

DECISION-MAKER:	CABINET		
SUBJECT:	PROPOSED DISPOSAL OF PART 164- 176 ABOVE BAR STREET		
DATE OF DECISION:	21 MAY 2013		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<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 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).			

BRIEF SUMMARY

It is proposed that the Council dispose of 164- 176 Above Bar Street (the upper parts of the Frog & Parrot and the adjacent vacant shop unit with vacant possession and the ground floor pub subject to a long lease to Greene King) on a 999 year lease basis. City Development has been working in collaboration with Capita to find a disposal solution which mitigates the Council's future liability for the building and fits with the Master Plan Vision for the Cultural Quarter. Following the recent marketing of the property, a number of offers have been received and an evaluation of these offers undertaken, resulting in the recommendation below.

RECOMMENDATIONS:

- (i) to approve the disposal of 164- 176 Above Bar Street to the recommended bidder on the basis set out in Bid B in Confidential Appendix 1 and to delegate authority to Head of Property, Procurement and Contract Management to negotiate final terms of disposal.
- (ii) That the Head of Legal, HR & Democratic Services be authorised to enter into any necessary legal documentation to effect the disposal.

REASONS FOR REPORT RECOMMENDATIONS

1. The marketing of the properties for development or refurbishment has proved successful and offers from several interested parties have been received. Interest from developers prepared to provide an element of space suitable for use by the creative industries has been encouraged. The detail and officer evaluation of all offers received is attached in the schedule at Confidential Appendix 1.

2. The best scoring bid is B. The recommended bidder intends to refurbish the upper floor space to provide at least 2500 square metres of creative industry orientated innovation space, focussing on arts and digital media, with public access via an arts branded foyer within unit 176.

The proposal has the following benefits:

- i. a deliverable scheme proposal providing an early capital receipt to the Council;
- ii. refurbishment and improvements to the currently vacant buildings including the animation of the 176 Above Bar Street frontage;
- iii. the provision of space suitable for innovation/creative industry/arts and digital media uses complementary to the New Arts Complex and the wider Cultural Quarter;
- iv. potential for 300 additional jobs/employment opportunities in the creative industries;
- v. sustainable transport opportunities for occupiers through provision of cycle storage within the building;
- vi. additional business rates.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. Not disposing of the properties and risking the associated future revenue and capital liabilities and leave empty properties in need of refurbishment which would not complement the regeneration of the cultural quarter.
4. Recommending acceptance of a worse scoring offer which produces either a smaller capital receipt, does not provide opportunities to integrate arts uses/provide creative industry space and jobs or runs a greater risk of not being delivered.

DETAIL (Including consultation carried out)

5. The subject properties have remained vacant for a number of years following the relocation of the former John Lewis store (Tyrrell & Green) to West Quay and are in need of substantial repair and refurbishment.
6. The properties are within the Cultural Quarter and the Master Plan states 'The Cultural Quarter should remain the primary focus for many cultural and arts based developments and will be strengthened by developments currently underway'.
7. The majority of the offers received (including the offer recommended) are on the basis of refurbishment rather than full redevelopment. The uses proposed in the recommended offer fit with the Council's aspirations for the Cultural Quarter, as it provides the opportunity to integrate arts uses both into the upper floor innovation space and at street level.

RESOURCE IMPLICATIONS

Capital/Revenue

8. The marketing costs are being funded through the Property Management disposal budget which falls within the Resources Portfolio.

9. In addition to generating a capital receipt, disposal in accordance with the recommendation will bring the vacant properties back into repair and use at no cost to the Council and provide additional business rates on occupation.
10. The disposal will realise a 100% receipt to the General Fund which has already been built into the funding of the current capital programme. Any receipt that differs from the estimates will need to be considered corporately as part of any future prioritisation of resources.

Property/Other

11. The recommended offer provides for the Council to dispose on the basis of a 999 year lease with covenants that will require part of the property to provide innovation/creative industry space.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

12. Local Government Act 1972 Section 123 and Section 1 localism Act 2011.

Other Legal Implications:

13. There are no OJEU considerations as the Council is not procuring works but simply seeking to control the use through the grant of a 999 lease and/or planning policy.

POLICY FRAMEWORK IMPLICATIONS

14. None.

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	Bargate
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SUPPORTING DOCUMENTATION

Appendices

1.	Officer Evaluation of Offers - Confidential
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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 Exempt/Confidential (if applicable)
1. None	