

21 January 2013		ITEM: 5
Planning, Transport and Regeneration Overview and Scrutiny Committee		
GRAYS GROWTH HUB & REGENERATION		
Report of: Cllr Andy Smith, Portfolio Holder for Regeneration, Highways and Transportation		
Wards and communities affected: Grays Riverside and Grays Thurrock	Key Decision: Key	
Accountable Head of Service: Matthew Essex, Head of Regeneration		
Accountable Director: Steve Cox, Corporate Director, Assistant Chief Executive		
This report is Public		
Purpose of Report: To provide an update on the work currently under way in Grays and to seek views on the potential reuse of the Hogg Lane South site and Magistrates Court building in advance of a report to Cabinet in February 2013.		

EXECUTIVE SUMMARY

The Council's Community Regeneration Strategy (adopted in February 2012) and supporting Implementation Plan (adopted in December 2012) identify Grays as one of five Growth Hubs alongside Purfleet, Lakeside, Tilbury and London Gateway. The Growth Hubs are those parts of the Borough which are expected to see the vast majority of housing and/or jobs growth and which the Council has prioritised through the regeneration programme to secure maximum local benefit.

The emerging vision for Grays, as included within the Council's Local Development Framework, is for the town centre to build upon the existing presence of the Council offices, library and theatre etc to become the cultural, business and civic/administrative centre of the Borough with a convenience retail offer which supports a growing residential population. The Council's Regeneration Team is in the process establishing partnerships with local businesses and other stakeholders to develop a single, shared vision for Grays and through this process identifying and developing projects which will deliver that vision.

Some small projects have already been delivered and other schemes are being brought forward which establish Grays' changing role in the Borough. These include the reuse of the Old Post Office to provide affordable business space and South Essex College's Thurrock Campus. Building upon the College development the Council has recently started considering proposals for the public realm and railway station in readiness for the opening of the College in September 2014. Alongside

these activities, opportunities have been identified to develop and deliver further capital projects in Grays, notably the reuse of the Hogg Lane South site; no longer required for the hospital use for which it was acquired, and the former Magistrates Court building; returned to the Council following the vacation of MH Courts and Tribunals Service. The effective reuse of these assets has the potential to maintain the momentum which has already been generated.

This report outlines the work proposed to take Grays forward as a Growth Hub, report progress on the projects which are currently being developed and delivered and outline the opportunities available through Hogg Lane South and the Magistrates Court in advance of an anticipated report to Cabinet in February 2013.

1. RECOMMENDATIONS:

That the Planning, Transport and Regeneration Overview and Scrutiny Committee:

- 1.1 Acknowledge progress on projects being developed and delivered in Grays; and**
- 1.2 Consider and comment upon the proposals for the reuse of the Hogg Lane South site and former Magistrates Court building to inform an anticipated report to Cabinet in February 2013.**

2. INTRODUCTION AND BACKGROUND:

- 2.1 The Community Regeneration Strategy (adopted February 2012) sets out the Council's approach to regeneration in the Borough over the next 10 years. The Strategy identifies Grays as one of five Growth Hubs (alongside Purfleet, Lakeside, Tilbury and London Gateway) which should be included within the regeneration programme with a focus on its role as Thurrock's administrative centre. Recognising the impact of Lakeside on the retail offer in Grays, the Strategy (backed up by the Council's Local Development Framework) proposes that the Council and its partners seek to build upon the existing presence of civic functions and cultural services to support Grays' development as the cultural, business and civic/administrative centre of the Borough, together with a convenience retail offer which supports a growing residential population.
- 2.2 The Council adopted an Implementation Plan to support the Regeneration Strategy in December 2012. The Implementation Plan sets out the Council's regeneration ambitions for the next three years (2013-2015) and recognised that the priority in Grays should be to continue to develop the existing major capital projects (South Essex College's Thurrock Campus) whilst engaging with local businesses, communities and stakeholders to develop a single shared vision for the town centre. The expectation is that, through the visioning process, further projects would be identified for development and, as resources permit, implementation in support of this vision.

- 2.3 The development of proposals for Grays has been provided with significant momentum through the delivery of South Essex College's Thurrock Campus. In addition to an enhanced Further and Higher Education offer, assisting efforts to raise the Borough's skills base, the Campus will bring more than 2,000 students and staff to Grays which, it is predicted, could rise to more than 3,000 in the medium term. Critically in the context of a town centre, the majority of these new visitors will be from a younger, more diverse demographic group. The catalytic effect of the College has highlighted to local people, businesses and stakeholders that Grays has the potential to be transformed. This has supported relatively open discussions on the future of the town centre without the scepticism which might sometimes accompany such exercises.
- 2.4 As anticipated within the Implementation Plan, these discussions have already generated a number of proposals for further interventions with a view to supporting the growth of the cultural, business and administrative functions. These include the development of the Hogg Lane South site and the reuse of the former Magistrates Court building, as well as the potential to support the owner of the State Cinema to bring forward a viable development. The progress of the existing projects is briefly reviewed below followed by an outline of the potential further schemes.

3 Existing Projects

- 3.1 South Essex College's Thurrock Campus. The new College, now under construction, will be the largest development project in Grays since the construction of Morrisons Supermarket in 2000/01. Following completion of the lease between the Council and the College, the College's contractor, Skanska, took possession of the site in September 2012 and is currently undertaking the clearance and groundwork operations. Construction of the £45m College will start formally in January 2013 with the piling works. It is expected that the College will take its first cohort of students in September 2014. On opening, the college will offer a range of vocational and academic courses as well as Foundation Degrees. It is anticipated that around 2,000 students and staff will make use of the building upon opening with the potential for this to rise to 3,000 in the medium term.
- 3.2 Grays South Public Realm. Recognising the positive impact a development of the scale of the College Campus will have on the town centre, the Regeneration Team have recently appointed a design team to develop options for enhancing the public realm, upgrading the railway station and reducing the barrier effect of the railway line/level crossing. The area immediately around Grays Railway Station currently offers a poor first impression for visitors to Grays and it is anticipated that this study (due to be completed in Feb/Mar 2013) will provide robust proposals which (subject to the availability of resources) can be implemented to support the opening of the College in September 2014. The significant improvement of this area is considered vital to continuing the momentum of change within Grays and ensuring that the 'regenerative effect' of the College development spreads to the High Street to the north.

- 3.3 Town Centre Management. Alongside the capital projects, simple governance structures have been established to guide the Council's work in Grays and undertake appropriate engagement with stakeholders. Internally, this has seen the establishment of a high level Programme Board together with an Operational Group tasked with responding to low level concerns raised through the various strands of engagement activity (litter, graffiti, signage etc). Externally, the Regeneration Team have led the establishment of the Grays Partnership, consisting of local retailers and businesses, which it is hoped will develop into a full Town Centre Management model. The early meetings of this group have focussed on highlighting the measures that the Council is seeking to bring forward, identifying the challenges to local operators, seeking proposals for the use of s106 receipts and gaining input into the general vision discussions and the specifics around the Grays South Public Realm work. It is anticipated that this process can be supported through a dedicated Town Centre Manager funded through a s106 agreement with Capital Shopping Centres linked to the expansion of Lakeside.
- 3.4 Through the internal Grays Programme Board it has been possible to link these various initiatives with others being progressed within the Council. In particular, the Programme Board has been very successful in linking the Grays South Public Realm work with the discussions with the Town Partnership and the Council's assessment of the future of the one way system.

4 Potential Projects

- 4.1 Hogg Lane South. In April 2012 the Hogg Lane South site transferred to the Council as one of the parcels of land previously held by Thurrock Development Corporation. The site, currently occupied by the former Royal Mail Delivery Office and Grays Auto Centre at the southern end of Hogg Lane, was acquired by the Development Corporation to facilitate the delivery of the then proposed Community Hospital. The expectation was that the Development Corporation would acquire the required land, relocate/re-provide the existing interests and hand the site over to the South West Essex Primary Care Trust who would then develop the hospital.
- 4.1.1 As part of this work the Development Corporation acquired six interests in advance of a Compulsory Purchase Order across the 2.5 hectare site. These included the former TA centre and the former Royal Mail Delivery Office. As part of these acquisitions the Development Corporation undertook to provide alternative accommodation for the Delivery Office and a new shared Air Force and Army Cadets centre. These commitments transferred to the Council in April 2012 since when the Council has overseen the completion and opening of both facilities and is currently working to conclude the remaining land transfers with Royal Mail.
- 4.1.2 On the 3rd December 2012 the Primary Care Trust's (PCT) Chief Executive confirmed in writing to the Council's Chief Executive that the PCT consider that the Community Hospital is no longer required operationally and is unaffordable within the existing financial environment. The Council is not bound by any condition arising from the acquisition of the site; conditions within the negotiated agreements have been met and the Compulsory

Purchase Order was never implemented. On this basis, the Council can now reasonably consider alternative uses for the 1.59 acres (0.64 hectares) of the site which remain in its ownership guided by the Regeneration and Asset Management Strategies.

- 4.1.3 The Hogg Lane South site occupies a key gateway to the town centre and has the potential, through appropriate use and high quality design, to provide a positive statement of the Council's ambitions to deliver change within Grays, setting the tone for future development proposals on neighbouring sites. In recognition of the historic proposals, the Council's Site Specific Allocations and Policies (Issues and Options) Development Plan Document, currently under consultation, designates the Hogg Lane South site as being suitable for Health Care Provision. However it is also identified as a 'Reasonable Alternative' site for residential use should Health Care proposals not come forward. Recent developments, including Bellway's Albany Heights directly opposite the RMG site, demonstrate what could be delivered on the site.
- 4.1.4 Possible alternative uses for the site that have been considered, other than residential, include retail and offices. Whilst there is potential to explore retail use on the site this is likely to conflict with proposals to concentrate these uses within the High Street area and is unlikely to provide such an obvious visual statement as a residential use. There is currently no commercial office market in Grays and it is considered highly unlikely that a developer/investor could be identified who would take a new, speculative, office development forward. Operators of existing commercial office developments within the town centre (the Queensgate Centre and Crown house) report very limited demand for existing space.
- 4.1.5 There is clear merit in exploring the potential to maximise the benefit of redevelopment by combining the site with neighbouring properties; notably Rates Ford who have already approached the Council directly. If combined, the two sites would extend to around 3.2 acres (1.36 Hectares). However, negotiating such an arrangement could hold up progress and there would seem to be an opportunity to consider an early disposal which secures redevelopment of the site in support of the existing momentum of change within Grays and provides a financial return to the Council.
- 4.2 Grays Magistrates Court. The Magistrates Court building was transferred back to the Council in March 2012 following its closure in April 2011 as part of the Ministry of Justice's reorganisation of regional Court provision. The building, constructed in 1929, sits in a prominent location at the northern end of the High Street and, whilst not listed, is a well known local landmark. Spread over three floors, the building offers accommodation extending to c.16,700sq.ft. around half of which is currently used by the Council's Youth Offending Service as offices, client contact spaces and meeting rooms. The other half of the building, previously occupied by the Courts Service, is now vacant.
- 4.2.1 The Magistrates Court site also hosts a vacant detached house which was previously used as a Registry Office. Under any of the options considered for the use of the main Court building the house could be considered for a separate disposal with the potential to generate a receipt of c.£250,000.

4.2.2 Subject to re-providing the existing, partial operational use the Magistrates Court building is identified as being surplus to requirements within the Council's Asset Management Strategy. Accordingly the Council's retained property advisors, GVA, have been commissioned to consider alternative uses for the building. Their draft report considers a variety of options including residential (refurbishment, partial and full redevelopment), hotel, office (commercial and seed bed centre) and leisure (gym, pub etc). It concludes that, of all of the uses, residential is the only use which is likely to generate a capital receipt for the Council but even this would be relatively modest (up to £330,000).

4.2.3 The options GVA considered for residential use included:

- i. Refurbishment of the existing building. This was considered unviable owing to the costs associated with the works and the limited number of residential units which could be provided within the existing layout;
- ii. Redevelopment of the building maintaining the existing façade. GVA propose that 39 one and two bed apartments could be created plus the existing detached house. This would be expected to generate a return to the Council of between £150,000 and £330,000 depending on the amount of affordable housing provided;
- iii. Complete redevelopment of the site. A complete redevelopment of the site could provide up to 56 one and two bed apartments plus the existing detached house. The increased development costs associated with complete redevelopment reduce the potential return to between £40,000 and £277,000 again depending on the amount of affordable housing provided; and
- iv. Mixed use redevelopment of the site. Using a proposal which sees 48 one and two bed apartments above a children's day care/recreation use generates a potential loss of between £30,000 and £190,000 depending on the amount of affordable housing provided. This is not a viable option.

4.2.4 Were the Council minded to consider a residential use for the Magistrates Court building, GVA recommended that option ii be considered owing to the potential larger financial return (albeit with a reduced level of affordable housing -15% or six units) and the potential to retain the existing façade of the building. This option would maintain the look of the northern end of the High Street and return the site into active use generating some footfall through the town centre, although this would be relatively limited given the small number of properties created.

4.2.5 Alongside this work, alternative uses for the Magistrates Court building have been explored which are more in line with the emerging vision for the town centre; in particular the potential to refurbish the building for business start up units. A good quality refurbishment would create accommodation sufficient to support up to 110 workers at any one time. The layout of the building (a series of small offices with two larger court rooms) would be well suited to business use as it would provide a range of accommodation whilst the court rooms could be used for hot desking/virtual offices and events. Whilst structural works would be relatively limited there would be a requirement for a significant

package of general repairs, upgrading of the services and comprehensive redecoration.

- 4.2.6 The only other comparable space within Grays is the Thurrock Centre for Business situated on George Street. The building, which is owned by the Council and operated on its behalf by NWES, has experienced a high level of demand and has operated at or near capacity since its opening in August 2010. This demand necessitated a partial internal remodelling in September 2012 to provide two additional units both of which are now occupied. NWES currently have a waiting list of businesses looking for accommodation and have repeatedly reported the demand for “grow on” accommodation for the businesses at the Business Centre. Similar facilities are provided by Thurrock Local Enterprise Agency at their Maidstone Road site which also experiences high levels of occupancy albeit for a more workshop focused accommodation offer.
- 4.2.7 In assessing the feasibility of taking this proposal forward, the Council recently developed and submitted a speculative application to the Local Enterprise Partnership’s Growing Places Fund seeking funds to cover the potential refurbishment costs. The application was supported by an operator demand study, a building survey and outline cost estimate for the works. Strong interest was identified among potential operators for taking on the management of the building as it is acknowledged that the market for start up accommodation in Grays (as opposed to commercial office space) is relatively strong. However, none of the operators approached were prepared to make the capital investment necessary to bring the building back into use – the expectation being that this would be completed by the Council. The condition survey and cost estimate has set an anticipated total capital cost (works plus fees but excluding VAT) of around £2m.
- 4.2.8 The Growing Places Fund application is currently being held on a ‘reserve’ list by the Local Enterprise Partnership and, should other funds become available (quite possible given the commitments made within the Government’s Autumn Statement) or other projects be delayed or fail to progress, could be considered for funding in February/March 2013. Separately from this process, the Council has secured £4.3m through a partnership application to the Regional Growth Fund for the TIGER programme. Whilst the majority of TIGER funds are expected to be employed to create a recycling loan fund to provide financing to businesses keen to grow through innovation, there is the potential for up to £2m to also be used to create business accommodation. The TIGER scheme goes live in April 2013. The Regeneration Team are currently investigating the potential for the refurbishment works to be financed out of one or both of these funds with the rental income being used to repay the loans.
- 4.2.9 Acknowledging the strong strategic fit of the proposals to refurbish the Magistrates Court building for business start up accommodation, GVA’s options assessment considered the use of the building for ‘seed bed’ accommodation. Like all options other than residential, GVA concluded that a seed bed centre would not generate a return to the Council if it was undertaken on a commercial basis. However, the availability of grant and zero interest loan funds to meet the cost of the works provide an option for the

Council to consider a range of delivery models. This opportunity, together with the clearly expressed demand among operators to take the building on; the strong fit the potential use would have with the emerging vision for the town centre; and the relatively modest capital receipt that would be generated through an outright disposal make this a potential use which is considered worthy of detailed consideration.

- 4.2.10 Clearly, with the building still partially in use by the Council's Youth Offending Service, it would not be possible to bring a scheme forward immediately. Officers are currently exploring the potential to relocate the existing occupiers with a view to presenting a proposal to Cabinet in February 2013.

5. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 5.1 Issues and Options are covered within the body of the report.

6. REASONS FOR RECOMMENDATIONS:

- 6.1 Grays has been identified as one of five Growth Hubs within the Borough with the potential to deliver significant numbers of new homes and jobs. The Council has committed, through the Regeneration Strategy, to working with local stakeholders to deliver a vision of Grays which builds upon its cultural, businesses and civic/administrative function. The ongoing development of South Essex College's Thurrock Campus in the heart of the town centre has provided real momentum to the Council's efforts to engage with stakeholders and evidence that the function of the town centre is changing. It is critical that the Council identify further opportunities to bring forward developments which build upon this momentum (Grays South Public Realm) and continue to support the emerging vision (Hogg Lane South and Magistrates Court) whilst at the same time working to address some of the everyday challenges facing the town centre through the Town Partnership and Operational Group.
- 6.2 Members' views on the proposals for the reuse of the Hogg Lane South site and the Magistrates Court are sought as part of the development of the opportunities to continue the Council's work in Grays.

7. CONSULTATION (including Overview and Scrutiny, if applicable)

- 7.1 The views of Overview and Scrutiny Committee are being sought on the proposals contained within this report. In developing the projects contained within the report (both active and proposed) consultation has been undertaken with the Portfolio Holder for Regeneration, Highways and Transportation, Ward Councillors, the Regeneration Board, the Grays Programme Board and the Grays Partnership.

8. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 8.1 The proposals to develop and deliver a series of regeneration projects in Grays supports all of the Council's Community Strategy priorities.
- 8.2 Under the Site Specific DPD, yet to be adopted, the Council has made commitment to deliver 13,550 new dwellings in the Borough between 2009 and 2021. Of these, 2605 new dwellings are expected to be provided in Grays.
- 8.3 The measures outlined within this report are directly in support of the priorities identified within the Council's Community Regeneration Strategy and the Regeneration Strategy Implementation Plan.

9. IMPLICATIONS

9.1 Financial

Implications verified by: **Mike Jones**
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This report seeks to update on existing work and seeks views on proposals for future projects. With no commitments being sought there are considered to be no direct financial implications at this stage. However, Members should note the expectation within the MTFs that the Council will, where possible and appropriate, seek to secure a financial return through the use of assets which are surplus to requirements.

9.2 Legal

Implications verified by: **Phillip Cunliffe-Jones**
Telephone and email: **01375 652 822**
Pcunliffe-jones@thurrock.gov.uk

This is an information report and the only specific legal implications relate to the use of Section 106 monies. The scope for the expenditure of Section 106 contributions is defined by the Deed under which the contributions are made. The Lakeside Expansion Section 106 Agreement contains a covenant by CSC Lakeside Limited to pay to the Council, prior to commencing the development, the sum of £185,000 to be used for complementary planning strategies, namely the formulation and implementation of complementary planning and regeneration strategies within Grays town centre or within the Council's area. Any unspent or uncommitted money after 7 years from receipt will be returned to CSC Lakeside.

9.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
Telephone and email: **01375 652 472**

sdealyn@thurrock.gov.uk

This report seeks to update on existing work and seeks views on proposals for future projects. With no commitments being sought there are not considered to be any diversity or equality implications at this stage.

9.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

N/A

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- Thurrock Community Regeneration Strategy, February 2012;
- Regeneration Strategy Implementation Plan, December 2012; and
- Various Council documents held on file, including feasibility studies and summary papers, all referenced within this document

APPENDICES TO THIS REPORT:

N/A.

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