

ITEM NO: 15

DECISION-MAKER:	CABINET		
SUBJECT:	ROYAL PIER SITE		
DATE OF DECISION:	15 MARCH 2010		
REPORT OF:	CABINET MEMBER FOR ECONOMIC DEVELOPMENT		
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STATEMENT OF CONFIDENTIALITY

Appendix 2 of this report is not for publication by virtue of Category 3 (Information relating to the financial or business affairs of any particular person including the Council) of paragraph 10.4 of the Council's Access to Information Procedure Rules as contained in the Council's Constitution. It is not considered to be in the public interest to disclose this information because this Appendix contains confidential and commercially sensitive information relating to the property interests potentially involved in this matter.

SUMMARY

The purpose of this report is to seek authority to enter into a landowner agreement and progress the marketing of land at Royal Pier.

RECOMMENDATIONS:

- (i) That the Solicitor to the Council following consultation with the Head of City Development & Economy be authorised to negotiate terms and enter into any documentation necessary with ABP and the Crown Estate prior to marketing to facilitate the redevelopment of land at Royal Pier and surrounding land, as shown indicatively on Plan 1.
- (ii) That the Head of City Development & Economy, following consultation with the Cabinet Member for Economic Development, be given delegated authority to prepare the marketing documents and market the Council's land as shown on Plan 2, and subject to final Cabinet Member approval of the agreed Heads of Terms, dispose of land interests in the site, or parts of the site, to the selected developer.
- (iii) That the Solicitor to the Council be authorised to take any action including entering into any legal documentation necessary to give effect to this resolution and to take all necessary steps to undertake a marketing process in line with EU procurement regulations.
- (iv) To approve in accordance with financial regulations expenditure as documented in Appendix 2 on the first phase of the Royal Pier development. Funding for this is incorporated within the Capital Programme as part of the Major Site development feasibility project.

- (v) That the Head of City Development and Economy following consultation with the Executive Director of Resources be given delegated authority to progress the scheme to completion subject to Council adding the additional funding to the capital programme and the total costs of the scheme remaining within the financial boundaries shown in Annex 1 to the Confidential Appendix.

REASONS FOR REPORT RECOMMENDATIONS

1. The redevelopment of land at Royal Pier into a world class waterfront destination is important to the ongoing renaissance and economic well being of the City. The development is critical to the aim of reconnecting the City Centre with its waterfront.
2. To progress the redevelopment the site needs to be openly marketed through a compliant marketing process in line with EU procurement regulations.
3. Entering into a landowners' agreement with ABP and the Crown Estate prior to commencing a marketing exercise will define how the process will be conducted and each party's responsibilities within this. The agreement will form the basis for the parties working together to seek a development partner for the site. It will also provide prospective developers with a clear indication of the landowners' intentions, objectives and requirements. The form of the agreement will be a Memorandum of Understanding rather than a legally binding contract.

CONSULTATION

4. Significant consultation has taken place with ABP and the Crown Estate to date and they will continue to be involved throughout this process.
5. Drivers Jonas, property advisers, in conjunction with Marina Projects and Denton Wilde Sapte, solicitors, have been appointed on the Council's behalf. Subject to Cabinet approval they will be instructed to procure the redevelopment of the site.
6. Internal officer consultation has been undertaken and the comments arising from that consultation have been included in this report.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

7. The alternative options considered and rejected are to:
 - Delay marketing until economic conditions improve – however the length of the development process means that by the time the Council completes the disposal economic conditions should be improving.
 - Leave the site in its existing condition – this would not achieve the Council's aspirations for the City and the waterfront.

DETAIL

8. The redevelopment of land at Royal Pier offers the potential to create a vibrant destination and provide significantly enhanced public access to the waterfront through the provision of an improved and extended Mayflower Park and high quality public realm, whilst also providing an improved and permanent site for the Boat Show.

9. A high quality, flagship development would encourage people to move between the City Centre and the waterfront. Improvements to Town Quay Road, particularly the provision of better crossing facilities for pedestrians would reduce the severance of the road and assist in reconnecting the City Centre and the waterfront.
10. Following a Cabinet decision in July 2008 the Council entered into an 18 month Exclusivity Agreement with Kilmartin Southampton Ltd, now Kilbride Southampton Ltd. The agreement expired in February 2010. The purpose of the agreement was to prepare the principles for development to demonstrate that a scheme had the potential to be deliverable. This exercise has now been concluded.
11. ABP and the Crown Estate have been involved to date and are supportive of the process undertaken and committed to working with the Council to take matters to the next stage to secure a development partner to take forward the redevelopment.
12. It is considered that the optimum scheme for the waterfront is achieved by the landowners working together and jointly marketing their land interests. This principle has been agreed by the landowners. The red line plan at Appendix 2 indicates the extent of land within the Council's freehold ownership that it is proposed will be marketed. The Council owns the freehold of additional land in this area; depending on developers' proposals that come forward minor amendments to the boundary could be proposed. The precise extent of land owned by the Crown Estate and ABP to be included has yet to be agreed but is indicatively shown on Plan 1. Whether Town Quay is included as part of the development area is entirely a decision for ABP.
13. Part of the land within the Council's ownership is leased to third parties who are aware of the potential redevelopment and will be kept informed as the process moves forward. Statutory compulsory purchase powers are available to the Council but no decision to use these powers has been taken. The use of these powers would be dependent on specific scheme proposals and would require a further Cabinet decision.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

14. See Confidential Appendix 2 on financial implications.

Revenue

15. The Council currently receives a revenue stream of circa £340,000 from properties and car parking within the proposed red line. The Council will aim to replace its existing income stream from a share in rental income from the future development.

Property

16. The Council will seek to retain the freehold interest in the sites currently within its ownership and secure the minimum income currently received from the site. The Council could then expect to receive a share of the future rental growth of the scheme. Currently circa £229,000 of the income accrues to the Resources Investment Portfolio, circa £90,000 to the Environment and Transport Portfolio and the remainder from the various Mayflower Park lettings goes to the Leisure, Culture & Heritage Portfolio.

Other

17. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

18. The site is held under the following powers: Ancient Corporate Estate, Southern Corporation Act 1925, and Southern Railway Act 1927. In order to facilitate a disposal it may be necessary to appropriate the holding powers at an appropriate stage.

Other Legal Implications:

19. In line with current EU procurement law the development opportunity will be marketed through an OJEU compliant marketing process.

POLICY FRAMEWORK IMPLICATIONS

20. The proposals are in line with the statutory Local Plan Review policy MSA 4, which identifies land at Royal Pier and Town Quay for a major mixed-use development.
21. The land included within the proposed marketing red line extends beyond the current MSA 4 boundary. Some of the land north of Herbert Walker Avenue is safeguarded for industrial uses in the Local Plan Review policy REI10 (xiii).
22. A new policy for Royal Pier will come forward as part of the City Centre Action Plan which is due to be adopted in 2013. The policy will revise the site boundary to be in line with the current proposals and is likely to include a similar mix of uses to those currently identified in the Local Plan policy.
23. It should be noted that it is still to be agreed with ABP whether Town Quay will be included within the red line of land to be marketed. The MSA 4 boundary currently includes Town Quay.

SUPPORTING DOCUMENTATION

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

Appendices

1.	Plan 1 Royal Pier - Indicative plan for marketing purposes
	Plan 2 Royal Pier - SCC leased land
2.	Confidential Appendix – Financial Implications

Documents In Members' Rooms

1.	None.
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Background Documents

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.	None.	
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Background documents available for inspection at:

KEY DECISION? YES

WARDS/COMMUNITIES AFFECTED: BARGATE WARD	
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