

Cabinet

30 January 2024

Weymouth Regeneration - Levelling Up Fund Progress and Next Steps

For Decision

Portfolio Holder: Cllr S Gibson, Economic Growth and Levelling Up

Local Councillor(s): Cllr Jon Orrell, Clare Sutton, Brian Heatley, Kate Wheller Gill Taylor, David Gray, Pete Barrow, Ryan Hope

Executive Director: J Sellgren, Executive Director of Place

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Report Status: Part Exempt

Brief Summary:

This report updates Members on progress with the Levelling Up Fund (LUF) projects and matters related to them and seeks the necessary approvals to take the next steps towards delivery of development and the LUF commitments in Weymouth.

Recommendation:

That Cabinet:

- i. confirms the Council's commitment and ambition to achieve the outcomes set out within the Memorandum of Understanding agreed

with the Department of Levelling Up, Housing and Communities (DHLUC).

- ii. Agrees that 'A Vision for Weymouth Harbour and Peninsula' is used to guide progress of the Council's activities in regenerating Weymouth.
- iii. Approves the development and commencement of a procurement process to obtain a development partner for North Quay in compliance with the relevant applicable public procurement regulations.
- iv. Invites the Harbour Advisory Committee to consider and make recommendations regarding how the LUF commitments for the Peninsula site can be delivered in a manner compatible with the Council's duties as statutory harbour authority and securing the success and future viability of the harbour, including consideration of the potential approach to a new Harbour Revision Order.
- v. Grants authority to seek a development partner for Weymouth Bowl in the most appropriate way.
- vi. Authorise the procurement of the necessary engineering and consultancy services and a construction contractor for walls F and G on the Peninsula and delegate to the Executive Lead for Place in consultation with the Executive Director Corporate Development and the Portfolio Holder for Highways Travel and Environment to award a construction contract subject to the appropriate budget being identified and allocated.

Reason for Recommendation:

The recommendations give the necessary authority to allow the Council to take the necessary steps to bring forward development on the LUF sites.

Background

1. At the meeting of Cabinet in November 2023 Members were advised of the progress of the Weymouth LUF projects. The Council had been successful in bidding to the second round of LUF funding and had been awarded £19.47m with a requirement to contribute £3.5m match funding.
2. It was noted that the Council had agreed to a number of commitments which include upgraded and repaired harbour walls, enhanced public realm leading to 7,818 sq m of leisure led commercial development and 374 affordable and market homes, all with the view to contributing to the regeneration of Weymouth.
3. The three projects within Weymouth LUF at the time of bid were:
 - Weymouth Peninsula

- North Quay
 - Commercial Road and New Bond Street
4. Cabinet agreed to allocate the match funding and agreed subject to the approval of DHLUC to transfer funding from the New Bond Street Scheme to the Weymouth Bowl site development, as in the context of the LUF bid, New Bond Street had become unviable.
 5. A further report was provided to Cabinet in December 2023 which authorised the purchase of additional land on the west side of the Marina at Westwey and Newstead Roads with the remaining LUF funding, again subject to the approval of DHLUC and a satisfactory position on ground conditions, to assist with the regeneration of Weymouth.

A Vision for Weymouth Harbour and Peninsula

6. At the November 2023 Cabinet meeting it was reported that the Council had commissioned Professor Tony Bovaird to engage with a number of relevant stakeholders and to draft a 'Vision' for the Harbour and Peninsula which would enable the Council to establish its ambitions for the area and function as a guide to progress. Professor Bovaird's report is attached as Appendix A.
7. The report splits the strands of activity at the Harbour and Peninsula into short, medium and long-term options and essentially recommends that all the short and medium-term options are progressed. If the land at Newstead and Westwey Road is successfully purchased, then a foundation will also be in place for one of the longer-term options. The LUF commitments are encapsulated within the medium-term options. It is proposed that Cabinet reiterates the Council's commitment to achieving the outcomes contained within the LUF Memorandum of Understanding agreed with the Department of Levelling Up, Housing and Communities.
8. It is recommended that as planned the document 'A Vision for Weymouth Harbour and Peninsula' is used to guide and measure the Council's progress.

NORTH QUAY

9. Demolition of the former Weymouth and Portland Borough Council building commenced in December 2023 and is scheduled for completion and complete removal of demolished material by the end of February 2024. The laying down for use as a temporary car park will follow this.

10. Work has now commenced on repairing the harbour walls and this is progressing well. Subject to there being no adverse weather conditions, and no unforeseen work required, completion is anticipated by late March 2024.
11. The best strategy for obtaining planning permission and initiating development on this site has been considered including, soft market testing carried out by Vail Williams the Council's commercial and property advisers during the summer of 2023. The conclusion drawn from that work which is attached as an exempt Appendix B is that developers will prefer to obtain their own planning permission in accordance with their own requirements. Accordingly, it is recommended that a disposal of the North Quay site is procured on that basis. Pre-application and planning policy information will be included in the procurement pack.
12. The procurement will also incorporate the requirements of the Council as Highway Authority in terms of road layout, which is currently being finalised. This will enable bidding developers to have the most accurate possible view of the developable area at the North Quay site.
13. The Council will wish to ensure that it retains some degree of control over the development when the land is disposed of. Particularly the Council will want to ensure that it can legally enforce what is proposed in the bid to be developed and that this is not considerably altered post bid. Additionally, the Council will require some measure of control over design and quality and of outcomes of development such as social value and community involvement and engagement.
14. Advice has been taken from the Council's solicitors on this, (Exempt Appendix C) but given this level of continued control and oversight this disposal cannot simply be procured as a land transaction but will fall under the requirements of the current Public Contracts Regulations 2015 or the Procurement Act 2023 (due to come into force 1st October 2024) depending on the date of commencement of this procurement. It will be necessary to develop a specification and process under the relevant public regulations to enable the swiftest and easiest possible process for bidders. Cabinet is recommended to agree the commencement of the procurement to obtain a development partner on this basis.
15. This is an important and exciting step for this project and for Weymouth more generally. A well-run public procurement process should be a great catalyst for securing a committed development partner and a high-quality

development. This will showcase North Quay, prepare the way for later LUF developments and raise the profile of Weymouth as a regeneration location.

Peninsula

16. In the report to Cabinet in November, reference was made to the study by AECOM examining the potential economic impact of the LUF initiatives on Weymouth as a whole and comparison with the existing more modest improvements through the Coastal Communities Fund. This report is attached at Appendix D. It can be seen that the most significant economic benefit arises from delivering both improvements to the harbour and the outcomes from LUF.
17. The development is predicted to give value added uplifts in land value to the wider Weymouth area and provide construction jobs estimated at 616 in number, and 218 long term operational jobs, supporting economic growth. Additional footfall and visitor expenditure are also potential gains. The total monetised value of these is predicted to amount to £66million.
18. Non-monetised benefits also exist including well-being, crime reduction, resident and visitor perception, air quality, community engagement and social value.
19. Accordingly, it will be necessary to incorporate the LUF concepts and the CCF improvements together into proposals for the Development of the Peninsula.
20. The Council is committed to ensuring that when considering the proposals for the development of the Peninsula, including the potential progression of a further Harbour Revision Order that the Council correctly discharges its duties as Statutory Harbour Authority. Therefore Cabinet is recommended to invite the Harbour Advisory Committee to consider and make recommendations following the review of a report (to be prepared by the Council's Harbours Team with support and input from those dealing with the LUF project) regarding how the development may take place in a manner compatible with the Council's duties as statutory harbour authority whilst securing the future viability and success of the harbour (including consideration of a potential approach to a new Harbour Revision Order). Such consideration will be carried out in consultation with The Harbour Consultative Group
21. The outcomes of this process will be reported back to Cabinet at a meeting later in the year. Cabinet will receive a further report on the approach to planning and the procurement of a development partner at the Peninsula in

due course, subject to the outcomes of the consultation outlined above and following consideration of the Harbour Advisory Group's recommendations (informed through consultation with the Harbour Consultative Group).

22. In the meantime, the Council is establishing a comprehensive database of the requirements and constraints of the site including, in particular, ground conditions, water, sewage and power. It is also examining the planning policy and constraints, as they impact on delivering the LUF outcomes.

23. The replacement of walls F and G is currently nearing the end of the design process and the licensing and consenting process will start shortly. The project is scheduled to be procured in the spring. The current programme expects work to start on site in September and conclude in March 2025 which, albeit this is a tight timetable, will be within the target required by DHLUC for the spending of LUF funds.

24. The project involves the complete replacement of 503m of sheet pile walls on the Weymouth Peninsula. The walls are situated at the northern side of the peninsula and flanks either side of the old Merlin tower location. The walls are in poor condition, they have no residual life left and slow onset failure has commenced. There is a high risk of failure should we not intervene, and the area is currently closed-off to public access. The following consequences are to be expected should wall failure occur:

- Risks to public safety
- Disruption to commercial harbour activities
- Substantial damage to the peninsula.
- Environmental and ecological damage.
- Increased cost of construction works.
- Loss of the LUF portion already allocated to the project.
- Loss of other potential developers and investors.
- Reputational damage to Dorset Council.

Clearly it was to prevent and mitigate these problems, as well as to facilitate future development that the repair of walls F and G was included in the LUF Bid.

25. The wall replacement costs are forecast to cost £10.7m. Within the LUF budget an allocation of £6.5m has been allocated for the repair of the harbour walls so there is a need to identify a budget of £4.2m. Officers will confirm the business case for the required investment as previously approved in the Weymouth Harbour and Esplanade FCERM Strategy (2020) and subsequent Strategic Outline Case (2021), identify the funding sources and this allocation will be subject to a future decision.
26. Authority is required to procure the necessary engineering services and appoint consultants and contractors subject to the identification and allocation of funding.

Weymouth Bowl

27. Planning permission has been sought for the demolition of the existing structure, and as with North Quay it is likely that in the short term the site will be used for temporary car parking in conjunction with the existing neighbouring car park.
28. An application is being made to DHLUC for the use of LUF funding in accordance with Cabinet's previous decision, Indications are that this will be successful but alternative funding would need to be sought if this was not the case. The application will be formally submitted shortly and is subject to a 20-working day turnaround by DHLUC.
29. The site will likely be disposed of for development by a partner, possibly in conjunction with North Quay. Authority is sought from Cabinet to seek a development partner in the most appropriate way.

Consultation and Engagement

30. Stakeholders including local people and businesses will have their say on these proposals through the standard planning application processes and through engagement sessions and events to be held in the town over the course of the summer (or once members are agreed on a way forward).
31. The formal consultation process for the new Harbour Revision Order will include consultation with Harbour stakeholders through the Harbour Consultative Group and also includes a further period of public consultation.

West Marina Sites (Westwey Road/ Newstead Road)

32. Approval has been sought from DHLUC for the use of LUF funds to purchase these sites. The Council continues to carry out due diligence on ground conditions. A verbal update will be made at the Cabinet meeting if available.

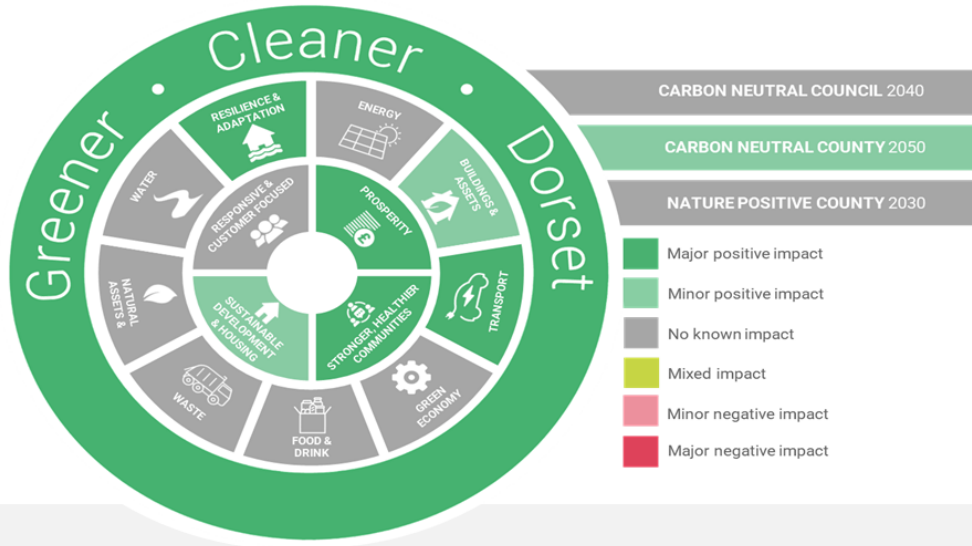
Financial Implications

33. The total sum of LUF funding awarded to the Council is £19.5m and, there is currently a requirement from government that this funding is spent by the end of March 2025. At the last reporting period, end September 2023, the council reported total expenditure of £560,000 against the LUF award.
34. There is considerable expenditure planned for the remainder of this financial year including on the harbour wall repairs in front of North Quay and road and utility designs for North Quay and the Peninsula. Depending on the timing and outcome of contamination reports commissioned for the Westwey Road sites there is potential for significant land acquisition costs to also be incurred within the financial year.
35. The Council will need to make a request to DLUHC to move LUF funds allocated from this financial year into the next. The scale of any request will be determined by project expenditure in the final quarter of this financial year.
36. As demonstrated in this report there is a need to produce a comprehensive procurement pack to inform and guide the sale process for the North Quay site. The total cost of this procurement process is estimated to be in the region of £200,000 which is anticipated to be met from LUF funds, and much of which is already covered by the Council's current advisers.

Natural Environment, Climate & Ecology Implications

37. The implications under this heading remain unchanged from the Cabinet Report in November 2023.
38. The project should achieve positive impacts in four respects: (a) improving flood resilience through harbour wall upgrades; (b) improving sustainable travel through enhancements to active travel infrastructure, reducing the domination of car movement and the aligned Park and Ride upgrades through the complementary LUF Transport Bid; (c) improving building sustainability through a commitment to build to Building Regulations standards as a minimum; (d) reducing the need to commute through more localised workspace development.
39. Further aspects of the projects' environmental impact are not presently defined by the bid or MoU, and they will be contingent upon the approach to site development – which is to be determined. The approach has the potential to be positive or negative in those respects, which is why 'no known impact' is currently noted for many segments until that is defined. This may consider opportunities to improve the impacts further, such as building to higher standards. The approach will be defined with consideration of key relevant

documents, such as the council's Planning Sustainability Checklist; Electric Vehicle Strategy; Natural Environment, Climate & Ecology Strategy.



Quantitative Impact on CEE targets (if known)		
	Unit	Number of units (+/-)
2030 - Natural asset extent & condition	Ha	0
2040 - Operational Emissions	CO ₂ (tonnes)	0

Natural Environment, Climate & Ecology Strategy Commitments	Impact
Energy	No known impact
Buildings & Assets	Minor positive impact
Transport	Major positive impact
Green Economy	No known impact
Food & Drink	No known impact
Waste	No known impact
Natural Assets & Ecology	No known impact
Water	No known impact
Resilience and Adaptation	Major positive impact

Corporate Plan Aims	Impact
Prosperity	strongly supports it
Stronger healthier communities	strongly supports it
Sustainable Development & Housing	supports it

Well-being and Health Implications

40. The Levelling Up Fund, together with the objectives set out in the Council Plan are intended to improve the wellbeing and health outcomes of the residents of Weymouth. It is generally recognised that improved economic performance results in improved health and wellbeing outcomes and the targets for this will be subject to monitoring by the Council and the government.

Other Implications

41. None at this time

Risk Assessment

42. Current Risk: Medium

Risk	Mitigation
Legal challenge to the procurement of delivery partners for the development sites at North Quay and Weymouth Bowl.	The council have engaged external legal and commercial consultants to provide advice relating to the potential redevelopment of the North Quay and Weymouth Bowl sites. This advice will help set out a procurement process that reflects the legal constraints and delivers best consideration for the council.
The council suffer reputational impact through the inability to deliver the LUF project or associated outputs.	Significant progress has been made over the six months since funding award to demonstrate that LUF delivery is on programme. Officers have commissioned specific expert advice on market demand, legal implications, economic impact, and planning implications to cover some of the known issues.
Lack of market demand leads to non-delivery of project outputs.	Soft market testing has been undertaken for the North Quay and Peninsula sites. The North Quay responses show that market demand from the private sector exists.

Residual Risk: Medium

Equalities Impact Assessment

43. At this stage it is premature to assess the detailed impacts, positive or negative on members of groups with protected characteristics. A detailed equalities impact assessment will be carried out for each site as more detailed plans are produced.

Appendices

A- A Vision for Weymouth Harbour and Peninsula: Professor Tony Bovaird, Governance International

B- (PRIVATE) North Quay Soft Market Testing – Vail Williams

C- (a and b) (PRIVATE) Legal Advice – Procurement Options

D- Economic Impact Assessment – Weymouth Peninsula – AECOM

Appendices B and C are not available to the public because they contain exempt information as defined in paragraph 3 of Part 1 of schedule 12A to the Local Government Act 1972.

Background Papers

Cabinet November 2023 – Weymouth Regeneration Levelling Up Fund

Cabinet December 2023 – Levelling Up Fund Land Acquisitions