

FORMER SHANNOCKS HOTEL SITE, SHERINGHAM

Summary: This report informs Cabinet that following demolition of the former Shannoeks Hotel in Spring 2021, works on the site have stalled and not progressed further as proposed within the agreement made between the Council and the site owner, Huddies Limited.

Given the prominence of the site on Sheringham Seafront and public interest in the site's re-development it is recommended that the District Council now seeks to implement the Compulsory Purchase Order as previously agreed in respect of the development site so as to bring about its future redevelopment.

Options considered:

1. Pursue the CPO process by serving a General Vesting Document to take ownership of the site as the owner has failed to commence works to provide a new building on the site before 23 November 2022.

2. Demur from enforcing the terms of the CPO on commencement trigger (23 November 2022), deferring action until a subsequently agreed deadline, leaving the owner to continue with its own development plans to complete on agreed deadline. The risk being that without pressure from the Council, these works will not be progressed at all. This may result in the site remaining empty and blighting the Sheringham Conservation Area.

3. Demur from enforcing the terms of the CPO in its totality, leaving the owner to continue with its own development plans at its own pace, with the risk that without pressure from the Council, these will not be progressed at all. This may result in the site remaining empty and blighting the Sheringham Conservation Area and reputational harm to the Council in not following through with any action.

Conclusions: The owner has completed phase 1 of the agreed works by demolishing the former Shannoeks Hotel building by June 2021. Beyond this, notwithstanding consistent pressure on the owner by the Council for a number of months, redevelopment of the Shannoeks site remains stalled. The owners have stated that they are making their best efforts to start re-development of the site. However, progress has historically been either at a

slow pace or non-existent. The owner has repeatedly asked to extend the agreed project start dates, whilst providing no practical evidence of being ready to commence redevelopment.

The Compulsory Purchase Order obtained by the Council is in place and supported by a completed agreement with the owners, which sets out a timetable for their re-development of the site to proceed. Having completed demolition of the long-term vacant building by June 2021 the next key date by which redevelopment works should have commenced was the 23rd November 2022, with the agreement stating that the project should be completed by June 2023.

The November 2022 date has now passed with no works to commence re-development of the site being started. Officers remain concerned that the owner will not develop the Shannoeks site in accordance with the timetable outlined in the agreement, and are mindful of public concern over the continual delays in the progression of this high profile scheme at the centre of Sheringham seafront.

The actions of the Council in seeking a Compulsory Purchase Order for the Shannoeks Hotel were agreed by Cabinet as a means of committing the owner to projected deadlines. A line was drawn by the Cabinet decision in 2019 when supporting the CPO. The Council engaged in this formal process to ensure development of the site would be completed to a known deadline. Although the former hotel building has been demolished, no further works to redevelop the site has commenced over the past 18 months such that it is felt that the Council now needs to implement the CPO process to acquire the site to secure its redevelopment.

Recommendations:

Cabinet is recommended:-

1. to confirm support for the serving of the General Vesting Document to take ownership of the site as soon as possible

2. Recommend to Full Council that it approves the addition of a capital budget of the valuation cost as set out at section 6 of the confidential appended report, and an additional £10,000 to cover the costs associated with the purchase of the property to be financed by the use of capital receipts, use of reserves and borrowing if required.

Reasons for
Recommendations:

To secure timely redevelopment of the site, in accordance with the previously agreed Compulsory Purchase Order process, and the decision of the public inquiry to confirm the Order.

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)

Valuation report October 2022

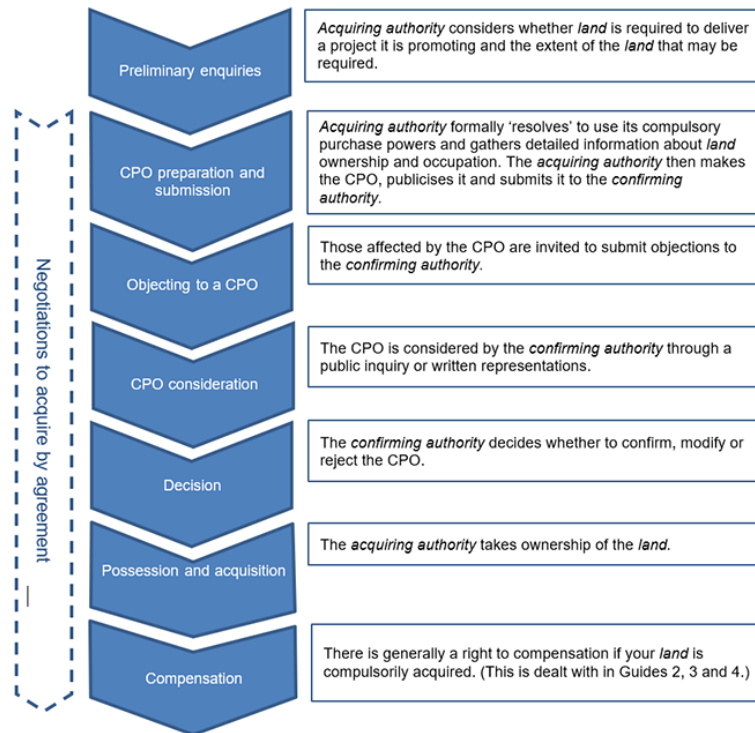
Cabinet Member(s)	Ward(s) affected
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Ward(s) affected
Sheringham North

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1. Background:-

- 1.1 The former Shannocks Hotel building was a prominent building on Sheringham Seafront and has been in its current ownership since 2010. Since that time several measures have been taken to engage the owner to make improvements and secure new uses for the building befitting of its prominent location on the seafront.
- 1.2 Following years of vacancy and deteriorating condition the District Council pursued enforcement action and subsequently resolved to obtain a Compulsory Purchase Order at a meeting of the Cabinet on 4th November 2019 to allow it to acquire the property for clearance and redevelopment, if similar action was not taken within an agreed period of time by the property's owners..
- 1.3 Compulsory purchase is a legal mechanism by which certain bodies (known as 'acquiring authorities') can acquire land without the consent of the owner. The Council is the acquiring authority in this matter. Law and procedures relating to compulsory purchase are complex. The Council must follow procedures, principally set out in the Acquisition of Land Act 1981 and related legislation, to exercise its powers. This can proceed over a protracted time period. Within those procedures there is included the right to object and challenge. The following image sets out the general process:



1.4 The Council was granted approval to pursue a Compulsory Purchase Order to acquire the land on 13 April 2021, when the order was confirmed by the Planning Inspectorate, as the Council had previously agreed a reasonable timeframe for the owner time to progress its own development. In 2019 and 2022 further variations of the owner's planning consents were granted. The owners completed demolition of the former hotel building in June 2021 in accordance with the agreed timeline, but have since not commenced any further redevelopment of the site as required – meaning that the site has now been vacant for a period of 18 months.

1.5 The Compulsory Purchase Order process was supported by an agreement between the owners and the Council. This agreement is binding and required:-

- demolition of the former hotel building and site clearance to be complete by June 2021
- commencement of redevelopment by 23 November 2022
- and completion by June 2023

All of these deadlines were agreed with the owner and formed part of the binding agreement. Failure to meet these deadlines will result in the owner being liable to cede ownership of the site to the Council under the Order granted by the Public Inquiry.

1.6 The agreement envisaged a redevelopment process that took into account the complexity of demolition, construction methods and a desirability to not unreasonably disrupt the main tourism season in Sheringham. The expectation was to demolish by June 2021, commence re-development by June 2022 (now November 2022), and complete by June 2023. These dates are clear and have been subject to the owner's support.

2. Current position:-

- 2.1 As stated above, beyond the demolition of the building, completed in June 2021, no further work has been commenced to take forward the development of the approved new building. Work should have started by June 2022, with an extended date of 23rd November 2022. This date has also now passed and, with increasing public concern about the lack of progress made, it is appropriate for the District Council to consider again whether it should exercise the Compulsory Purchase Order by serving the General Vesting Document on the site owner as soon as possible.,
- 2.2 In serving the General Vesting Document the Council will be required to meet the costs of obtaining a reasonable valuation of the site and all relevant costs associated with taking ownership under the CPO. Details of these costs are provided for Members information in an Exempt Appendix on the grounds of commercial sensitivity.
- 2.3 However, for the Council to acquire the property under the General Vesting Document it is necessary to approve a Capital Budget of £50,000 plus the purchase price as detailed in the confidential valuation report. . This capital budget would be financed by the use of capital receipts, reserves and borrowing, if required.
- 2.4 Alternatively, it may be resolved that the owner should be permitted further time to commence its development, in which case no further action is required to be taken by the Council at this time, but this would not change the deadline of June 2023 for the completion of the development, The Council could then review the provisions under the CPO once again.
- 2.5 Finally, a view may be taken that the Council should stand down further action under the CPO process allowing the owner to progress the development at their own pace, allowing the CPO to lapse in April 2024. This would be contrary to the provisions of the CPO and would be likely to result in significant reputational damage to the Council.

3. Medium Term Financial Strategy

- 3.1 The proposals outlined in this report would contribute to the Council's MTFS i.e. in purchasing the property and its consequent redevelopment it will either generate revenue income streams or a capital receipt for the authority, if sold, which would then be available to fund future capital schemes. All options will be considered for its redevelopment and future use so that the future benefit to the Council can be maximised in order that it makes a positive contribution to the Council's MTFS.

4. Financial and Resource Implications

- 4.1 The Council has already incurred costs for the CPO process and supporting the agreement with the site owners. Those costs have already been incurred, so no further risk is associated to the CPO as it stands.
- 4.2 Market Value and reasonable costs will need to be paid for The Shannocks Hotel site if it is to be taken into the Council's ownership. The valuation report as attached at the Exempt Appendix is recently drafted and is considered to accurately reflect current values. The report is drafted by senior experts in CPO valuation from a respected professional surveying company.

- 4.3 Previously, the Council had established a Capital Budget to acquire the Shannoeks Hotel property through a CPO, but this budget was released at the time the owner of the property proceeded with demolition and an expectation that redevelopment would proceed as per the joint agreement. Now, however, as re-development has not commenced, it is necessary for the authority to consider its position further, with officers recommending that Cabinet seek approval from Full Council for this capital project budget to be re-instated.
- 4.4 Once acquired under the General Vesting Document of the Compulsory Purchase Order it would be necessary for the Council to consider its options for the future re-development or onward sale of the site. If the authority was to look to develop the site out itself, this would require a further capital budget to be identified. It would be expected that the funding for the purchase and subsequent redevelopment would ultimately be recovered if the development was then to be leased or sold.

5. Legal Implications

- 5.1 There would not appear to be any legal impediments relating to the recommendations of this report, the recommendation follows previous Cabinet minutes and the CPO secured at a Public Inquiry. Professional advice will continue to be obtained in completion of the CPO process to secure a robust outcome.
- 5.2 The Council is duty bound to obtain Best Financial Consideration under section 123 Local Government Act 1972.

6. Risks

- 6.1 Given the public concern expressed about this long-term empty commercial property and support secured for redevelopment of the site through the CPO process it is believed that momentum must be maintained in progressing the redevelopment of the site, otherwise the reputation of the Council in looking to take enforcement action against long-term empty and prominent sites and premises will be undermined.
- 6.2 Future decisions will need to be taken as to the Council developing out the site, possibly using “back to back” development partnerships, considering whether to use the fallback position by implementing the current live planning permission, or review best use / development of the site.

7. Sustainability

- 7.1 There are positive sustainability implications arising from this report, as development has been stalled for many years. Bringing a prominent brownfield site back into active use in a key resort and service centre will ensure local services and facilities are supported.

8. Climate / Carbon impact

- 8.1 Demolition is completed, so there are no adverse impacts arising from this report.

9. Equality and Diversity

9.1 There are no equality and diversity implications arising from this report.

10. Section 17 Crime and Disorder considerations

10.1 Dilapidated buildings and vacant sites are often associated with crime and disorder. Active engagement to deliver re-use will reduce potential for crime and disorder.

11. Conclusion and Recommendations

11.1 Notwithstanding consistent pressure on the owner by the Council for several years, the former Shannocks Hotel site remains undeveloped. Despite the owner providing assurances on numerous occasions that the re-development will commence, there has been no obvious progress made. Rather it appears that development is at a standstill.

11.2 As the owner has failed to meet its commitments, the Council can take ownership of the site through the serving of a General Vesting Document as part of the CPO process. So far, the Council has refrained from taking this action, primarily to give the owner every opportunity to develop the Shannocks site itself. There have been numerous extensions to accommodate the owner, with the most recent projected start date given to the Council for re-development being 23 November 2022 – a date which has also passed.

11.3 Officers therefore recommend that Cabinet:-

1. Confirm support for the serving of the General Vesting Document to take ownership of the site as soon as possible

2. Recommend to Full Council that it approves the addition of a capital budget of the valuation cost as set out at section 6 of the confidential appended report, and an additional £10,000 to cover the costs associated with the purchase of the property to be financed by the use of capital receipts, use of reserves and borrowing if required.