

DECISION-MAKER:	Council		
SUBJECT:	Watermark WestQuay and Regional Growth Fund		
DATE OF DECISION:	20 th November 2013		
REPORT OF:	Cabinet Member for Economy and Leisure		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

Appendix 1 is confidential, the confidentiality of which is based on category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. It is not in the public interest to disclose this because as this information relates to the project costs which are commercially sensitive, particularly at this stage until Regional Growth Fund is awarded.

BRIEF SUMMARY

As part of City Deal the Council has requested Regional Growth Fund (RGF) assistance from the Department of Business, Innovation and Skills to unlock the regeneration of Watermark WestQuay, to support local economic growth and deliver more jobs for the city. Due diligence work is due to be completed by 30th November 2013. The final terms of the grant must be agreed by 15th December 2013.

RECOMMENDATIONS:

- (i) To delegate approval to the Chief Financial Officer to enter into an agreement with the Secretary of State for Business, Innovation and Skills to receive Regional Growth Fund (RGF) grant to unlock the regeneration of Watermark WestQuay and for the Council to act as Lead Accountable Body.
- (i) If the application is successful, to accept the grant set out in the Confidential Appendix 1 from the Regional Growth Fund.
- (ii) To add, in accordance with Financial Procedure Rules, a sum set out in Confidential Appendix 1 to the Economic Development & Leisure capital programme for the regeneration of Watermark WestQuay.
- (iii) To approve, in accordance with Financial Procedure Rules, capital expenditure in 2014/15 and as set out in Confidential Appendix 1 from the Economic Development & Leisure capital programme to award a capital grant for the regeneration of Watermark WestQuay
- (iii) To delegate approval to the Director of Environment & Economy to

enter into a grant agreement with Hammerson to distribute RGF resources for the Watermark WestQuay scheme and to take all ancillary actions to give effect to this resolution .

REASONS FOR REPORT RECOMMENDATIONS

1. The RGF grant will provide funding to unlock the regeneration of Watermark WestQuay to provide a high quality development with associated public realm which will contribute to delivering the aims and objectives contained in the City Centre Masterplan.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not to receive the RGF could jeopardise the delivery of the Watermark WestQuay project.

DETAIL (Including consultation carried out)

3. Southampton's City Centre Master Plan is a visionary development and investment framework for the city centre over the next twenty years. It is envisaged that it will deliver £3B of investment and initially at least 7,000 jobs. The Masterplan is focused on seven 'Very Important Projects' which are designed not only to transform the city centre but deliver maximum impact in terms of jobs and investment. As one of the 'Very Important Projects', developed by Hammerson, Watermark WestQuay is central to the transformation implementation that the City Centre Masterplan will deliver. The site is immediately bordering Hammerson's WestQuay Shopping Centre. This mixed-use scheme will be delivered in two phases. The first phase comprises a landmark cinema building, up to 15 restaurants and additional retail space, alongside newly created public space in front of the city's historic walls. This phase will create a new high quality leisure area for the city's night time economy.
4. The second phase has the potential to include a residential tower, a hotel, flexible office space, restaurants and additional public space. Watermark WestQuay will help reinvigorate the southern area of central Southampton.
5. The scheme was approved by the Planning and Rights of Way Panel in July 2013. The site will play a key role in terms of the growth of the leisure and tourist industry in Southampton (with its unique maritime offer, particularly for international visitors). It is envisaged that the project will start on site in summer 2014 and provide in excess of 500 jobs.
6. The Southampton/Portsmouth City Deal centres around four key strands which includes unlocking development sites. For Southampton, Watermark WestQuay has been put forward for City Deal as a key site which is one of a pipeline of strategic sites that will support economic growth and housing provision over the medium to long term. This site was prioritised on the basis of such things as deliverability, job creation, private sector financial investment and the wider regenerative economic impact.
7. The Regional Growth Fund is designed to help companies throughout England to create jobs up to the mid-2020s. The Regional Growth Fund supports projects and programmes that are using private sector investment to create economic growth and sustainable employment. The first 3 rounds of the Regional Growth Fund are now delivering, with £2 billion awarded

nationally to almost 300 projects and programmes. Projects and programmes which have committed to delivering 473,000 jobs and £12 billion of private sector investment.

RESOURCE IMPLICATIONS

Capital/Revenue

8. As part of City Deal, a bid has been made for grant assistance from the Regional Growth Fund Phase Four, from the Department of Business, Innovation and Skills (BIS) with the Council acting as Lead Accountable Body.
9. Grant assistance is required essentially for public realm and infrastructure works in order to enhance the setting of the historic walls but also to improve physical pedestrian links and permeability around the City Centre. Elements included in this would cover (for Phase One):
 1. A new public plaza - The plaza will allow the movement of people between the different shopping areas and will ensure that the development is undertaken in a way so as to preserve the historic city walls.
 2. Construction of pedestrian links - linking Western Esplanade to Harbour Parade to facilitate cruise passengers to access (by foot) the full range of shopping/leisure/cultural facilities provided by the city.
 3. Upgrading Harbour Parade itself
 4. Construction of ramps around the plaza to provide enhanced accessibility with the change in levels between the site and the main shopping area.
5. Work is now ongoing with BIS to secure these resources. Hammerson and the council are undertaking due diligence with respect to the project, the final report of which has to be agreed by 30 November 2013. The final terms of the grant must be agreed by 15 December 2013.
6. It is proposed that a capital grant will be paid by the council to Hammerson to fund these works. The grant is paid by BIS to the Council on the basis that 500 jobs will be created by 2016. If employment space targets are not met, BIS may reclaim some, or all of the grant from the City Council as lead accountable body. These grant conditions will be passed onto Hammerson as part of the capital grant agreement.
7. Under the current terms of RGF, the grant has to be defrayed by 2015/16. This timescale is currently under discussion with BIS and the Cabinet Office

Property/Other

- 8.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

9. Localism Act 2011. RGF is paid under Section 31 of the Local Government Act 2003.
- 10.

Other Legal Implications:

11. None

12.

POLICY FRAMEWORK IMPLICATIONS

13. The City Centre Masterplan (September 2013) outlines ambitious and realistic plans for the future of Southampton's city centre - and the changes that will be made to deliver the following vision:

Southampton: International Maritime City

*The city centre is the power house for the city and beyond - generating economic growth and new jobs within a low carbon environment. By 2026 new offices, shops, homes, cultural attractions and entertainment venues will be found across the city centre, notably in a new Royal Pier waterfront scheme, a Business District right next to the Central Station and in the upgraded and expanded shopping area. A variety of new residential areas will add to the appeal of city centre living. Distinctive new buildings, public spaces and walking routes will reconnect different parts of the city centre including its waterfronts, Victorian parks, medieval Old Town and Central Station and transform the whole city centre into a more attractive, walkable place with a buzz about it– **a great place to do business, visit and live.***

Southampton will be the focus for significant new development over the next 20 years which will transform the city centre. Watermark WestQuay will make a critical contribution to delivering this agenda.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	Bargate
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SUPPORTING DOCUMENTATION

Appendices

1.	Confidential Appendix
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Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be
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Exempt/Confidential (if applicable)

1.		
2.		

Report Tracking

VERSION NUMBER:

DATE LAST AMENDED:

AMENDED BY:

FOR DEMOCRATIC SERVICES USE ONLY:

DATE AND TIME REPORT RECEIVED:

Date

Time:

CLEARANCE:

[TYPE YES or NO]

Name: