



**NORTHAMPTON  
BOROUGH COUNCIL**

<b>Name of Committee</b>	<b>CABINET-public meeting</b>
<b>Directorate:</b>	Regeneration & Growth
<b>Corporate Manager:</b>	Christopher Cavanagh
<b>Date:</b>	16 April 2007

<b>Report Title</b>	Regeneration & Growth The Greyfriars Bus Station & The Grosvenor Centre
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<b>Key Decision</b>	<b>YES</b>
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## 1. Recommendations

Cabinet is requested to:

- Note progress and actions to date.
- Note that a draft report of compulsory purchase powers and issues has been prepared and will be presented in a private session at a later Cabinet.
- Support the continuance of the strategy for the progression of the project agreed at the Cabinet meeting of 5 March 2007.
- Note that whilst further work has been carried out and progress made, the timetable for the probable striking of a Development Agreement has been revised from end of May to end of June 2007 whilst noting that this is still challenging.
- Agree the request from L&G to extend the Collaboration Agreement beyond its present earliest end date of 30 April 2007 to 30 June 2007.

## 2. Summary

Progress has been made since the Cabinet meeting and report of 5 March 2007.

Detailed technical negotiations have been hampered by illness and complexity of issues.

Negotiations with Stagecoach have been progressed – very positively – and the compulsory purchase component of the project to determine the cost and timing of obtaining vacant possession of the Greyfriars Bus Station has been progressed with a final draft report received in the first week of April 2007.

### **3. Report Background**

Reports were submitted to Cabinet on 19 December 2006 (private), 5 February 2007 (private) and 5 March 2007 (public and private).

A Collaboration Agreement was entered into between NBC and L&G on 19 December 2006 in support of partnership working aimed at bringing forward a joint scheme. The Collaboration Agreement is governing activity between the parties. Either party may, after 30 April 2007, determine the Collaboration Agreement by written notice to the other side.

Regular project Collaboration meetings have been taking place between the parties and there has been considerable progress, but the timetable for meeting the challenging targets has been revised.

### **4. Options and Evaluation of Options**

#### **(i) Negotiations with L&G**

Progress has been made; it is slower than hoped but major principles have been accepted (subject to contract).

- L&G has, as a principle, accepted the grant of a long lease matching its Grosvenor Centre interest;
- L&G has accepted that NBC will retain the freehold of The Mayorhold and Upper Mounts car parks;
- L&G has asked that the Collaboration Agreement be extended beyond 30 April 2007 end date to consider further the changes and complex moves involved.

Therefore, as a result:

- The timetable has been revised and heads of terms will not be agreed in time for the 16 April 2007 Cabinet;
- The Council's Advisors have not yet been able to complete the work to enable them to confirm the level of viability of the scheme.

On Friday, 23 March 2007, L&G sent the Council's Advisors a valuation model which set out a long leasehold arrangement. The Council's Advisors are reviewing the model and have submitted detailed enquiries to L & G's advisers, Cushman and

Wakefield. Further detailed work is required.

#### **(ii) Vacant Possession of the Bus Station**

Positive progress with Stagecoach is being made regarding:

- Relocation from Greyfriars;
- Identification of a new location;
- Future bus pick up / drop off principles.

#### **(iii) Compulsory Purchase Work**

The final draft of Donaldson's report is available. In summary, Donaldson's advise that:

- The use of compulsory purchase powers will be appropriate;
- The process will take of the order of 15 to 24 months from the decision to use powers to delivery of vacant possession of the bus station;
- In principle, costs will be borne by L&G if a development agreement is struck.

#### **(iv) Next Steps**

NBC's professional advisors must determine whether or not L&G's proposed scheme is viable. This will involve a revaluation of NBC's freehold assets associated with the scheme – which is in progress.

Donaldsons will produce a paper analysing the proposal and stating its professional views regarding viability. This is expected to be presented to a future Cabinet (private session).

Whilst there is considerable work to be carried out, a Development Agreement is hoped to be proposed in June/July 2007. A revised target is set for end of June 2007 which is acknowledged as challenging but is proposed to retain focus.

#### **(v) Fee Budget**

At the Cabinet of March 2007, expenditure of a further £145,000 was approved, subject to confirmation that a viable scheme/deal exists – and that, therefore, it would be reasonable to pursue negotiations. Such confirmation has not been possible and, therefore, none of this budget has been expended. Careful management of the remaining previously agreed expenditure has allowed the Councils advisers to respond to date.

In view of the positive progress being made, and good will between the parties to progress this scheme, Cabinet is requested to agree expenditure of up to £10,000 of the £145,000 approved budget to progress further work towards viability and maintain momentum of the project.

### **5. Resource Implications (including Financial Implications)**

## **Financial Resources**

The budget for professional fees, which might be spent in advance of it being demonstrated that a scheme/deal is viable, is now almost exhausted.

The approved fee budget of £145,000, which might be spent to achieve entry into a Development Agreement, is in place. No funds from that sum have been spent.

## **Renegotiations of Fees with the Council's Advisors**

ECH has voluntarily deferred its billing of certain fees due to assist NBC. It has also offered to change the basis on which it is paid to carry out its Development Management Services such that the fees are based more explicitly on a successful outcome of negotiations with L&G. The matter is under consideration.

NBC is liable for all of its costs until a Conditional Development Agreement is signed, whereafter, L&G will bear professional fees incurred by NBC.

The Corporate Manager (RGCD) and Corporate Director (PPR) will need to continue to prioritise work associated with the Greyfriars Bus Station and The Grosvenor Centre.

Issues conflicting with this priority will, it is expected, arise and will be directed to the Portfolio Holder and Council Leader for resolution.

## **6. Risk and Opportunity Issues**

No change – other than in relation to the further revenue expenditure.

## **7. Consultees (Internal and External)**

<b>Internal</b>	<b>Finance, Asset management, Legal</b>
<b>External</b>	<b>L &amp; G, Stagecoach, EMDA, WNDC, Town Centre Strategic Board</b>

## **8. Compliance Issues**

### **A: How Proposals Deliver Priority Outcomes**

#### **Recovery Plan**

This project remains a major catalyst to regeneration of the Town Centre and major generator of Inward Investment.

Positive progress of this project in the form of reaching Development Agreements

will give positive confidence to both Public and 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 can be vital to the long term improvement of services in Northampton. The Council's Regeneration paper submitted to the Cabinet on 19 December 2006 identifies the Grosvenor/Greyfriars Project as a key to regeneration of Northampton.

### **Corporate Plan**

This project provides a major contribution to the Council's 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.

## **B: Other Implications**

### **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.

### **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**

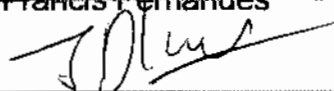
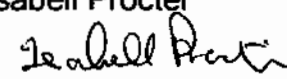
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**Legal Comments****9. Background Papers**

Title	Description	Source

Name	Signature	Date	Ext.
<b>Author</b>	Christopher Cavanagh	3 April 2007	8461
<b>Corporate Manager</b>	Christopher Cavanagh	3 April 2007	8461
<b>Director</b>	Clive Thomas		
<b>Monitoring Officer or Deputy (Key decision only)</b>	Francis Fernandes <i>F. FERNANDES</i> 	11.4.07	7335
<b>Section 151 Officer or Deputy (Key decision only)</b>	Isabell Procter 	11.4.07	8757