

Update on Swindon's Economic Development

Growing the Economy Overview & Scrutiny Committee

Date: 27th September 2017

Author: Corporate Director, Resources and Growth

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report is in response to a request from the Growing the Economy Overview and Scrutiny Committee for officers to report on progress against areas of the Work Programme which promote growth in Swindon's economy;

2. Recommendations

- 2.1 The Committee is asked to consider and feed back on the progress set out in the report.

3. Detail

Forward Swindon Limited (FSL)'s areas of focus and delivery

- 3.1 FSL has a number of priority projects comprising Kimmerfields business district, Great Western Works and the Carriage Works Innovation Centre, 1& 3 Faringdon Road, Aspen House and Railway Station Arrival. These are identified on the Forward Swindon Ltd website <http://forwardswindon.co.uk/development/>. These projects are explained in more detail in the following paragraphs.
- 3.2 The focus of FSL is on delivery of town centre regeneration projects and to assist with this, a rigorous system of programme and project management has been introduced and status reports have been developed which ensure delivery and hold FSL to account.

Town Centre Parking Strategy

- 3.3 A review of the Council's Town Centre Parking Strategy was carried out during 2016/17, and the output from this will be considered by Cabinet this autumn. The scope of the review included the planned changes to the Council's car parking assets within the town centre, and whether there will be sufficient car parking capacity to satisfactorily manage future demand for parking within the town. Other topics covered include the management regime, including charging levels, how the quality of the car park facilities within the town centre can be improved, and the ways in which car parking can support town centre regeneration. An action plan has been developed to implement the new Parking Strategy, and more details of this will be available when the report is brought forward to Cabinet.

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Town Centre Movement Strategy

- 3.4 A high level review of how people travel across and within the town centre has previously been commissioned by Forward Swindon Limited. This has been co-ordinated with the Parking Strategy, and both will be brought forward for formal consultation as part of the wider Transport Strategy Review. Integral to this work is the improvement of pedestrian and cycle routes within the town centre, and ensuring that traffic management systems operate to allow motor vehicles to access the town centre car parks by the most suitable route. Funding has already been secured to deliver the Wellington Street Improvement Scheme during 2018, which will result in an enhanced pedestrian route linking the Railway Station and the Town Centre.

Railway Station Regeneration Project

- 3.5 Using grant funding secured through the One Public Estate programme, a feasibility study to review options for the re-development of Swindon Railway Station has been commissioned. This work is being progressed in partnership with Network Rail, Great Western Railway, and the Homes and Communities Agency. The scope of the study includes the re-modelling of the station to ensure that it has the operational capacity to handle the additional rail services and passengers that are forecast once the electrification of the Great Western Main Line is completed and the new IEP trains are introduced, as well as additional rail services that the Council would wish to see considered connecting Swindon with other destinations such as Oxford, Milton Keynes and Cambridge.
- 3.6 The study also covers the improvement of access arrangements for the station, including a new access from the North Star site, better connectivity across the railway line linking North Star with the town centre, the consolidation of car parking arrangements to free up existing surface car parks for re-development, improved interchange facilities for buses and taxis, and enhanced cycle parking.
- 3.7 The aim is that by the conclusion of the study, the Council and its partners will have a clear vision for the re-development of Swindon Railway Station, including a concept design and an initial cost estimate. This can then form the basis for the development of a Business Case for investment in the Railway Station to kick-start regeneration of this critical area of the town centre.

North Star

- 3.8 Seven Capital took over the North Star scheme in June 2017 and the company is working on the outline planning application for the development of
- 3.8.1 An indoor snow ski slope of c170,000 sq ft NIA (170m main ski slope, 75m nursery slope, and snow play area)

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- 3.8.2 13 screen cinema of 30,000 sq ft NIA
- 3.8.3 Ten Pin Bowling operation of 26,000 sq ft GIA
- 3.8.4 Ground and First Floor sport related A1 retail and other destination "Experience Users"
- 3.8.5 Ground and First Floor restaurant users
- 3.8.6 Car Parking for c750 cars (excluding the car parking provision for the existing Oasis Leisure Centre)
- 3.8.7 Hotel at the entrance to the scheme of c100-150 bedrooms with allocated car parking provision
- 3.9 Seven Capital has confirmed it is aiming for November 2017 Planning Committee for consideration of the application. It would then aim to submit a reserved matters application covering the detailed proposals relating to the leisure development by early Spring 2018.

Swindon Museum and Art Gallery

- 3.10 The Borough Council has asked the Swindon Museum and Art Gallery Trustees to deliver our joint vision of moving the museum from its current location to a bespoke built culturally significant venue with expectations of increasing visitor numbers tenfold to c.100,000 per annum. The new museum and art gallery would provide the catalyst not only for the regeneration of a much wider area of the town centre, but also for social and community development as a cultural, learning and conferencing facility.
- 3.11 With the support of the Council, as well as a range of stakeholders, the Trust is preparing to submit a Heritage Lottery Fund (HLF) bid for Phase 1 funding to work up a detailed business case for the new facility, which will be built on the Wyvern car park site. This bid has to be with the HLF by the end of November 2017.
- 3.12 The Borough Council has not only cleared the site for the new museum and art gallery, but has also agreed to contribute a capital contribution of up to £5m to support the bid, the salary of the Director and also towards construction costs of the new building. It is also anticipated that the operational budget from the existing museum will be transferred to the Trust once it is replaced by the new facility. In addition, the uplift created by the new museum and art gallery is expected to increase land values in the vicinity of the site.
- 3.13 The Trustees are accountable to Members for their use of the Council's subsidy. A successful HLF bid would require more detailed governance structures to be

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put in place to monitor and scrutinise the Council's contributions to the project to ensure that we are achieving value for money.

Kimmerfields Business District

- 3.14 The vision for the Kimmerfields site is that of a new commercial district in the heart of Swindon and outline Planning Consent exists for new development comprising: 600,000 square feet of offices, 150,000 square feet of ancillary retail, a new hotel, 450 residential units with up to 25% affordable, 850 space Multi-Storey Car Park, a new Bus Exchange and Primary Health Care Facility. The Gross Development Value of the scheme is approximately £350 million.
- 3.15 The site has potential to create 4,000 new jobs, generate up to £5 million of capital receipts for the Council, and raise £5 million in business rates each year, in addition to council tax revenues and new homes bonus generated by the residential part of the development. Kimmerfields also has importance as a gateway project for the wider regeneration of Swindon Town Centre due to its pivotal position between the railway station (which has been identified as an investment priority for Network Rail), Swindon's central business district, the proposed cultural quarter, and the town centre.
- 3.16 Swindon Borough Council (SBC) the Homes & Community Agency (HCA) and Muse (a national mixed use and urban regeneration developer) entered into a Development Agreement in 2008 to deliver the Kimmerfields project as set out in the approved town centre masterplan. Phase 1 has been ongoing for a number of years and has now been completed, including the Whalebridge multi-storey car park, 45 sheltered housing units and, most recently, the Primary Care Trust Building.
- 3.17 Large regeneration projects like this are extremely complex and involve a number of third parties and landowners to complete the land assembly and therefore can take several years to come to fruition. Recognising that Phase 1 has been completed and the Development Agreement with the Council now has only a few months left to run we have mutually agreed to bring forward the end of the development agreement. On 6th September 2017, with a private and confidential report, Cabinet authorised Officers to agree the termination of the Development Agreement with Muse and HCA and to develop options to bring forward development on the Kimmerfields site and report back to the December 2017 Cabinet meeting.
- 3.18 Recognising that the Development Agreement is to be mutually terminated FSL and SBC have commissioned design options in order to progress the Bus Exchange and Fleming Way scheme and secure the £3 million of Local Growth Fund grant offered by SWLEP

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Bus Exchange and Fleming Way

- 3.19 A key element of the Kimmerfields development is the construction of a new Bus Exchange and the re-modelling of Fleming Way. The concept designs that were included in the previous Kimmerfields Masterplan have been reviewed and further developed, and updated designs have been prepared. These will be subject to further consultation before being taken forward through the detailed design process. It is expected that the resulting scheme will be constructed by the end of 2020/21.

Great Western Works and the Carriage Works Innovation Centre

- 3.20 Great Western Works has been developed as a brand to identify the railway heritage quarter and includes: the Outlet Centre and STEAM, the National Trust, and Carriage Works more broadly. FSL have developed a brochure in conjunction with other partners to brand the Great Western Works as a destination.
- 3.21 The vision for the Carriage Works is a business innovation centre for high value, knowledge based businesses supported with a higher education and research presence, complemented by ancillary retail and hospitality businesses to give a "campus like" feel. A business incubation centre, to help increase the rate of start-up businesses and improve their life expectancy, constitutes the first phase of the development. Swindon's Economic Strategy to 2026 identifies the need for an incubation centre in Swindon in order to address the issues identified in the associated evidence base, namely a relatively low number of start-up businesses and a high rate of business failure, particularly by year 3 of trading. This will also help to diversify the business base, thus directly addressing an identified weakness in Swindon's economy.
- 3.22 Siena Contractors Ltd has been appointed as the site contractors, and commenced on site in July 2017 to refurbish unit 3 of the Carriage Works to create the initial phase of the business incubation centre (with 80 workspaces). Works are progressing well and expect to be complete by December 2017.
- 3.23 A branding and marketing brochure - to promote the heritage assets as the 'Great Western Works' and to attract business occupiers - has now been completed and expressions of interest for around 80 desks has been identified so far. The procurement process to secure a site operator to manage the business incubator centre on our behalf has commenced and the next step is to assess applications with a view to appointing in October 2017.

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- 3.24 FSL is continuing to negotiate with potential anchor tenants to firm up investment, which will allow progression to additional phases of regeneration on the Carriage Works site. A business case is being prepared for the Commercial Investment Strategy Board regarding future phases of the project.
 - 3.25 SBC is negotiating with Network Rail to conclude a land swap (the Bristol Street car park and Carriage Works which are owned by Network Rail) is being exchanged for two car parks - the car park north of the station and Sheppard Street car park - that are owned by SBC). The land swap is expected to complete by the end of 2017/18.

Falcon House

- 3.26 Falcon House is owned by Standard Life Investments and is in a prominent location above the Debenhams department store in Fleming Way and opposite Kimmerfields Business District. Over time the building has deteriorated and although it is a significant example of 'brutalist' architecture, at present, Falcon House requires attention, having been vacant for around 12 years.
- 3.27 SBC and Standard Life are working on a joint proposal that will result in the refurbishment of Falcon House and create the appearance of a brand-new building where all main internal and external elements will be replaced (apart from the concrete frame). On completion, Falcon House will contribute towards the Council's Vision and the ambition to be a model of well-managed housing growth that supports and improves new and existing communities.
- 3.28 The development will create 90 flats for rent and, it is proposed that Standard Life will fund 50% of the development cost in return for SBC entering a 47-year lease, and net rental income will be shared 50/50. This will enable SBC to cover its costs of funding, and Standard Life will fund its cost of capital from the lease proceeds.
- 3.29 A condition of carrying out the scheme is that Standard Life also undertake a scheme with Debenhams to improve the appearance of their building, to maximise the opportunity of a significant enhancement to this end of the Parade. In this regard, it is understood that terms for this scheme have been agreed
- 3.30 A business case for investment has been prepared for the Commercial Investment Strategic Board in September 2017, and subject to agreement of the Board, a formal request for funding will follow.

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Corn Exchange (Locarno)

- 3.31 Forward Swindon and the Council have completed a Development Agreement with the owner of Swindon Old Town's most iconic building to create an exemplar mixed-use heritage development, including 80 homes and other uses. Under the Development Agreement a planning application should be made by mid-September, but it is unlikely that the Developer will achieve this timescale.
- 3.32 The security of the site has been an ongoing problem. FSL has advised the developer and landowner that they have requested that the SBC Building control team write to the land owner highlighting a dangerous structure. The landowner and developer have responded stating that this will be made good and security to the site will be improved.
- 3.33 Regular liaison meetings with the developer are scheduled to encourage and monitor progress.

1&3 Faringdon Road

- 3.34 The sympathetic restoration of two heritage buildings on the corner of Faringdon Road and Catherine Street (at 1-3 Faringdon Road) will help to bring economic uses into a vacant property that is a prominent site on a key route through the town centre adjacent to the railway village. This will help create a sense of arrival to the Railway Heritage Quarter and demonstrate the Council's commitment to improving the town centre environment. It will also create 7,500 sq ft of refurbished space, including apartments and two retail units that will boost activity on Faringdon Road.
- 3.35 A local contractor (SAS Build Ltd) have been awarded the contract to develop the site, and the works are expected to complete in early 2018.

Business Rates

- 3.36 In terms of Business Rates retention as at the end of June the monitoring showed that rate collection was on track, however since then the rateable value in Swindon has reduced following the conversion of one large business rating assessment from offices to flats. However, we are currently awaiting further rating assessments. 3.37 The rateable value of the building converted into flats was £695,000 (The Quadrant, Stonehill Green). The total rateable value on the rating list as at 6th September is £253.2 million, it was £253.9 million at the start of year. The rates payable has reduced from £114.5 million at the start of the year to £113.8 million. A provision is made in respect of successful appeals against rateable values that businesses will make.
- 3.37 Properties are assessed for rating purposes by the HMRC (Valuation Office). The values are based on estimates of rental values. A revaluation of all properties

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takes place every 5 years and traditionally businesses (and their rating agents) have been able to successfully appeal against the values. The DCLG have confirmed it is prudent to have a provision for successful appeals. The latest revaluation date was 1st April 2017 and we have not yet been advised who has appealed, but have a provision of approximately 6%, which is the historic reduction in values during a rating list. We can also estimate and predict for growth.

- 3.38 As regards any changes to Rates Retention and Local Government Finance, we are still awaiting details from Central Government following the demise of the Local Government Finance bill, which has been omitted from the current parliamentary timetable.

4. Alternative Options

- 4.1 No alternative options are proposed as this report is a response to a specific request from the Overview and Scrutiny Committee.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 5.1 There are no financial implications arising directly from this report.

Legal and Human Rights Implications

- 5.2 Legal and Human Rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention Rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 5.3 There are no other implications arising from this report,

Diversity Impact Assessment

- 5.4 A Diversity Impact Assessment has not been completed for this report, as it is an annual summary of actions taken. Diversity Impact Assessments have, where appropriate, been undertaken within the service areas responsible for the schemes set out in this report.

Risk Management

- 5.5 Risk Assessments have, where appropriate, been undertaken within the service areas responsible for the schemes set out in this report.

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6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None

8. Appendices

- 8.1 None