



NORTHAMPTON
BOROUGH COUNCIL

Item No.

6

Name of Committee	CABINET – Public Meeting
Directorate	Regeneration and Growth
Corporate Manager	Christopher Cavanagh
Date	30 July 2007

Report Title	Regeneration & Growth The Grosvenor Centre and Greyfriars Bus Station Regeneration Project
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Key Decision sought? No

1. Recommendations

Cabinet is requested to:

- a) Note progress and actions to date
 - b) Support the continuance of the strategy for the progression of this project agreed at the Cabinet meeting of 5 February 2007 (held in private session).
 - c) Note the potential need for a special Cabinet meeting to consider Heads of Terms prior to 1 October 2007
 - d) Note the Council has strengthened and widened its team support by the employment of AtisReal, specialist consultant commercial advisors.
 - e) Note expenditure to date, as reported herein.
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2. Summary

Significant progress has been made in the period and an interactive financial appraisal has been prepared by Legal & General (L&G), which is being currently assessed by the Council's advisors.

Confirming the revised scheme within a realistic envelope of financial viability is fundamental to achieving agreed Heads of Terms for a Development Agreement with Legal and General.

3. Report Background

Progress and Achievements

- Following the re-opening of negotiations with Legal & General in Autumn 2006, reports have been submitted to cabinet on 19 December 2006, 5 February 2007, 5 March 2007 and 16 April 2007.

Purposeful Collaboration between Northampton Borough Council and Legal & General has continued and is at an intensive and critical stage. The project has benefited from continued involvement of Legal and General's Life Fund Manager.

- The Financial Model prepared by Legal & General's advisors, Cushman Wakefield, was provided to the Council's advisors, Donaldsons, on 29 May 2007. Donaldson's were unable to meet the challenging deadlines hence, and it was decided to strengthen the Council's professional team as a matter of urgency. Following Donaldson's departure from the team. AtisReal are critically appraising this and are to report to the Council by 29th August 2007.

The outcome of this advice will determine the extent of work required to reach a mutually satisfactory set of Heads of Terms. The mutually agreed target for this is September 2007. This is challenging and there is no guarantee it will be achieved.

- English Partnerships have confirmed that land at Edgar Mobbs Way will be available at market value for the relocation of Stagecoach from Greyfriars.
 - The financial model prepared by Legal & General in May 2007 is based upon the Council retaining the freehold of the landholding representing a long-term ongoing interest for the Council.
 - An application was submitted to East Midlands Development Agency (EMDA) in May 2007 to secure shared funding to secure specialist technical advice on the proposed demolition of the Greyfriars Bus Station. This report will identify Health and Safety risks and detailed technical issues in progressing demolition in the centre of the town. Funding of £65k by EMDA has now been confirmed.
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A match Funding Capital Bid for £25k is being considered by The Director of Finance.

- A new Collaboration Agreement has been entered into between Legal & General and the Council in June 2007 to formalise the continued joint effective partnership working between the two parties.
- Meetings have now taken place with other key stakeholders including Stagecoach and WNDG in June 2007 and further meetings will take place as required in order to progress the project.
- A presentation by Legal & General to the Cabinet (informal) took place on 29th June 2007.

This project is highly complex and will require the support of key stakeholders to assure delivery. There has been some delay to the programme by both parties consultant commercial advisors' in undertaking the financial viability work. It is noted that due to the complexity of the scheme the programme set has been challenging.

4. Options and evaluation of options

Refer to previous Cabinet Reports of 16 April 2007 (informal programme on 2nd July 2007)

In strategic terms, continued negotiations with Legal & General remain Northampton Borough Council's preferred option.

5. Resource Implications

5.1 – Financial Resources Expenditure - up to July

Approved Budget April 2007 **£145,000**

Expenditure and Commitments (April to July 2007) **£ 40,000**

Available Budget to complete Heads of Terms.....£105,000

The negotiations regarding Heads of Terms will seek to ensure the costs incurred by NBC in developing the project are repayable upon achieving a conditional Development Agreement.

Should this not be achieved or a capital receipt achieved which exceeds these costs, the Council will have to account for all costs as revenue.

5.2 Resource implications other than financial resources

The Council has and will continue to be impacted by information requests. It is expected that as the negotiation of the development agreement nears a conclusion, there will be further impact. Continued support from other Council Services will be important including Finance, Asset Management, Legal and Car Parking Management.

The Corporate Manager [R&G] and Corporate Director [PPR] will need to prioritise this above other work. 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

As reported in earlier Cabinet reports, but in particular:

- The risk of new retail development outside of the Town Centre remains a threat to delivery of this proposed scheme and the regeneration of the Town Centre.
- The adoption of Transportation and Car Parking strategies that do not take account of the fragility of the retail offer in Northampton could provide a significant risk to the scheme being progressed and achievement of the substantial private sector investment required to regenerate the Town Centre.
- The positive economic climate over the past nine months has helped facilitate progress providing a window of opportunity. Whilst this project is based upon a long-term investment, significant changes to the current positive economic climate may pose a risk to the scheme and delivery programme.
- It should be noted that following a series of interest rate increases over the last year, there is an added risk of a slow down in the economy which may impact on the confidence of investors to progress the project on current timescales.

7. Consultees (Internal and External)

Internal	Asset Management Division, Finance, Legal. Discussion with all in period through a project team meeting.
External	WNDC, EMDA, EP, NCC, GOEM at appropriate stages.

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 reaching Development agreements will give confidence to both public & private sector investors which should, in turn, 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 Councils Regeneration paper submitted to the Cabinet on 19 December identifies the Grosvenor/Greyfriars project as key to regeneration of Northampton.

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.

8b. Other Implications

8c. Other Strategies

This project will contribute to the achievement of 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 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

No change

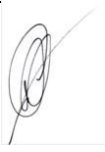
9. Background Papers

Title	Description	Source
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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

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