescribed by DLUHC) and then final approval will need to be sought from DLUHC themselves through a formal change request process. Any changes will only be approved if the proposal does not impact adversely on the stated outcomes and outputs from the original Full Business Case that was submitted and resulted in a successful award of funding to WDC.

1.6 Recommendation 5

1.6.1 As the Stoneleigh Arms is within the Creative Quarter boundary, the redevelopment of the building will be led by the Council's Creative Quarter Development Partner, CDP.

1.6.2 As part of the development process, CDP will need to work with the Council's Head of Assets to negotiate and agree the potential transfer of the council owned asset whether that be the freehold or an agreed leasehold term.

1.7 Recommendation 6

1.7.1 Cabinet approved the Community Projects Reserve as part of the 2022/23 General Fund Budgets and Council Tax report presented to the February 2022 meeting.

1.7.2 The Community Projects Reserves is designed to provide finance for various district wide projects. The projected balance of the reserve as at 1st April 2022 is circa £300,000.

1.7.3 The area surrounding the Stoneleigh Arms provides the potential for a significant level of commercial and residential development, particularly the current industrial area of Althorpe Street and the Court Street car park.

1.7.4 The approval to release £30,000 from the Community Projects Reserve will enable an independent study to be commissioned which will inform the Council of the most viable options in terms of this development opportunity as well as the future demand and market predications in terms of those options. This will result in the most appropriate options appraisal to be further developed with a view to the redevelopment of the wider site around the Stoneleigh Arms.

2 Alternative Options available to (name of Committee/Cabinet etc.)

2.1 There are no other suitable WDC assets within the town centre and within the Creative Quarter area that are available to deliver this output.

3 Consultation and Member's comments

3.1 There have been no comments made on this report.

4 Implications of the proposal

4.1 Legal/Human Rights Implications

4.1.1 There are no legal or human rights implications of the proposal.

4.2 Financial

4.2.1 This is a straight switch from utilising the budget available from the FHSF for the Old Post Office, to using it for the same at the former Stoneleigh Arms public house and so there are no additional costs above those covered by the Future

High Street Fund.

4.2.2 The total amount of investment available for the project is £1.887million from Future High Streets Fund and co-funding from Warwick District Council Reserves amounting to £1.12million. The WDC contribution was approved as part of the budget setting process in February 2020.

4.3 **Council Plan**

4.3.1 The development of the Creative Quarter will provide additional opportunities for the promotion of the district as a destination for visitors and for their spending power to be harnessed to the benefit of the local economy. Cultural tourism in the region is expected to grow following the City of Culture year in 2021 and the Commonwealth Games in 2022. To maximise the economic impact of this upon Warwick District the Council must intervene and use its thriving creative sector to ensure that there is a competitive offer to bring visitors to the town and the development of the Creative Quarter and the preparations for the Commonwealth Games will significantly assist the achievement of that goal.

4.3.2 The Creative Quarter is a key initiative to support the local economy to provide high quality jobs and increase the prosperity of the town in line with the Business Strategy 2020-23.

4.3.3 The Council's Climate Emergency Action Programme is evidence of its commitment to become a net zero carbon organisation by 2025 and to facilitate reducing the District's carbon emissions as close to zero by 2030. The design of the projects will include as many energy efficient features as possible to help the Council to achieve their aim whilst allowing the projects to be financially viable.

4.4 **Environmental/Climate Change Implications**

4.4.1 This change of building to be used for regeneration purposes, will bring back a currently derelict building into productive use thus using less materials and energy than a new build.

4.4.2 All renovation and building works will be carried out utilising sustainable construction methods where it is practical to do so.

4.5 **Analysis of the effects on Equality**

4.5.1 No effects on equality.

4.6 **Data Protection**

4.6.1 No data protection implications of the proposal.

4.7 **Health and Wellbeing**

4.7.1 The change could bring new vibrancy and activity to a currently derelict part of Clemens Street which could have health and wellbeing benefits for the people who utilise this area.

5 **Risk Assessment**

5.1 The switch of building to a WDC asset minimises any further risk to the Future High Street Fund timescales for delivery by using a WDC asset which is available for development immediately. The Future High Street Fund money

must be spent by the end of March 2024, or it will need to be returned to the Government.

6 Conclusion/Reasons for the Recommendation

- 6.1 This is a practical change which utilises one of WDC's derelict and un-used assets to ensure delivery of outputs for both the Future High Street Fund and the Creative Quarter.

Background papers:

No background papers but for information, contact has been made with colleagues in Assets and Finance to provide latest valuations for The Stoneleigh Arms.

Estimated current land of £120,000, and a likely Gross Development Value of £400,000 for a suitable new development on the site valued at Market Value.

These figures are the latest recoded by the Council in 2019. They may alter significantly in current market conditions and subject to the development proposal for the site which will be produced by the Creative Quarter Development Partner, CDP.

Supporting documents:

None.

Report Information Sheet

Please complete and submit to Democratic Services with draft report

Committee/Date	20.04.2022	
Title of report	Creative Quarter / Future High Streets Fund – Old Post Office / Former Stoneleigh Arms	
Consultations undertaken		
Consultee *required	Date	Details of consultation /comments received
Ward Member(s)		
Portfolio Holder WDC & SDC *	10.03.22	
Financial Services *	10.03.22	
Legal Services *	10.03.22	
Other Services		
Chief Executive(s)	10.03.22	
Head of Service(s)	10.03.22	
Section 151 Officer	10.03.22	
Monitoring Officer	10.03.22	
CMT (WDC)		
Leadership Co-ordination Group (WDC)		
Other organisations		
Final decision by this Committee or rec to another Ctte/Council?		Recommendation to: Cabinet
Contrary to Policy/Budget framework		No/Yes
Does this report contain exempt info/Confidential? If so, which paragraph(s)?		No
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?		No
Accessibility Checked?		Yes