

Cabinet

5 December 2023

Levelling Up Fund land acquisitions

For Decision

Portfolio Holder: Cllr S Gibson, Economic Growth and Levelling Up

Local Councillors: Cllr R Hope, Cllr G Taylor, Cllr J Orrell

Executive Director: J Sellgren, Executive Director of Place

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Report Status: Part Exempt

Brief Summary: To support the delivery of the Levelling Up Fund (LUF) proposals it is recommended to approve the acquisition of two brownfield sites to the west of Weymouth marina, and to seek approval from the Department for Levelling Up, Housing and Communities (DLUHC) for the movement of Levelling Up funds from the New Bond Street project to fund these acquisitions and further demolition and site preparation works at the Weymouth Bowl site.

Recommendations:

1. That authority be delegated to the Executive Director of Place, in consultation with the Portfolio Holder for Levelling Up and the Executive Director Corporate Development to conclude the acquisition of land at Newstead Road, Weymouth, subject to completed satisfactory decontamination report and gaining approval from DLUHC to movement of LUF funds.
2. That authority be delegated to the Executive Director of Place, in consultation with the Portfolio Holder for Levelling Up and the Executive Director Corporate Development to conclude the acquisition of Land to the west of Westwey Road, Weymouth, subject to completed satisfactory

decontamination report, gaining approval from DLUHC to movement of LUF funds, and simultaneous purchase of the adjoining site.

3. Approve the submission of a formal application to Department for Levelling Up, Housing and Communities for the movement of Levelling Up funds from the New Bond Street project to fund these acquisitions and site preparation works at Weymouth Bowl.

Reason for Recommendations:

Market conditions require a change of approach with regard to one of the three LUF funded projects. The council are currently obligated to provide residential unit outputs in relation to this project. Alternative sites have recently been released onto the market which could deliver the outputs and continue to support the wider LUF objectives of supporting the economic growth of Weymouth through redevelopment. This solution would require the movement of £4m of LUF funding to facilitate acquisitions and works.

1. Report Background

- 1.1 Within the original LUF bid, submitted in July 2022, one of the included projects (New Bond Street) focused on land assembly within Weymouth town centre. The project looked to use LUF funds to purchase the leasehold of several commercial units and a multi-story carpark which were located on a Dorset Council owned freehold site. This would have paired the leasehold and freehold ownership within the council and given direct control to redevelop the site for an alternative purpose.
- 1.2 A figure of £4m of LUF funds was requested from government to fund the purchase and site preparation works. To support the bid proposals the council prepared architectural layouts which demonstrated the site could accommodate 163 residential units as outputs to the wider LUF scheme.
- 1.3 In the period between the council submitting the LUF bid, and the bid being announced as successful, a third party (Elstar Investment) purchased the site leasehold. Conversations with the new owners have established they would be amenable to a redevelopment but that they have no immediate plans to commence this approach.
- 1.4 Officers have commissioned architectural and cost consultancy reports to establish the redevelopment viability of the New Bond Street site. Taking into account the cost of land assembly, considering the new site owners

will be looking to seek a commercial return on their investment, and the gross development value of a residential led scheme, reports conclude that a council led redevelopment of the site would have a significant negative value.

- 1.5 At this value and at this stage, the option of bringing forward the New Bond Street site for redevelopment is considered to be unviable.

Alternative sites to deliver LUF objectives.

- 1.6 In September 2023 the council was made aware of adjoining sites to the west of Weymouth Harbour which were been independently placed on the open market by private landowners.

Site 1 - Land at Newstead Road, Weymouth, DT4 8JE

- 1.7 The site, owned by National Grid Property Holdings Limited (“NGP”) comprises a gross site area extending to approximately 0.8 hectares.
- 1.8 The site is contaminated from previous uses and Dorset Council has instructed AECOM to produce a report highlighting the risks and likely costs of decontaminating the site for a future residential use.
- 1.9 Dorset Council is the vendor’s preferred purchaser, Heads of Terms are agreed and solicitors are instructed. Exchange of contracts is anticipated in late January 2024 with completion 4 weeks later in February 2024.

Site 2 - Land to the west of Westway Road, Weymouth

- 1.10 The site is owned by Landmark Estates (Weymouth) Ltd. It comprises a gross site area extending to approximately 0.48 hectares which includes roadways as well as development area.
- 1.11 The site may be contaminated from previous uses and Dorset Council have instructed AECOM to produce a report highlighting the risks and likely costs of decontaminating the site for a future residential use.
- 1.12 The council is the vendor’s preferred purchaser, Heads of Terms are agreed and solicitors are instructed with exchange in late January 2024 and completion 4 weeks later.

Site 3 – Land at Weymouth Bowl, St Nicholas Street, Weymouth

- 1.13 The site was purchased from the open market by the council in early 2022 ([Decision - Weymouth Bowl Acquisition - Dorset Council](#)) and comprised

of a former indoor bowling alley and associated car parking. The intent behind the purchase was to assist with the wider regeneration of the harbour and marina area and work alongside the wider objectives of the LUF funded projects.

- 1.14 A planning application for demolition of the existing building has recently been submitted in preparation for redevelopment of the site. Demolition of the building is required in order to facilitate the disposal for redevelopment.

Redevelopment Business Case

- 1.15 Red Book valuations for both sites 1 and 2 have been completed by Vail Williams which assume decontamination has been completed to a residential scheme level. The valuations are based on the three residential based pre app designs from November 2021 on Site 1 and the approved residential planning permission on site 2.
- 1.16 The valuations suggest that the purchase of both sites is considered viable dependant on the cost of remediation required to clean the sites to a residential use standard and on a successful future planning outcome on Site 1.
- 1.17 Utilising the LUF funding for the purchase of both sites is relatively low risk given the funds are a grant to the council rather than a loan or the council using its own funds. This is the preferred funding option for the acquisitions as it positively influences the business case for future redevelopment.

Movement and use of LUF funds

- 1.18 There is the potential to move LUF funds from one project to other, aligned, projects through a request to DLUHC. To ensure the continued use of LUF funds within Weymouth and to deliver on the LUF objectives and outputs it is recommended that the council make an application to move the £4m of LUF funds originally allocated to the New Bond Street project to sites 1, 2, and 3, as described above, to facilitate their acquisition or, in the case of project 3, demolition and site works.
- 1.19 DLUHC have outlined the process for movement of LUF funds and, at time of report drafting, a further conversation has been arranged to discuss the provision of suitable and sufficient information to inform their decision making process. It is not possible to indicate at this point the length of time required for DLUHC to make a decision.

- 1.20 The site vendors have set specific timescales for exchange and completion, whilst the council are prepared to take a decision on the acquisition of the properties this will be conditional on receiving approval from DLUHC to the movement of the LUF funds.

Delivery of LUF related outputs

- 1.21 Under the LUF Memorandum of Understanding with government the council are obligated to deliver 163 residential units from the New Bond Street site.
- 1.22 A pre-application was submitted by the vendor of site 1 in November 2021 which demonstrated that a minimum of 110 apartments (35% affordable) and 3 commercial units could be accommodated on site. The pre-application was positively received by the local planning authority.
- 1.23 Site 2 has a planning permission (WP/20/00807/FUL) for 23 dwellings to include a mix of open market and affordable houses and apartments.
- 1.24 To inform the disposal route for the Weymouth Bowl site architect layouts have been commissioned. These indicate the site could accommodate 70 residential units with some additional ground floor commercial space.
- 1.25 It is considered reasonable to expect the delivery of over 200 residential units and several commercial units from sites 1 to 3 as demonstrated above, this would represent a circa 25% uplift on the original bid outputs.

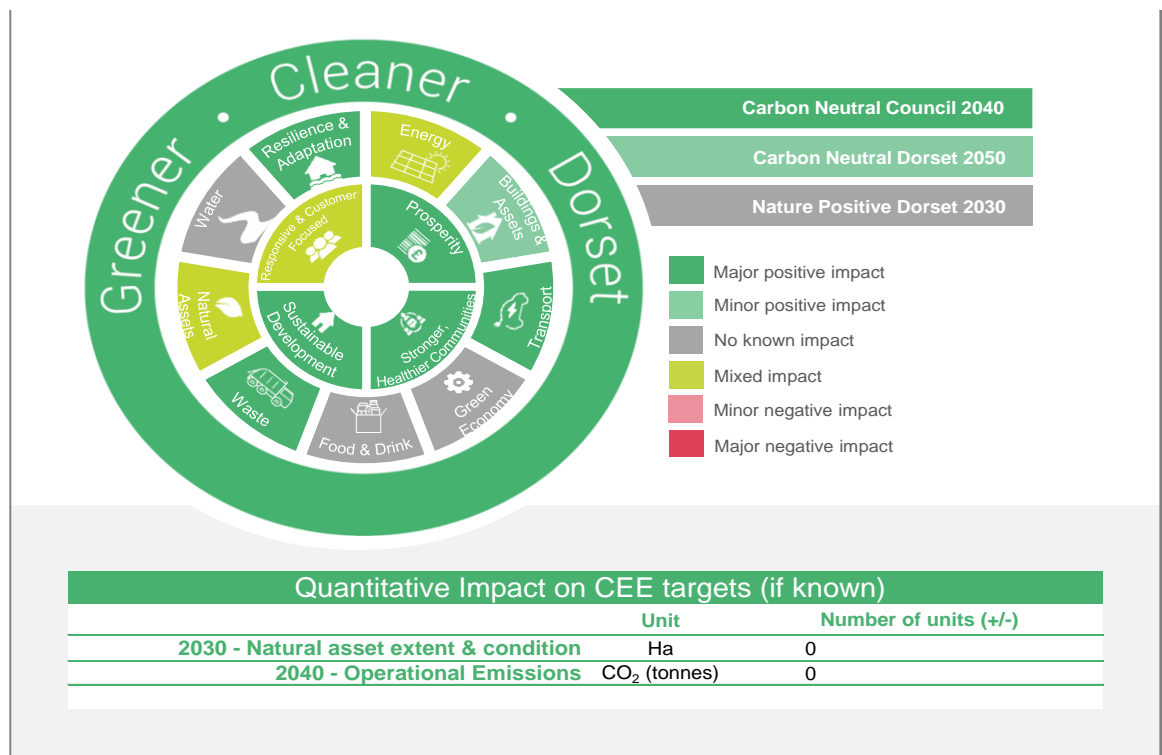
2. Financial Implications

- 2.1 The recommendations of this report represent the preferred situation where the council are minded to acquire the sites using the movement of LUF funds.
- 2.2 The detailed acquisition costs and split of LUF funds between the various sites is detailed in appendix 2 which is a confidential paper.

3. Natural Environment, Climate & Ecology Implications

- 3.1 The project should achieve positive impacts in three respects: (a) prosperity through use of building assets; (b) stronger and healthier communities through increased ability to use sustainable transport and improved access to services; (c) sustainable development through use of brownfield land for development.

3.2 Further aspects of the projects environmental impact are not presently defined by the business case as the defined future use has yet to be agreed, and they will be contingent upon the approach to site development and finalisation of the vision – which is to be determined. The approach has the potential to be positive or negative in those respects, which is why ‘no known impact’ or ‘mixed impact’ is currently noted for segments until that is defined. This may consider opportunities to improve the impacts further, such as building to higher standards. The approach will be defined with consideration of key relevant documents, such as the council’s Planning Sustainability Checklist; Electric Vehicle Strategy; Natural Environment, Climate & Ecology Strategy.



4. Well-being and Health Implications

4.1 The Levelling Up Fund, together with the objectives set out in the Council Plan are intended to improve the wellbeing and health outcomes of the residents of Weymouth. It is generally recognised that improved economic performance results in improved health and wellbeing outcomes and the targets for this will be subject to monitoring by the Council and the government.

5. Other Implications

5.1 None identified at this time.

6. Risk Assessment

6.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: Medium

Risk	Mitigation
That DLUHC decline the request to move funding from New Bond Street project to fund these acquisitions.	Conversation initiated with DLUHC regarding funding movement, initial report prepared and submitted to them. In event funding movement wasn't agreed then subject to an agreed business case for acquisition the council could decide to use its own funds to acquire.
That the Levelling Up Funding is insufficient to cover all of the costs associated with the acquisition.	The purchase prices and works to Weymouth Bowl are agreed and priced within the £4m budget if LUF funds can be moved. This will not cover the remediation costs which will be dependent on end use and subject to a separate business case.
The council suffer reputational impact through the inability to deliver the LUF project or associated outputs.	Architect led schematic's demonstrate that the three sites could generate a 25% increase in residential housing number outputs. Planning permission is secured for 23 of these units and a positive pre application response received for an additional 110 units.

Residual Risk: Low

7. Equalities Impact Assessment

7.1 It is considered that neither the acquisitions nor the request to move funds will have an impact, either positive or negative on members of groups with protected characteristics. A detailed equalities impact assessment will be carried out for each site as more definitive plans are produced concerning the detailed use and delivery of the sites.

8. Appendices

Appendix 1 - Decision Wheel Accessible Table & Table of Recommendations

ACCESSIBLE TABLE SHOWING IMPACTS

Natural Environment, Climate & Ecology Strategy Commitments	Impact
Energy	mixed impact
Buildings & Assets	minor positive impact
Transport	major positive impact
Green Economy	No known impact
Food & Drink	No known impact
Waste	major positive impact
Natural Assets & Ecology	mixed impact
Water	No known impact
Resilience and Adaptation	major positive impact

Corporate Plan Aims	Impact
Prosperity	strongly supports it
Stronger healthier communities	strongly supports it
Sustainable Development & Housing	strongly supports it
Responsive & Customer Focused	neutral

Appendix 2 – Site acquisition costs and split of LUF funds (confidential report)

9. **Background Papers**

None applicable.