

Subject:	New England House		
Date of Meeting:	5 December 2019		
Report of:	Executive Director, Economy, Environment & Culture		
Contact Officer:	Name:	Alan Buck	Tel: 01273 292287
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Ward(s) affected:	St Peter's & North Laine;		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Committee is being asked to agree a programme of work – to include detailed design, stakeholder engagement and preparation of a business case - towards providing for the refurbishment and expansion of New England House (NEH) in order to secure the building's future and consolidate its role as a 'flagship' business centre for creative, digital and IT businesses in the city. A list of likely additional resources, that aren't currently provided for and which will be required for the next phase of work and in the longer term, is shown in Appendix 2 of this report.

2. RECOMMENDATIONS:

- 2.1 That the Committee delegates authority to the Executive Director Economy, Environment & Culture to commence procurements required to facilitate progressing this project towards a detailed design and business case that will be brought to a future Policy & Resources Committee.

3. CONTEXT/ BACKGROUND INFORMATION

City Deal

- 3.1 In 2014 the council received £4.9 million from central government towards securing Greater Brighton City Deal outputs in respect of New England House (NEH) – to consolidate the building's role as a hub for Creative, Digital and IT (CDIT) businesses, through its refurbishment and expansion with a net increase of 7,090 sq metres of employment floorspace.
- 3.2 As freeholder of the Longley Industrial Estate (adjacent to NEH) the council has been working towards a land deal with Maplebright (the current leaseholder) and Legal & General (L&G). The land deal was agreed in principle in June last year by the former Policy, Resources & Growth Committee (PRG). In essence, the land deal involves the council issuing a new long lease to L&G that will allow

them to redevelop the Longley site for a substantial mixed-use scheme comprising 'build-to-rent' residential flats and employment floorspace. The council will receive a premium in exchange for granting the new lease. PRG agreed to 'ring-fence' the premium for the City Deal NEH project. Employment floorspace provided on the Longley scheme will contribute towards the City Deal output for NEH of 7,090 sqm.

- 3.3 The land deal was subject to L&G receiving planning permission for their proposal. This was secured this year, with the Section 106 agreement completed and planning permission issued at the end of September. The granted scheme includes 201 residential units and 3,270 sqm of employment floorspace. This will leave the council with a minimum target of 3,820 sqm net additional employment floorspace on the NEH site, along with the building's refurbishment to secure City Deal outputs. The premium payable to the council from the Longley land deal is a significant sum and will be added to the £4.9 million already secured through City Deal.

New England House proposals

- 3.4 A range of design work for NEH has been undertaken over the last year by council architects, based on the assumption that the L&G development proposal for Longley (along with the associated land deal) would be secured and delivered. The brief informing all design options has been to retain the basic industrial character of the building, leaving existing units unchanged as far as possible. The intention is to preserve the building's strengths, by continuing to provide basic affordable workspace for a wide range of CDIT businesses, while delivering new workspace opportunities through extensions to the building. An urgent element of the proposed refurbishment works is the overdue replacement of the building's long-failing curtain walling. The preferred option is to "over-clad" the existing building. This would provide major energy efficiency improvements – and would have benefits in reducing disruption to existing units over the course of construction works and enable the majority of tenants to remain in situ during this period.

- 3.1 The preferred design concept comprises the following elements:

- Provision of external cladding to the existing building, along with a range of essential mechanical and engineering (M&E) upgrades to its interior
- Extending the building via an infill on its New England Street elevation, additional storeys at rooftop level and two 'towers' on the building's York Hill elevation. These elements would collectively provide a net additional 4,448 sqm of net additional floorspace.
- Relocation of the NEH management office and café and further changes within the building to provide for access to the new elements, extending the lifts to service the ground floor and rooftop extension and revised servicing arrangements (with HGV servicing to be undertaken in the car park area).
- Public realm and public access improvements including commercial kiosks on Elder Place and a pedestrian access ramp to replace the existing staircase between York Hill and New England Street.

3.2 A range of issues and assumptions require further investigation to obtain a full understanding of final costs and move the project forward. These include:

- A better understanding on the impacts of disruption on existing tenants from construction works, costs associated with decanting tenants (where necessary) - and the effect on rental income over the course of the build programme.
- Further exploration of total project costs, along with opportunities for value engineering to reduce development costs.
- Exploring options to increase finance available for the project – including potential opportunities from external funding sources.
- Consulting with Avison Young (the building’s managing agent) and NEH tenants in respect of the preferred design option and a strategy for managing future works. This process will need to be carefully managed, with tenants likely to be concerned over a range of other issues including disruption, potential loss of light, rents, etc.
- More detailed design work by council architects.
- Further design work on wider public realm (and associated funding) – in particular, improving Elder Place as part of a wider project in conjunction with the Longley development and the probable future redevelopment of the nearby Vantage Point/Circus Parade site. Ward councillors and the London Road LAT are particularly interested in improvements to the local area within and around Elder Place, London Road and Preston Circus. S106 funds will be available from the Longley planning application, but there will be an expectation for further funds and/or improvements to be secured from any future planning application in respect of the proposed refurbishment and expansion of NEH.

3.3 A ‘high-level’ timetable for design and construction work is provided in Appendix 1 of this report.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 A range of alternative options to delivering the refurbishment and expansion of NEH have been explored – particularly when preparing the City Deal business case in 2014. This was predicated on a public-private delivery mechanism (but assumed the outputs would be delivered on the NEH site alone). While the Longley land deal provides a revised ‘two-site’ approach to securing City Deal outputs for NEH, it can still be considered a public-private means of delivery, albeit with the private (L&G) and public (council) elements being split between the adjacent Longley and NEH sites and delivered by two separate developers.

4.2 A ‘do-nothing’ approach would result in continued deterioration of the building’s exterior, which is in urgent need of replacement. A ‘refurbishment-only’ approach (without extending the building) is not financially viable as it would not generate sufficient additional income to finance necessary borrowing – unless, possibly,

workspaces within the building were significantly upgraded and rents significantly increased to a level that would be uneconomic to many existing tenants .

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The current concept design for the building has been developed following comments actively sought and received from a range of sources at various stages over the last few years, including feedback from businesses in the building, the building's on-site managers and council officers (including officers in the planning and transport teams).
- 5.2 A consultation strategy will be developed to ensure the next stages of work are informed by a wide range of stakeholders. This will include (but not be limited to) NEH tenants, Avison Young (the council's managing agents for the building), ward councillors and the London Road LAT.

6. CONCLUSION

- 6.1 The substantial funding that has been secured for the NEH project (via City Deal and the Longley premium) provides the financial means to undertaking and procuring a range of work necessary to progress the project towards planning permission. The next stages of work will include stakeholder engagement, undertaking more detailed design work and ongoing exploration of options to secure a viable business case. These combined elements will give the project much-needed momentum, with potential to tap-into potential new financial opportunities as and when they arise. The detailed design and business case will be brought back for consideration and approval to a future meeting of this committee in mid-2020, prior to further working of the design to RIBA Stage 3 and submission of a planning application.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Funding has been set aside within the 2019/20 Capital Investment Programme from the Strategic Investment Fund to support the resourcing of the project including all legal, financial and specialist advice. The funding of the design works will be met from resources already identified for the project which includes the £4.9m secured through the City Deal. The project will be financed from a combination of different resources including the City Deal funding, the premium as a result of the lease and borrowing financed through rental stream income. Updates on the business case will follow as the design work and negotiations continue.

Finance Officer Consulted: Rob Allen

Date: 14/10/19

Legal Implications:

The council signed an Agreement for Lease with L&G in April 2019. Full details of that agreement are contained in the report to Policy, Resources & Growth Committee in June 2018. Planning permission was granted on 26 September 2019. Under the terms of the Agreement for Lease the council then need to wait 6 weeks and 10 days following that grant of planning permission. Assuming there is no appeal, the planning condition will be satisfied. L&G will also need to satisfy the funding condition. This requires them to provide evidence that they have internal or third party funding available sufficient to enable them to carry out the development. Once these conditions have been satisfied the council can proceed with final steps to completion when L&G will enter into a long lease of the site and the Council will receive a premium.

- 7.2 When procuring contracts for services to progress this project, the council will need to comply with its Contract Standing Orders and the Public Contracts Regulations 2015.

Lawyer Consulted:

Alice Rowland

Date: 14/10/19

Equalities Implications:

- 7.3 Providing for the building's future will ensure that it continues to provide basic but relatively affordable workspaces for the city's diverse population.

Sustainability Implications:

- 7.4 The proposed works to the building will provide significant benefits in improving its thermal performance and reducing carbon emissions.

Any Other Significant Implications

- 1.2 The refurbishment and expansion of the building will secure a key output of the Greater Brighton City Deal, under which £4.9 million was awarded in 2014 for NEH. The project has recently gained momentum and will receive a significant financial injection following the realisation of a land deal between the council, Legal & General (L&G) and Maplebright on the adjacent Longley Industrial Estate. The supply and range of business accommodation and net increase in jobs to be delivered across the NEH and Longley sites will help deliver strategic objectives of the council's Economic Strategy, and provide the city with greater resilience in an uncertain economic climate.

SUPPORTING DOCUMENTATION

Appendices:

1. New England House – High Level Timetable for Design and Construction Work
2. New England House Proposed Consultants/Work Required

Background Documents

1. Greater Brighton City Deal (2014)
2. Brighton & Hove Economic Strategy 2018 - 2023