

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 16 May 2022

Portfolio:	Policy & Resources
Subject:	Regeneration of Fareham town centre, including Fareham Live and Osborn Road Multi-Storey car park
Report of:	Director of Planning and Regeneration Director of Leisure and Community Deputy Chief Executive Officer
Corporate Priorities:	Maintain and extend prosperity Leisure opportunities for health and fun Providing housing choices

Purpose:

The future shape of Fareham town centre is starting to take form. Two major projects in the Civic Quarter, with an agreed combined budget allocation of £19.075 million, have been analysed in detail and are now ready to progress at a total cost of £18.65 million. This will result in a new surface car park to replace the decaying multi-storey at Osborn Road, sitting alongside Fareham Live, an exciting new arts and entertainment venue.

This report provides background information on the opportunities ahead and presents proposals to prepare a Fareham Town Centre Masterplan Supplementary Planning Document (SPD), appoint a construction contractor for the Fareham Live project and provide a 120 space surface car park to replace Osborn Road Multi-Storey with the aim of transforming the town centre and kick starting its regeneration.

Executive summary:

The Council's current Corporate Strategy 2017-23 commits to starting the regeneration of the town centre and the creation of a new arts and entertainment venue.

The development of plans for the future of Fareham town centre as a whole and both Fareham Live and Osborn Road Multi-Storey Car Park have evolved over a number of years.

Fareham Town Centre Regeneration

A budget of £275,000 was approved by the Executive on 9 July 2018, to fund the development and delivery of master-planning work in the Civic Quarter.

As would be expected of initiatives of this size, the Fareham Live and Osborn Road Car Park projects have taken up the majority of the available officer resource during the last few years, meaning that only £22,000 of the master-planning budget has so far been spent.

Changing retail patterns, the loss of key retailers and the COVID-19 pandemic have had a significant impact on Fareham town centre and there is a clear need to progress and deliver regeneration proposals for the town centre. The Local Plan 2037 identifies a central area of the town centre that could accommodate around 620 new homes with a mixture of retail, commercial, food and leisure uses alongside the new Fareham Live venue.

The report proposes that the remaining master-planning budget be used to fund the preparation a Fareham Town Centre Masterplan Supplementary Planning Document (SPD) to provide greater clarity on development proposals and guide investment.

Fareham Live

The cost of raw materials and building resources for constructions projects have inevitably rapidly increased since the start of the pandemic. This resulted in the construction costs rising from £12.57m in late 2020 to £13.35m when Executive approved the restarting of the project following a 10-month pause on the 30 September 2021.

Following the resumption of the project, tenders were sought from the building contractors shortlisted for the project prior to the pause in 2020.

Completed tenders were returned on 30 January 2022, with refinements following further clarification questions. Each submission was higher than the £13.35m estimated by the project's cost consultants in September 2020.

The preferred bidder scored equal lowest on the tendered sum and highest in terms of quality and is presented for approval at confidential Appendix A. The overall project budget has increased to £16.69m when the non-construction related costs, such as contingencies, consultant fees and furniture, fittings and equipment purchases are included.

Following the award of contract, the Council would enter into a period of negotiation with the contractor and their supply chain to identify value engineering opportunities to reduce the contract sum, and therefore the budget shortfall, before the formal award of tender.

Osborn Road Car Park

On 10 September 2020 the Executive approved in principle proposals for the refurbishment of Osborn Road Car Park at a cost of £5.5m. Around 500 modern sized spaces would be provided with structural supports extending the facilities life by an estimated 15 years.

Levels of use in most town centre car parks have been slow to recover after the pandemic with Osborn Road at an average of 20% capacity in May 2022.

Technical feasibility works have shown that this refurbishment option was more complex and more extensive than anticipated, with the works now estimated to be £8m at 2021 prices. Therefore it is no longer considered financially viable.

A surface car park costing £1.96m with around 120 spaces, including 8 disabled bays, is now proposed at the Osborn Road site. This would result in 1,077 spaces being within a 5 minute walk of the 800 seat capacity Fareham Live and still meet the medium needs of the town centre.

Recommendation:

It is recommended that the Executive approves:

- (a) the preparation of a Fareham Town Centre Masterplan Supplementary Planning Document (SPD) be prepared using the remaining £253,000 allocated for the Civic Quarter masterplan;
- (b) the appointment of the preferred bidder for the construction of Fareham Live outlined in confidential Appendix A; and
- (c) a revised budget of £16.69m for the Fareham Live project to be funded through current and future CIL receipts; and
- (d) the replacement of Osborn Road Multi Storey car park, with a 120-space surface car park at a cost of £1.96m

Reason:

To plan for the regeneration of Fareham town centre using the construction of the new arts and entertainment venue, Fareham Live and the provision of a 120-space surface car park on the Osborn Road site as key drivers of development and investment.

Cost of proposals:

The budget for the future master-planning and associated work will be taken from the £275,000 budget approved for the Civic Quarter by the Executive in July 2018. If approved, the £16.69m budget for the Fareham Live project would be funded through Community Infrastructure Levy (CIL) receipts. The Council's current CIL reserve stands at £5.9m, meaning that an additional £10.79m in future receipts is required. The proposed £1.96m for the demolition of Osborn Road Multi-Storey and the provision of the smaller surface car park would be funded in the same way, using future CIL receipts. Whilst those CIL receipts accumulate, borrowing will be used to allow the schemes to proceed at pace, with loan interest serviced using coastal car parking revenues. It is expected that this would take 8-9 years to achieve sufficient CIL receipts.

It is important to note combined project budget for these transformative measures has actually reduced from £19.075m to £18.65m a reduction in costs of £0.425m.

Appendices:

A: Confidential Tender Analysis

FAREHAM

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Executive Briefing Paper

Date:	16 May 2022
Subject:	Regeneration of Fareham town centre, including Fareham Live and Osborn Road Multi-Storey car park
Briefing by:	Director of Planning and Regeneration Director of Leisure and Community Deputy Chief Executive Officer
Portfolio:	Policy & Resources

INTRODUCTION

1. This report provides an overview of the Council's proposed approach to support the regeneration of the town centre, and an update on two projects in the Civic Quarter. This will include the appointment of the preferred construction contractor for Fareham Live, the presentation of options for the provision of parking at the current Osborn Road Multi Storey Car Park and seek approval for the funding of wider town centre master-planning work.

Background

2. The development of plans for the future of Fareham town centre and in particular, both Fareham Live and Osborn Road Multi-Storey Car Park within the Civic Quarter have evolved over a number of years.
3. A Member Working Group was established in February 2016 to steer the production of a wide-ranging regeneration strategy for Fareham Town Centre.
4. In April of 2017, the Council's current Corporate Strategy 2017-23 was published. It identified the following key priorities:
 - Start the regeneration of Fareham Town Centre, which will include the provision of new homes, improvements to retail, leisure and entertainment facilities and changes to parking provision.
 - Transform Ferneham Hall into a new arts and entertainment venue with a community focus

Regeneration of Fareham town centre overview

5. Following the publication of the Corporate Strategy and a period of public consultation, an initial top-level strategy, known as the 'Planning for the future of Fareham town centre' document was approved by the Executive on 10 July 2017.
6. The strategy identified five key areas within the town centre:

- Market Quay
- Station Quarter
- Western Quarter
- Georgian Quarter
- Civic Quarter

- The area called the 'Civic Quarter' lies to the north of Fareham Shopping Centre and is made up of the Civic Offices, Library, Health Centre, Osborn Road Multi-storey car park, the civic gardens, the Fareham Live site (formerly Ferneham Hall) and other Council-owned surface car parks. This is the area that the Council has most control over in the town centre and therefore presents the more straightforward opportunity for Council-led regeneration.
- A report presented to the Executive on 09 July 2018 approved £275,000 of funding to procure resources to masterplan and manage the delivery of the regeneration of the Civic Quarter. In addition to the arts and entertainment venue and improved parking provision this would include the potential for residential development and enhancements to the Civic Gardens.
- As would be expected of initiatives of this size, the arts and entertainment venue and Osborn Road car park projects have taken up the majority of the available officer resource available during the last few years. So far only £22,000 has been spent on master-planning work.
- As with other town centres across the country, changing retail patterns, the loss of key retailers and the COVID-19 pandemic have had a significant impact on the town's offering and visitor numbers. The average daily town centre footfall counts between 2013 and 2021 taken from the latest retail health check are shown in Table 1 below.

Table 1:



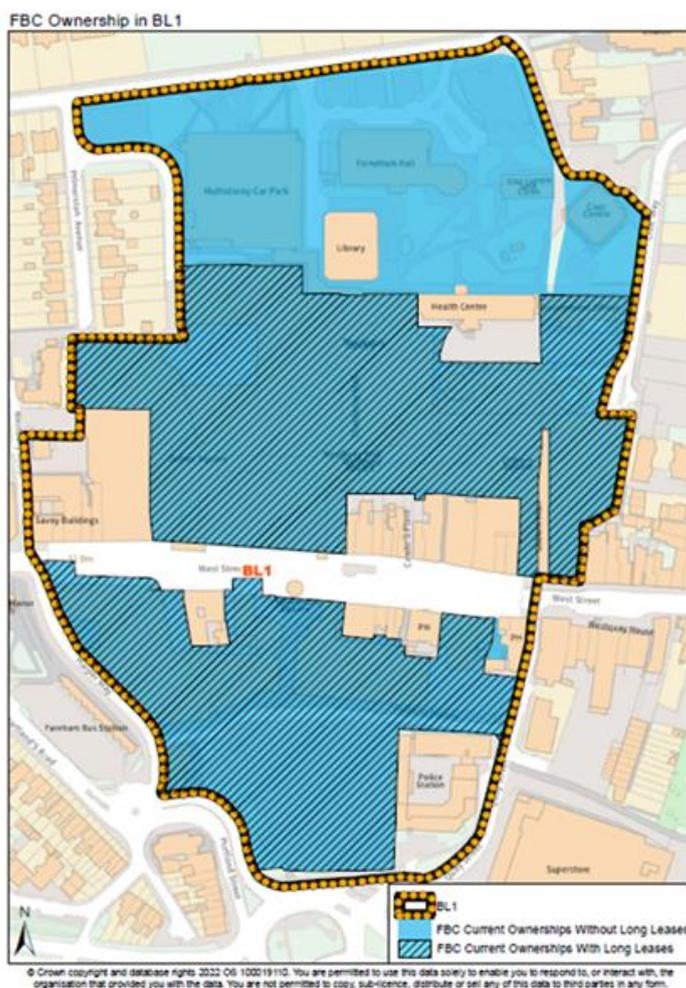
- The table highlights a gradual decline in visitors between 2013 and 2019 with a dramatic drop in 2020 caused in part by the Covid 19 pandemic. Although there was some recovery in 2021, footfall has not fully recovered to levels seen in 2019, which was the year with the lowest pre-pandemic footfall figures.
- In addition to declining footfall, the health check also showed that around 24% of retail

floorspace was vacant in June 2021, a 6% increase from the previous year.

13. These changes make clear the need to put in place a plan for post-COVID regeneration that considers:

- 'Re-imagining' Fareham town centre
- Changing the 'offer' of town centre uses, including the potential for Fareham Live to act as a catalyst for further investment
- Rejuvenating the 'place' to improve the visitor experience
- Providing housing to help revitalise the town centre
- The parking offer to meet future needs.

14. The Council's Local Plan 2037, which is currently going through the independent examination process, proposes a broad location of development in the town centre. The map below shows the site outline from Osborn Road in the north to Market Quay roundabout in the south.



15. The Local Plan estimates that the site could accommodate around 620 new homes with a mixture of retail, commercial, food and leisure uses alongside the new Fareham Live venue. The Plan commits to the preparation a Town Centre Masterplan Supplementary Planning Document (SPD). This would bring greater clarity on the form of development proposed within this broad location and the progression of the regeneration on the town

centre.

16. Such a masterplan will serve two purposes. Firstly, it will provide the clarity and greater detail to the assertions within the Local Plan. Secondly, given the Council's significant land interests in this area, it will provide a framework to guide the investment and regeneration in both the Council's assets and those of other landholders. It will therefore be important that both specialist market advice is sought and detailed technical appraisals undertaken to support and inform the masterplan preparation. This approach will be key to ensuring that the Town Centre Masterplan is viable, deliverable and responds appropriately to the long-term market interests for town centres.
17. Although some early preparatory work has begun, the preparation of the Town Centre Masterplan and related advice/appraisals will require additional resources to ensure that the Masterplan can be prepared in a timely manner. It is proposed that the balance of funding previously allocated to the Civic Quarter master-planning (c.£253,000) is used for this package of work, commencing with the appointment of an experienced expert to develop the Masterplan.
18. Further Executive reports will set out the process of developing the Fareham Town Centre Masterplan including public consultation.

Fareham Live overview

19. Overseen by the Member Working Group, the development of plans for the new arts and entertainment venue progressed quickly. An updated vision was approved by the Executive on 3 December 2018.
20. Prior to this, feasibility work on options to either remodel or rebuild Ferneham Hall took place during 2017 and the first half of 2018. An initial vision for a remodelled venue was approved by the Executive on 9 July 2018 along with proposals to procure an experienced Leisure Trust operator to manage the new facility.
21. Experienced leisure and entertainment operator, BH Live was appointed as the preferred bidder to manage the venue by the Executive on 26 September 2019. An initial budget cost of £12.35m for the remodelling works was agreed at the same meeting. This was to be funded through current and future new development Community Infrastructure Levy (CIL) receipts.
22. Ferneham Hall closed its doors for the last time in January 2020. The Planning Committee granted planning permission for the remodelling works a few months later on 13 May 2020. The name Fareham Live was approved by the Executive on 12 October 2020, following a public vote.
23. The Stage 4 design for the remodelling works concluded in late 2020, with a design that was broadly in line with the initial estimate (£12.57m). The design included adjustments to the initial specification, such as improvements to the external lighting scheme.
24. Due to the impact of COVID-19, all major capital projects were re-evaluated in 2020. A prudent decision was taken by the Executive on 2 November 2020 to pause the project. At that time, it was unclear what the entertainment sector would look like in the future and whether an 800-seater venue would be the right level of provision. This pause would allow time for the implications of the pandemic to become clearer and for officers to hold detailed negotiations with BH Live regarding a sustainable model of operation.
25. Following prolonged negotiations with BH Live, on 30 September 2021 the Executive was

presented with an updated performance programme alongside a set of key management principles for the future operation of Fareham Live. This placed a greater level of economic risk on the Council but would provide greater financial rewards when the venue was a success.

26. During the 10-month pause period, the cost of raw materials and building resources inevitably increased since the start of the pandemic, resulting in the estimated construction costs for the venue rising to £13.35m, and this pattern was typical of many other construction schemes. Options for changes to the design that would reduce construction costs were presented to the Executive but rejected due to the detrimental impact they would have on the operation of the venue.
27. Approval was granted by the Executive to restart the project with an updated programme, amended contractual arrangements with BH Live and a revised budget of £13.35m.

Fareham Live construction tender

28. Following the resumption of the project, tenders were sought from the building contractors shortlisted for the project prior to the pause in 2020.
29. The completed tenders were returned on 30 January 2022, with further clarification questions asked after that. Each submission was higher than the £13.35m estimated by the project's cost consultants in September 2020. A number of unforeseeable factors led to this further increase in costs:
 - Ongoing and rapid energy prices with a knock on to material costs.
 - Supply chain struggling to source key materials such as steel, timber and cement leading in many cases to daily increases in costs.
 - Increased labour costs and reduced supply
 - Departure from the EU has affected labour supply and resulted in rising material costs
 - Post-pandemic demand for labour and construction materials has also created a 'premium-rate' environment for costs
30. The Department for Business, Energy and Industrial Strategy's (BEIS) Index of Construction Materials Prices for 'all work' increased by 22.7% in 12 months up to November 2021, which was double the rate of inflation. However, costs for some key materials have seen a much greater rise. For example, fabricated structural steel increased in cost by 66% during the same period. More recently, the war in Ukraine has placed further pressure on both the supply chain and material costs.
31. All of the above have increased the risk that contractors have to take on board and this has resulted in higher than anticipated tender submissions. In addition, the contractors are unwilling to hold the prices quoted in their tenders for extended periods.
32. An evaluation of the tender submissions can be found at confidential Appendix A. The preferred bidder equalled the lowest score on tender price and scored highest in terms of quality and is presented for approval at confidential Appendix A.
33. The tender price is greater than the approved capital budget of £13.35m. In addition, the overall project budget increases to £16.69m when the non-construction related costs

such as contingencies, consultant fees and furniture, fittings and equipment purchases are included.

34. Following the award of contract to the preferred bidder the Council will enter into a period of negotiation with them and their supply chain to identify value engineering opportunities to reduce the contract sum, and therefore the budget shortfall, before the formal award of tender.

Osborn Road Car Park overview

35. There are over 1,500 public parking spaces in the town centre with nearly 40% of these currently provided by Osborn Road Multi Storey Car Park, which was built in 1973. A report was presented to the Executive on 10 September 2020 outlining that the car park:
 - Rarely achieved full occupancy
 - Would shortly exceed its life expectancy without structural enhancements
36. As with many other town centres across the country, the level of parking use had significantly declined prior to the pandemic. For example, income from town centre parking charges dropped by nearly a quarter from approximately £2.50m in 2011/12 to £1.88m in 2019/2020. In 2021/22, the income has reduced further to £1.27m.
37. The report highlighted the difficulty in projecting the parking need of the town centre over the longer term, however it was clear at that time that the current capacity of 800 would be deemed too high.
38. Two potential options for the future of the car park were presented to the Executive for future development:
39. **Option 1 - Refurbish:** The capacity of the car park would be reduced to 500 modern sized spaces, with additional structural support to maintain the integrity of the building. Improvements to the user experience e.g. improved lighting would be included. This would add an estimated 15 years to the lifespan of the car park at a cost of around £5.5m.
40. **Option 2 - Demolish and rebuild:** The current car park would be demolished and replaced on site by a modern 500 space multi-storey car park. This would have an estimated lifespan of 40-50 years and was projected to cost around £14m at that time.
41. The refurbishment option was approved by Members at that time as it allowed for the changing demand for parking spaces to become well established before concluding the most suitable longer-term option, beyond 2030.

The impact of COVID-19 on town centre parking

42. At the time of the September 2020 Executive report, it was unclear how long the pandemic would last and the scale of the structural impact on the economy.
43. Levels of use in most town centre car parks have been slow to recover. For example, Osborn Road was at an average of 20% capacity and Fareham Shoppers multi-storey was on average 16% full between during a weekday spot check in May 2022. These lower levels of use show that the level of public parking provision is higher than currently needed in the town centre. At the same time, occupancy levels in Market Quay car park have continued to be higher than average at 61%, highlighting the imbalance in car park provision to the north and south of the town centre.

44. Whilst it is difficult to accurately predict future requirements, the current indications are that overall parking demand within the town centre is likely to be lower than current capacity, but the mix and location of the spaces to serve the town centre may need to change.
45. Having undertaken detailed technical feasibility for the refurbishment of the Osborn Road multi-storey car park, it has become evident that this option is significantly more complex than initially anticipated. Not only has greater deterioration been observed, but the method of providing the structural integrity in the future is also more complex and costly. As result, the refurbishment proposal is now estimated to cost £8m at 2021 prices, and is no longer deemed to be a financially viable option, as it requires a significant financial investment with a considerable risk of overprovision, while only securing an increase in life expectancy of up to 15 years.

Providing the right parking for Fareham Live and the town centre

46. Whilst town centre parking demand is likely to remain muted over the medium term, it is important to ensure there is adequate provision to support Fareham Live when it opens in 2024.
47. As can be seen in the image below, in addition to Osborn Road, there will be a wide choice of car parks serving Fareham Live, together providing 1,077 spaces all within a five minute walk of the proposed 800 seat venue.

Image 1: Additional car parks to serve Fareham Live



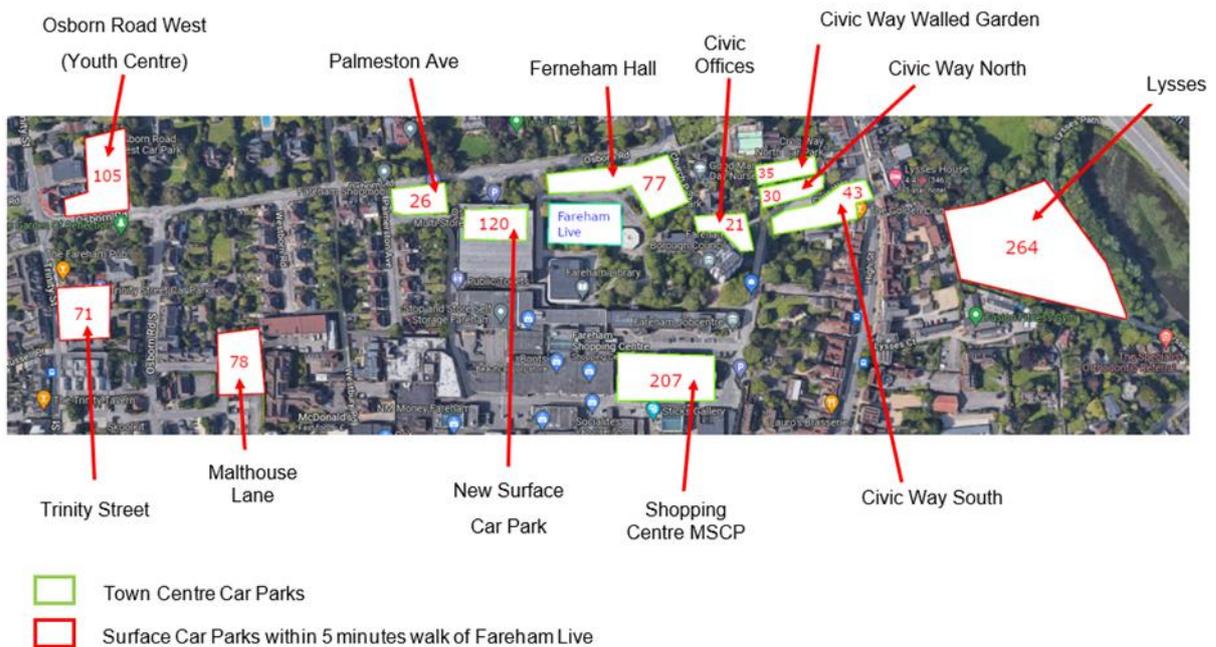
48. This level of parking within a 5 minute walk compares well with comparable venues such as:
 - Guildford Live: 1,000 seat venue with 257 parking spaces
 - Kings Theatre: 1,400 seat venue with zero parking spaces

- Chichester Festival Theatre: 1,206 seat venue with 800 parking spaces
- New Theatre Royal: 700 seats with 657 parking spaces

49. It must also be remembered that many customers will either share a car, use public transport, taxi or walk to the venue from home, meaning that it is very unlikely that 800 spaces will be required by the venue at any one time.
50. Some Fareham Live customers may also prefer to park in other parts of the town centre e.g. to have a meal on West Street before going to Fareham Live. In previous consultations some people, particularly those that may have mobility issues have told us they prefer parking on surface car parks. Taking these factors into account, it is reasonable to assume that the 500 spaces previously proposed for the Osborn Road Car Park is too high.

Osborn Road proposal

51. A third option is to provide a more modest provision of around 120 spaces, including 8 disabled bays, on a surface car park at the Osborn Road site. This would meet the short-medium term parking requirements of the town centre and Fareham Live at a significantly lower cost than either the refurbishment or rebuild options originally explored for a multi-storey. Longer term parking aspirations and requirements could then be determined in part by the Fareham Town Centre Masterplan.
52. As seen in Image 2 below, a 120 space car park would result in 1,077 spaces within a 5 minute walk of Fareham Live.



53. When taking into account the Bath Lane and Holy Trinity car parks there would be 1,157 spaces servicing the central part of the town centre.
54. If approved, this approach would require a smaller parking footprint that could be accommodated within a surface car park i.e. on a single level. This would significantly reduce the construction costs from £5.5m for the previously proposed refurbished car

park to an estimated £1.96m. Whilst this cost is subject to a full design process it could see a reduction of around £3.54m in project costs.

55. It is anticipated that the demolition of the current Osborn Road car park and the provision of the 120 space surface car park could be achieved in time for the proposed opening of Fareham Live in early 2024.
56. Shopmobility facilities occupy an area of the current car park, and officers will work closely with them to identify a suitable alternative location ahead of construction, and a permanent location once the car park is complete. In addition, it is anticipated that the Council's parking control room will move to the Civic Offices, without impacting on service provision or officer welfare.

Financial considerations

57. The budget for the future master-planning and associated work will be taken from the £275,000 budget approved for the Civic Quarter by the Executive in July 2018. If approved, the £16.69m budget for the Fareham Live project would be funded through Community Infrastructure Levy (CIL) receipts. The Council's current CIL reserve stands at £5.9m, meaning that an additional £10.79m in future receipts is required. The proposed £1.96m for the demolition of Osborn Road Multi-Storey and the provision of the smaller surface car park would be funded in the same way, using future CIL receipts. While those CIL receipts accumulate, borrowing will be used to allow the schemes to proceed at pace, with loan interest serviced using coastal car parking revenues. It is expected that this would take 8-9 years to achieve sufficient CIL receipts.
58. The updated proposals presented mean that the combined project budget for these transformative measures has actually reduced, from £19.075m to £18.65m a reduction in costs of £0.425m.

Conclusion

59. The proposals to progress the Fareham Town Centre Masterplan, appoint a construction contractor for the Fareham Live project and provide a 120 space surface car park to replace Osborn Road Mutli-Storey will help transform the town centre and help kick start its regeneration.

Enquiries: For further information on this report please contact Roy Brown (Ext 4489)