

DECISION-MAKER:	CABINET COUNCIL		
SUBJECT:	REDEVELOPMENT OF THE FORMER TYRRELL & GREEN DEPARTMENT STORE FOR AN ART COMPLEX AND ENABLING DEVELOPMENT		
DATE OF DECISION:	7 SEPTEMBER 2009 16 SEPTEMBER 2009		
REPORT OF:	CABINET MEMBER FOR ECONOMIC DEVELOPMENT		
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STATEMENT OF CONFIDENTIALITY

Appendices 1 and 2 are confidential appendices, 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 doing so would prejudice the authority's ability to achieve best consideration for the disposal of land (the identity of the preferred developer and the figures associated with the land transaction are commercially sensitive).

SUMMARY

The purpose of the report is to seek authority to select the preferred developer and the preferred developer bid proposal and to allocate the necessary funds in the Council's capital programme to take forward the redevelopment of the former Tyrrell & Green site for an iconic scheme incorporating Southampton's New Art Complex together with a mix of high quality commercial and residential accommodation.

RECOMMENDATIONS:

THAT CABINET:

- (i) Recommends to Full Council that it will allocate the necessary additional provision in the capital programme to enable acceptance of the preferred developer proposal for the redevelopment of the former Tyrrell & Green site, for the Council's fit out of Southampton New Art Complex and any necessary associated costs to progress the scheme (as outlined in Confidential Appendix 1).
- (ii) Confirms that, subject to (i) above, the Head of City Development & Economy, be given authority to proceed to negotiate terms and subject to (iii) below to enter into the necessary documentation and take all appropriate steps to dispose of the former Tyrrell & Green site (together with such other property interests within Northern Above Bar as may be necessary to facilitate the delivery of the preferred developer proposal), which, subject to Arts Council and Arts Partner confirmed commitment, will incorporate an arts complex shell and core together with a mix of high quality commercial and residential accommodation.
- (iii) Delegate the final decision to proceed to the Cabinet Member for Economic Development subject to the satisfactory completion of (i) and negotiation of the terms of disposal.

THAT COUNCIL:

- (i) Allocates the necessary additional funds in the capital programme to enable acceptance of the preferred developer proposal for the redevelopment of the former Tyrrell & Green site, for the Council's fit out of Southampton New Art Complex and any necessary associated costs to progress the scheme (as outlined in Confidential Appendix 1).
- (ii) Delegates to the Executive Director of Resources, after consultation with the Cabinet Member for Resources and Workforce Planning, authority to determine the most appropriate way of financing this sum, to include a mix of new borrowing and the use of future capital receipts
- (iii) Agrees the contribution of LAGBI grant to the scheme and notes the increase of £500k in the overall amount of fundraising required to support the scheme, and that the Council has given a previous assurance to underwrite any shortfall in the final sum achieved.

REASONS FOR REPORT RECOMMENDATIONS

3. To progress the regeneration of Northern Above Bar and the surrounding area as a Cultural Quarter, ensuring that the City's Cultural offer attracts future investment, businesses, visitor numbers and jobs into the city and allows Southampton to compete with other cities both regionally and nationally.
4. This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information Procedure Rules in Part 4 of the City Council's Constitution, notice having been given to the Chair of the relevant Scrutiny Panel and the Public. The matter requires an early urgent decision in order to give the Council the best chance of ensuring the Arts Council grant is secure by continuing to work to a challenging timescale for a revised 2014 art complex opening date with the preferred developer.

CONSULTATION

5. Internal officer consultation has been undertaken and comments incorporated/considered in this report.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. Not progressing with the scheme with the consequent impact of not being able to gain the economic benefits for the city associated with the redevelopment of the site for a high quality mixed use scheme incorporating an art complex.

DETAIL

7. The Council entered into a development agreement with City Lofts for the delivery of a residential scheme incorporating the Southampton New Arts Complex (SNAC) shell in April 2007
8. On the basis of the proposed timescales for delivery of SNAC set out in this development agreement the Council secured grant commitment from Arts Council England (ACE) of £5.724 million towards the Art space fit out cost.
9. Following financial difficulties due to a downturn in the housing market City Lofts went into administration in July 2008 and was no longer able to progress the proposed scheme which was to deliver SNAC

10. In order to demonstrate a continuing commitment to the regeneration of Northern Above Bar as a cultural quarter and retain the Arts Grant the Council has progressed with the demolition of the former Tyrrell & Green building ahead of selecting a developer as well as remarketing the site through the EU procurement process for a mixed use development incorporating an art complex
11. Three shortlisted developers submitted bid proposals for the site and following a thorough bid evaluation process (details set out at Confidential Appendix 2), the Council wishes to select the developer with the highest scoring bid and progress with the proposal, subject to any necessary design development required to ensure the timely delivery of a high quality iconic scheme and the necessary commitment from the Arts Council and the four arts partner occupiers of the arts shell (Arts Asia, City Eye, the John Hansard Gallery and the Nuffield Theatre).
12. The proposed scheme offers the same mix of uses as the City Lofts scheme but with significantly more jobs, provided through an enhanced commercial offer. The enhanced commercial offer would draw significantly more footfall through the day and potentially into the evening bringing increased activity to the Square, the Arts Facilities, local traders and other cultural offers in the area (as well as improving public safety).
13. It is anticipated that the selected developer will start on site in 2011 to enable an art complex opening during 2014
14. Following SEEDA's withdrawal of funding support, the Council is continuing with the transformational refurbishment works to Guildhall Square which will be completed during the Summer of 2010, alongside the opening of the Regional Business Centre on the former C & A site
15. The substantial public and private sector investment in the Cultural Quarter, alongside other planned improvements, will transform this part of the City in physical terms, provide a significant contribution to the renaissance of the city as a whole and also deliver a step change on the City's cultural offering.

FINANCIAL/RESOURCE IMPLICATIONS

16. The financial implications of progressing with the winning developer proposal are contained in Confidential Appendix 1.
17. The details of the transaction are commercially sensitive and cannot be made public.

Property

- 18.. Proposals to dispose of the former Tyrrell & Green department store are referred to in the Corporate Asset Management Plan 2006.
19. The property is not in operational use.

Other

20. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

21. Section 2 Local Government Act 2000

Other Legal Implications:

22. Legal advice has confirmed that the site has been marketed and the developer selected in accordance with EU procurement regulations.

POLICY FRAMEWORK IMPLICATIONS

23. None.

SUPPORTING DOCUMENTATION

Appendices

SUPPORTING DOCUMENTATION

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

Appendices

1a.	CONFIDENTIAL APPENDIX: Preferred Bid Detail
1b	CONFIDENTIAL APPENDIX: Financial Information
2.	CONFIDENTIAL APPENDIX 2: Bid Evaluation Summary

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: N/A

FORWARD PLAN No: ED03644 **KEY DECISION?** YES

WARDS/COMMUNITIES AFFECTED:	Bargate
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