



## PAPER D

Purpose: For Decision

# Committee report

Committee	<b>CABINET</b>
Date	<b>11 JULY 2019</b>
Title	<b>EAST COWES WATERFRONT SITE ACQUISITION</b>
Report of	<b>CABINET MEMBER FOR REGENERATION AND BUSINESS DEVELOPMENT</b>

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### EXECUTIVE SUMMARY

1. This report seeks delegation for relevant members and officers to continue to negotiate with Homes England (HE) and potentially acquire four parcels of land and buildings in East Cowes known as Victoria Quays.
2. By acquiring the relevant parcels of land (Appendix 1) the council will be able to maintain marine and associated industries within the Columbine building; potentially develop and redevelop the land parcels known as Albany and Maresfield for housing; and develop the 'Barracks' building and associated land for improved public realm and potential leisure, hotel and entertainment use.

### CONFIDENTIAL ITEMS

3. Appendix 2 is exempt from disclosure by virtue of paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 (as amended) as it, "relates to financial or business affairs of any particular person", (including the authority holding that information). The public interest in maintaining confidentiality is outweighed by the public interest in disclosing it. Disclosing the information could place the Council at risk of legal challenge from individuals or other bodies identified in the report.

### BACKGROUND

4. The subject properties are located in the centre of East Cowes directly adjoining the town centre and the Red Funnel facilities and dock gate.
5. The subject properties comprise a series of sites hatched on the attached plan (Appendix 1) and are numbered and identified as follows:

**(1) Columbine building including apron and dock, Promenade building and Victoria Marina.**

- a) Freehold interest in a large industrial and office property currently in use for marine manufacturing.
- b) Freehold interest in the open 'apron' area, dock and associated mobile hoist.
- c) Flying freehold interest in raised building at first floor level only currently in use as office space (referred to as the 'Promenade building').
- d) Long leasehold interest in a series of pontoons fronting East Cowes Harbour on the western side of the apron and Columbine building known as Victoria Marina.

**(2) Victoria Barracks.** Freehold interest in the property comprising a vacant barracks building which we understand was most recently in office use, open yard and former 'guard house' outbuilding.

**(3) Albany site.** Freehold interest in a single storey industrial warehouse currently used for boat storage;

**(4) Maresfield Road site.** Freehold interest in the cleared development property currently used for car parking.

- 6. The council is currently negotiating to acquire these four land parcels to safeguard the land for both employment purposes and for potential housing delivery. This allows the council to support marine businesses as a key sector of the Island economy and develop a long term plan for its further growth in the Medina Valley.
- 7. Consultants have been instructed to undertake a review of the four sites and provide advice on values and feasibility studies for developing out the residential sites and refurbishing the Columbine and Barracks, as well as a review of the income that may be generated once complete.
- 8. HE also commissioned an external valuation based on the original planning permission granted in 2016 for a mixed use scheme based around a luxury marina. HE consultants have since amended their valuation based on a more viable scheme and revised their valuation to reflect this.

**STRATEGIC CONTEXT**

- 9. The council's Corporate Plan 2017- 2020 and the 'Inspiration Island' Regeneration strategy (2019) support the development of economic growth and prosperity and the delivery of affordable homes.

10. The strategic objectives for the acquisition are to:
  1. safeguard local marine sector jobs;
  2. create an enabling project for the wider regeneration of East Cowes town centre;
  3. provide and bring forward a viable local housing scheme.

### CONSULTATION

11. East Cowes Town Council Planning and General Purposes Committee and the local ward member have both been consulted regarding the council's intentions and are supportive of the desire to secure the marine employment on the site.

### FINANCIAL / BUDGET IMPLICATIONS

12. Negotiations are ongoing with HE regarding the potential purchase of these four parcels of land.
13. The purpose of this report is to secure appropriate delegations to continue these negotiations, secure approval to make a bid of up to the figure identified in Appendix 2 for the four sites and provided an offer can be agreed within this figure, acquire the sites. Any formal offer and decision to acquire would be subject to the approval of the leader of the council, the Cabinet members for regeneration and corporate resources, the council's chief executive, section 151 officer and director of regeneration.
14. The level of the council's offer will be informed by an agreed position with Homes England on the buildings condition and the cost to the council of making essential improvements

### CARBON EMISSIONS

15. The Columbine is currently let on a 'tenancy at will' which will progress to a lease and as such the emissions will remain a responsibility of the tenant. This will be the same with Maresfield (currently a car park) and Albany (let as storage). The Barracks will need to be managed initially and a review of its energy use will be undertaken on completion to ascertain if there are any areas that we can reduce its emissions whilst plans are progressed for its future use.

### LEGAL IMPLICATIONS

16. The council will purchase the property using its powers under Section 120 of the Local Government Act 1972.

### EQUALITY AND DIVERSITY

17. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination,

promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

18. There are no implications for any of the protected characteristics as a result of this decision.

### PROPERTY IMPLICATIONS

19. There will be immediate implications for the council's Property Team for the management of the Columbine building with respect to its current marine related tenancies and management of Red Funnel's works. The buildings contain existing tenants and new lease terms will need to be formulated and agreed.
20. Detailed cost analyses have been prepared of the works required to the Columbine building to ensure that it is in a good physical condition for letting. Necessary works will need to be managed as well as ensuring that the property complies with any statutory compliance or health and safety matters.

### RISK MANAGEMENT

21. There are a number of risks associated with purchasing the four sites which have been considered in detail.
22. These include the level of investment required in respect of essential maintenance within the Columbine. Marine sites within the harbour are currently characterised by derelict or ageing accommodation and infrastructure. The Columbine, whilst requiring substantial investment, is well placed to support this known shortfall need.
23. In respect of Housing sites forming part of the VQ parcel, Albany and Maresfield are both Brownfield and the Albany site specifically will require careful consideration as it sits within the flood zone.
24. The financial viability has been considered in detail for the Columbine. Current market conditions, tenant mix, refurbishment, management and marketing costs and projected income over a 20 year period have been assessed in order to ascertain what the financial implications are for purchasing the site. This information will be considered alongside any potential offer.

### EVALUATION

25. The recommendation is that the council continue to negotiate with HE in order to purchase the four land parcels, provided a price and terms can be agreed for some or all of the land and buildings up to the amount set out in confidential Appendix 2.

## RECOMMENDATION

26. Instruct officers to continue to negotiate with Homes England for the purchase of the four land parcels at Victoria Quays.
27. Delegate approval to the council's, section 151 officer, chief executive and director of regeneration, in consultation with the cabinet members for regeneration and corporate resources, to acquire the sites, subject to acceptance of an agreed offer up to the figure detailed in confidential Appendix 2.

## APPENDICES ATTACHED

28. [Appendix 1](#): Site plan showing the proposed sites.
29. [Appendix 2](#): Confidential appendix

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