

<b>DECISION-MAKER:</b>	CABINET
<b>SUBJECT:</b>	WATERMARK WEST QUAY: REVISED HEADS OF TERMS
<b>DATE OF DECISION:</b>	17 JULY 2012
<b>REPORT OF:</b>	LEADER OF THE COUNCIL
<b>STATEMENT OF CONFIDENTIALITY:</b>	
The Confidential appendices contain information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules. The appendices include details of a proposed transaction which, if disclosed prior to entering into a legal contract, could put the Council or other parties at a commercial disadvantage.	

**BRIEF SUMMARY:**

The purpose of this report is to agree a framework for amendments to the existing Development Agreement with Hammerson to facilitate the development of the Watermark WestQuay site.

**RECOMMENDATIONS:**

- (i) That the principle of the revised Heads of Terms set out in the Confidential appendix 3 be endorsed.
- (ii) That following consultation with the Leader of Council that the Senior Manager City Development be given delegated authority to finalise the terms in (i) above for the disposal of the Watermark WestQuay site as identified in appendix 1.
- (iii) That the Head of Legal, HR and Democratic Services be given delegated authority to enter into legal documentation necessary to facilitate the redevelopment and disposal of the Watermark WestQuay site.
- (iv) That the Head of Legal, HR and Democratic Services be given delegated authority to make the appropriate Traffic Regulation Orders following consultation on the closure of Albion Place and Castle Way car parks, a temporary closure of the Quays North car park during construction of phase 2 and amend the parking arrangements for Quays North, Quays South and Harbour Parade car parks as necessary for phase 2 of the development.

**REASONS FOR REPORT RECOMMENDATIONS:**

1. The Council has entered into a Development Agreement on 10<sup>th</sup> February 2010 with Hammerson Plc. To enable commencement of the Watermark scheme Phase 1 it is necessary to seek authority to amend the Development Agreement in the most effective way.
2. As Hammerson are part owners of the West Quay Shopping Centre they are best placed to procure a scheme that maximise the use of the site and links in to the existing shopping Centre.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:**

3. Officers considered the option of re-marketing the site. This was rejected on the basis that to re-market the site rather than enter into negotiation with Hammerson would inevitably delay the scheme further and incur additional procurement costs. In addition, development would not be linked with the existing WestQuay Shopping Centre which has now been open for almost 12 years and facilitate improvements.

### **DETAIL (Including consultation carried out):**

4. Following Cabinet Authority (Decision No CAB102 – 01/2008) agreeing the Heads of Terms SCC and Hammerson entered into a Development Agreement in February 2010. Following this Hammerson were also granted Planning Permission for a mixed use development of retail, restaurants, multi screen luxury cinema, up to 150 bed hotel and up to 200 residential units around a public plaza with the historic Town Walls being brought back to life. The prevailing economic conditions and changes to the retail market has led to the scheme going through a number of iterations with a new Leisure led concept coming forward for Phase 1 development.
5. Revised proposals are being worked up by Hammerson, the current draft master plan for the Watermark site is set out in Confidential Appendix 2 which is in accordance with the minimum requirements of the existing Development Agreement. Phase 1 of the scheme would be Leisure led scheme and include retail floor space, leisure , restaurants and a luxury cinema, a substantial amount of high quality public realm [similar to that proposed in the consented scheme]. The redevelopment of the Watermark site is seen as a crucial catalyst to the further regeneration and job generation proposals for the City Centre.
6. It is proposed that following Cabinet approval to the revised Heads of Terms, that Hammerson commence work on preparing a new planning application for the whole site which will be delivered in phases with the aim of submitting a new planning application in early 2013 for the masterplan of the whole site and the City Council will work closely with Hammerson to achieve this. The proposed programme for Phase 1 is set out in Para 18 Appendix 3. Agreed deadlines in the Development Agreement will need to be met otherwise the agreement will be terminated.
7. As part of the redevelopment of the Watermark site, discussions have previously taken place with the Quays Swimming and Diving Centre (QSDC) which is now operated by DC Leisure Management in connection with the North Quays car park and it's re-provision within the scheme car park as well as the provision of a pocket park, and these discussions will again take place alongside the development of the planning application and the further development of the phase 2 scheme.
8. Castle Way and Albion Place car parks form part of phase 2 of Watermark, as part of the previous scheme it was agreed that both car parks would close and be landscaped to improve the environment and setting of the scheme – this will again form part of the comprehensive scheme proposals.

9. A valuation commentary is attached at Appendix 4; a formal valuation will be completed before exchange of the revisions to the Development Agreement.

**RESOURCE IMPLICATIONS:**

**Capital/Revenue:**

10. The disposal of the land will produce a capital receipt as detailed in confidential Appendix 3. The receipt has already been accounted for in the overall Capital Programme and profit share arrangements for phase 1 are included in paragraph 13 of confidential Appendix 3 is in line with that expected for this project.

**Property/Other:**

11. West Quay Shopping Centre is the Council’s highest income producing Investment Property. There will be no impact upon revenue during the construction period of Watermark WestQuay.

**LEGAL IMPLICATIONS:**

**Statutory power to undertake proposals in the report:**

12. The Council powers to promote this development are Section 123 Local Government Act 1972 and Section 1 Localism Act 2011.

**Other Legal Implications:**

13. None.

**POLICY FRAMEWORK IMPLICATIONS:**

14. The statutory Local Plan as part of Policy MSA6, identifies the Watermark West Quay site for major mixed-use development focussed around new public spaces and proposed uses to include retail, food and drink, offices and residential with leisure. Development will need to provide:
- major urban spaces at City Plaza and on top of the Town Walls;
  - active frontages onto City Plaza
  - pedestrian and cycle routes to and through the site;
  - improvements to Portland Terrace as a key public transport interchange;
  - enhancements to the Western Esplanade between new buildings and the town walls in order to reinforce its sense of place and encourage attractive pedestrian linkages to the Old Town and Waterfront.
15. The planning policy for the Watermark site remains largely unchanged with draft Policy 24 in the City Centre Action Plan which promotes a mixed use development to include retail, food and drink and leisure uses. This policy recognises that the site could also be suitable for office, hotel and residential uses.

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**KEY DECISION?** Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	Bargate
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**SUPPORTING DOCUMENTATION**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

**Appendices:**

1.	Plan of site
2.	Confidential - Master plan
3.	Confidential - Draft Heads of Terms
4.	Confidential – Valuation Commentary

**Documents In Members' Rooms:**

1.	None
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**Integrated Impact Assessment**

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

**Integrated 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 Exempt/Confidential (if applicable)

1.	Previous Cabinet report – 7 <sup>th</sup> January 2008	
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