



**NORTHAMPTON
BOROUGH COUNCIL**

Name of Committee CABINET – Public meeting

Directorate Regeneration and Growth

Corporate Manager Christopher Cavanagh

Date 5 March 2007

Report Title Regeneration & Growth
The Grosvenor Centre and Greyfriars Bus Station
Regeneration Project

Key Decision sought? Yes

1. Recommendations

Cabinet is requested to:

- Note progress and actions to date
- Note the team is preparing a report considering the use of compulsory purchase powers and issues (to be presented in private session).
- Support the continuance of the strategy for the progression of the project agreed at the Cabinet meeting of 5 February 2007 (held in private session).
- Approve further budget of £145,000 between March 2007 and April 2007 to progress the project towards a conditional Development Agreement. Further financial resources are being considered as negotiations progress and will be reported at 16 April 2007 Cabinet.
- The approval of expenditure against the £145,000 be subject to evidence of a financially viable scheme as advised by EC Harris and Donaldsons. The Leaders and Portfolio Holder to authorise the expenditure.

2. Summary

Good progress has been made since the Cabinet meeting and report of 5 February 2007, although some items were expected to be more advanced. A substantial amount of work though has been completed.

At the 5 February Cabinet meeting (private session), Cabinet requested officers also bring a progress report to the public part of the Cabinet meeting on 5 March 2007.

3. Report Background

Reports were submitted to Cabinet on 19 December 2006 and 5 February 2007, although these were in private session, due to the issues of confidentiality between the parties at that stage. A collaboration agreement was entered into between NBC and L&G on the 19 December 2006 in support of partnership working aimed at jointly bringing forward a new scheme. The collaboration agreement is governing activity between the parties. Weekly project collaboration meetings are taking place. Progress is such that the timetable for meeting the challenging targets has not been revised.

3.1. Targets and Progress to date

- Agreement of Heads of Terms for a development agreement between NBC and L&G before end May 2007 - work remains on course
- Enter into a conditional Development Agreement with L&G by end May 2007 – work remains on course
- Entry into an Agreement with Stagecoach for its relocation in Summer 2007 – delays encountered
- NBC to commit to the use of compulsory purchase powers to deliver the scheme – expected that a decision will be sought at the Cabinet meeting of 16 April 2007.

3.2. Targets for the period to 16 April 2007

- Agreement of Heads of Terms of a development agreement between NBC and L&G
- Complete preparatory work to lead to a decision to the use of compulsory purchase powers

3.3. Stakeholder engagement

Northampton County Council: NBC has updated NCC, who will play a key role in transportation proposals for the new centre, as to progress.

West Northamptonshire Development Corporation: WNDC has confirmed its readiness to commence pre-application planning enquiries from L&G and NBC. The joint client professional team is instructed to commence work and attend meetings with WNDC over the next period.

WNDC has re-iterated its willingness, in principle, to assist in progressing the project through grant aid – probably associated with the demolition of the bus station. A WNDC Board decision would be required at that stage.

English Partnerships: EP has confirmed that it will willingly supply its landholding at Harvey Reeves Road as a site for a new bus station if required.

East Midlands Development Agency: EMDA is considering an application from NBC for grant funding for a study to be carried out to determine the optimal way in which the bus station could be demolished.

Government Office, East of England (GO East Midland): GOEM will be engaged in the next period that it might confirm its formal support of the project.

3.4. Resource Implications

3.4.1. Financial resources

A summary of historic expenditure, current expenditure and anticipated future expenditure is set out below.

Period	Commitments and Expenditure	
To June 2006	£314,000	
Total historic expenditure	£314,000	
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July 2006 to December 2006	£23,400	
January 2007	£22,650	Part of this sum has been incurred but not yet billed
February 2007	£25,300	Part of this sum has been incurred but not yet billed
Expenditure to date	£71,350	
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March 2007	60,900	
April 2007	82,400	
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Further budget requested	← £145,000	All or most of this sum is expected to be paid to NBC by L&G in the event that a development agreement is entered into. Until this is signed, NBC is at risk for all of these costs.
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3.4.2. Renegotiation of fees with the Council's Advisors.

ECH reports that neither Donaldsons nor Berwin Leighton Paisner is willing to reduce its fees in relation to the job. Both fee quotes are based on historic levels (Donaldsons 1999 and BLP, 2000) and it is considered that the fees as stated, are reasonable. The project team considers that having persuaded both advisers to 'freeze' their fees at historic levels is a positive outcome given the current fee climate.

Any development agreement entered into will include a clause requiring L&G to reimburse NBC all of its reasonable professional fees associated with the project up to a maximum level to be agreed as part of the negotiation.

It must be noted that NBC is liable for all of its costs until a Conditional Development Agreement is signed. If this is not signed then NBC are at risk for all of its costs to date.

3.4.3. Resource implications other than financial resources

NBC officers' team (Legal, Asset Management, Finance) has been impacted by information requests and is responding effectively. It is expected that as the negotiation of the development agreement nears a conclusion, further resource input will be necessary.

The Corporate Manager [RGCD] and Corporate Director [PPR] will need to prioritise this project above much other work in order to meet the challenging deadlines. Major issues conflicting with this priority will, it is expected, arise and will be directed to the Portfolio Holder and Council Leader for resolution.

4. Options and Evaluation of Options and Risks and Opportunities

4.1 Do Nothing

In summary progress over the last 7 years up to June 2006 has not delivered a successful scheme. Negotiations have progressed since summer 2006 and sites for a relocated Bus station explored and are currently being negotiated. To do nothing would waste the effort, cost and improved communications developed since summer 06. This would set the project back, delaying the opportunity of inward investment further and putting at risk further inward investment from both public and private sectors.

4.2 Continue with Low Level of Resource

To continue with a low level of resource is expected to generate very slow progress over time. To see the scheme delivered, much more needs to be done, specifically around the bus station re-location, without which the development itself cannot take place. The scheme may eventually be developed but not in the near future.

NBC would continue to incur the costs of Donaldsons appointment, as they have done for the past 6 years. It may provide the least cost option for the Council in terms of its own fees, however, it is unlikely that it would generate best value for the Council.

Risks/Weaknesses

- NBC will very much be relying on the pro-activity of others, specifically L&G. This may not happen with L&G seeking to reinvest elsewhere.
- NBC will be unlikely to have any ownership or significant influence over any subsequent delivery of the scheme.
- Adverse publicity for scheme and Council.
- Loss of opportunity to bring forward major regeneration in Northampton town centre.
- High risk to inward investment of Town Centre and wider area.

4.3 NBC Apply Additional Resources

This will enable a concentrated and fully coordinated effort to manage the scheme through the various hurdles to give the scheme the best chance of progressing on a timely basis. Resources might include, more time/priority for this work from Council officers (none for period up to June 2006 other than Corporate Manager and Director), an external Development Manager, and a proactive commercial agent. In addition specialist technical advice will be required. There is now a need to involve a wider Council officer team to consider the new proposals.

Alignment With Corporate Aims and Objectives

1. Will provide continuously updated reports and full understanding of the current scheme status, enabling the targeting of resources to key areas, to maintain momentum.
2. Will identify and implement a strategy and react to changing circumstances to see the scheme progress towards delivery.
3. Will offer the best chance to see the scheme being developed at the earliest practicable opportunity.

Timescale

Should offer the quickest timescale.

Cost

Will cost more in the early stages of the process, but the improved chance of seeing the scheme progress in the earliest possible time provides a business case. A properly negotiated DA would expect to recover significant costs from the developer.

The timing of these reimbursed costs is crucial to the Council's ability to continue to invest in the project, given the Council's overall financial position.

Other Benefits

- NBC will be demonstrating leadership and being proactive in applying resources to a Priority Growth Area Project. This should receive community support. The Town Centre Commission has confirmed its support for the Council to bring this project forward as a priority.
- Should offer the best chance of securing value for money from Council resources.
- Give positive messages to public and private investors that the Council is serious about regeneration of its town centre and provide the best chance of further inward investment.
- Provide a message to potential employers that Northampton will have a more visible town centre in future to help persuade movement of high quality employers to locate in Northampton.

Risks/weaknesses

Although offering the best chance of success there is no guarantee, as the positive assistance and goodwill of other key stakeholders is required to deliver it. However signs of goodwill are evident from partners.

As with all regeneration schemes there is no guarantee the investment will produce an agreed scheme.

5. Resource Implication

Please refer to items at 3.4.

Significant resource impact is now affecting the Corporate Manager and Corporate Director in pursuing this project. In order to maximise the opportunity for the Council to meet the challenging timescales being targeted. Resource commitment is now also required from Asset Management, Legal, Finance and Regeneration & Growth.

6. Risk and Opportunity Issues

No changes to those set out in report to 19 December Cabinet. These are being monitored by ECH in conjunction with Corporate Manager.

7. Consultees (Internal and External)

Internal – Asset Management, Finance, Legal
Discussion with all in period

External – WNDC, EMDA, EP, NCC, GOEM at appropriate stages

Discussion with all in period
Discussion with GOEM in next period

8. Compliance Issues

8a. How Proposals Deliver Priority Outcomes

8a(i). Delivery Plan

This project is considered a major catalyst to regeneration of the Town Centre and major generator of inward investment. Positive progress of this project in the form of achieving signed conditional Development agreements will give positive confidence to both public & private sector investors and therefore should attract further inward investment. It therefore provides a major contribution to the delivery plan items relating to regeneration and economic intelligence strategies and inward investment plan. Inward investment will be vital to the long-term improvement of services in Northampton. The Councils Regeneration paper submitted to the Cabinet on 19 December identifies the Grosvenor/Greyfriars project as a key to regeneration of Northampton. This was affirmed by Cabinet at this meeting.

8a(ii). Corporate Plan

This project provides a major contribution to the Councils Corporate Plan Priorities in particular those relating to regeneration and economic development. Progressing a new shopping centre is a key recommendation of the Central Area Framework report by BDP, which is supported by WNDC, The Town Centre Commission, EMDA, EP and NCC.

8c. Other Strategies

This project will positively impact other key Objectives of other key Strategies including:

- Regional Spatial Strategy
- MK & South Midlands sub regional plan
- Emerging Joint Core Strategy and Town Centre Action Plan
- NBC Draft Housing Strategy
- WNDC stated objectives

The BDP report referred to Cabinet on 19 December is supportive.

Finance Comments

A significant cost has already been incurred on this scheme. If this scheme progresses such that the proposed Development Agreement is signed, all or a very considerable proportion of NBC's expenditure in relation to its negotiation and related work will be met by L&G. If this scheme does not progress to conclusion and a capital receipt is not achieved, any costs incurred on this scheme will have to be charged to revenue.

It is noted that this project may result in a capital receipt or a combination of capital receipt and ongoing revenue.

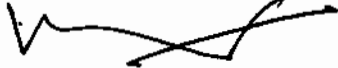
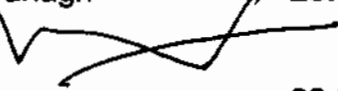


Legal Comments

9. Background Papers

Title	Description	Source
<ul style="list-style-type: none">• EC Harris Gateway Review (Confidential Paper)	Assessment of project and position with stakeholders	EC Harris
<ul style="list-style-type: none">• Regeneration Paper submitted to 19 December 2006 Cabinet	Reviews progress of Regeneration service and recommends priorities for progress	ECH/NBC
<ul style="list-style-type: none">• Report to Cabinet 5 Feb 2007 (in private session)	Progress report	ECH/NBC

Abbreviations used

"NBC"	Northampton Borough Council
"NCC"	Northamptonshire County Council
"EP"	English Partnerships
"WNDC"	West Northamptonshire Development Corporation
"L & G"	Legal & General
"EMDA"	East Midlands Development Agency
"GOEM"	Government Office East Midlands
"ECH"	EC Harris

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