

DECISION-MAKER:	CABINET
SUBJECT:	NORTHAM ROAD – GRANT TO GRAYS DEVELOPMENTS LTD
DATE OF DECISION:	19 JUNE 2012
REPORT OF:	CABINET MEMBER FOR COMMUNITIES
STATEMENT OF CONFIDENTIALITY:	
None.	

BRIEF SUMMARY:

Despite significant investment during the SRB2 programme the sustainable regeneration of Northam Road is yet to be realised.

Grays Developments Ltd is the major landowner in Northam Road and is in a unique position to improve the appearance and ‘offer’ of the street. To help enable this regeneration it is proposed to grant fund £138,000 of capital investment to Grays Developments, subject to conditions that both protect public investment and will enable improvements to progress.

RECOMMENDATIONS:

- (i) To award a grant of £138,000 to Grays Development Ltd for the refurbishment of agreed properties in Northam Road subject to;
 - 1. Satisfactory appraisal of a funding application
 - 2. Confirmation of the type and value(£) of proposed grant funded works
 - 3. Appointment of a suitably qualified Property Surveyor to scrutinise expenditure
 - 4. Confirmation of co-investment/match funding and the works programme
 and on the basis that the grant funding or remainder thereof is time limited and will be withdrawn either:
 - 1. if the first claim for payment of grant monies is not received by the Council before 7 January 2013; or
 - 2. two years from the date of sealing of the Grant Funding Agreement.
- (ii) To delegate authority to the Director of Economic Development in consultation with the Head of Legal, HR and Democratic Services, to enter into a funding agreement with Grays Development Ltd and to do anything necessary to give effect to the allocation of the grant including payment of grant monies in arrears.
- (iii) To add, in accordance with Financial Procedure Rules, a sum of £138,000 to the Leader’s Capital Programme, for a capital grant towards works at Old Northam Road.
- (iv) To approve, in accordance with Financial Procedure Rules, capital expenditure of £138,000 in 2012/13 from the Leader’s Capital Programme to award a capital grant.

REASONS FOR REPORT RECOMMENDATIONS:

1. Grays Development Ltd (GDL) has accumulated a substantial property holding in Northam Road (Appendix 1) and has plans to create a specialised retail area. The recommended grant of £138,000 will 'lever in' approximately £1.38M of additional investment, and bring forward the refurbishment of a number of properties in a poor state of repair.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED:

2. Following the abolition of SEEDA and the removal of clawback liabilities on SCC the grant is no longer ring-fenced to meeting former SRB objectives, and alternate end-uses for the funding are wide-ranging. However, Northam Road continues to remain an Eyesore and a re-invigorated partnership with the Developer (GDL) offers the prospect of a tangible and deliverable solution.

DETAIL (Including consultation carried out):

3. GDL own 30 commercial properties and 68 residential units within Old Northam Road. Their vision for the area is to restore the dilapidated Victorian terraces to provide housing and a sub-regional shopping destination. This will require considerable refurbishment to the existing buildings and is forecast to provide 1,100 square metres of refurbished retail space and 9 additional flats. GDL have estimated 13 derelict and/or semi-derelict properties will be renovated, along with the refurbishment of 13 shop units. In addition, GDL estimate that 19.5 permanent job opportunities will be created.
4. SCC Legal have advised that as the major property owner in Northam Road it is reasonable for the Council to consider making GDL an offer of grant as this course of action offers the opportunity to engender a level of change unachievable through multiple small grants.

RESOURCE IMPLICATIONS:

Capital/Revenue:

5. The capital grant of £138,000 will be funded from a SEEDA grant that was originally allocated for works at Northam Road. Following the abolition of SEEDA and the removal of clawback liabilities on the City Council the grant is no longer ring-fenced to its original purpose. However, given that negotiations with GDL predate the removal of restrictions on use of the grant, it is believed appropriate to make an offer of funding using the original criteria noted below;
 - Tackling EYESORE issues
 - Healthy Living
 - Key Sites Development
6. The protection of public investment will be carried out through the use of a Funding Agreement and a Property Surveyor inspection. On receipt of this information the grant will be released in arrears when 25%, 50%, 75% and 100% of the total works are completed.

Property/Other:

7. None.

LEGAL IMPLICATIONS:

Statutory power to undertake proposals in the report:

8. The award of this grant is undertaken in accordance with section 1 of the Localism Act 2011. The exercise of this power is subject to any pre-commencement restrictions or prohibitions contained in the statutory powers used to award individual grants.

Other Legal Implications:

9. The Council considers that the award of a grant is the only realistic and therefore most appropriate means of achieving its objective of regenerating the Northam Road area. Grays Development Ltd own a significant proportion of the properties in the area identified for regeneration, and in light of the additional investment of £1.38M from Grays Development Ltd that this grant will attract, the Council considers that the traditional grants award procedure in relation to voluntary organisations would not apply or be appropriate or achieve the identified priorities. Grays Developments Ltd is not a voluntary organisation within the meaning of the voluntary grants processes, but rather a commercial enterprise working with the Council on a project to regenerate the area.
10. There is however a limited risk of challenge in relation to the choice of procedure utilised, or the selection criteria for the award of grant monies, however in all the circumstances and in order to achieve the Councils regeneration aims it is considered both reasonable and lawful to pursue the payment option within this report. Sufficient safeguards will be contained within the agreement with Grays Developments Ltd to ensure that the monies are paid only by stage payments and therefore any risk of non-completion is as reduced as it can reasonably be.
11. The amount of funding in question is below the threshold for the Public Contract Regulations to apply. The Council has also considered the legal position in relation to state aid and is satisfied that the grant payments do not constitute state aid in the circumstances.

POLICY FRAMEWORK IMPLICATIONS:

12. Plans and Strategies which together form the Development Plan.

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KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	Bargate
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SUPPORTING DOCUMENTATION

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

Appendices:

1.	Map
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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.	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.	None	
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