

COMMITTEE:	CABINET	
DATE:	20 October 2004	
SUBJECT:	EASTBOURNE TOWN CENTRE REGENERATION - FUNDING	
REPORT OF:	Director of Economy, Tourism and Environment	
Ward(s):	All	
Purpose:	To seek authorisation to reprioritise existing resources for the work necessary to move the town centre regeneration project forward.	
Decision type:	Key Decision	
Contact:	Keith Morrison, Assistant Director Economy, Tourism and Planning, Telephone 01323 415430 or internally on extension 5430. Keith.morrison@eastbourne.gov.uk	
Recommendation(s):	That Cabinet :- 1. Authorise officers to seek the specialist advice necessary to deliver a Development Agreement required to bring forward the regeneration of Eastbourne Town Centre. 2. Authorise funding for the work to be reprioritised from the following budget areas: · £75,000 from the Economic Development budget over the three years between 2004-2007 · £51,000 from the 2004/05 Planning Delivery Grant · £34,000 from the 2005/06 Planning Delivery Grant or in the unlikely event that this is insufficient Cabinet to receive a report on how the shortfall will be met.	
1.0	Background	

1.1	<p>The Borough Council is working on a complex regeneration project for the town centre that requires significant specialist advice. The Borough Council does not have the experience or in house knowledge to secure a successful regeneration project and requires external assistance. This was acknowledged in the Cabinet report dated 12 February 2004. The authorisation given at the February meeting has delivered the first phase of the project – The Draft Planning Brief – and a report on this specific item is elsewhere on the agenda. However to progress the project beyond the planning brief stage requires work to start now to ensure no loss of momentum and to minimise the length of time the regeneration area is subject to uncertainty. The next stage once the planning brief completes its consultation stage, is amended and adopted is to lay the foundations for a legal agreement to deliver a successful scheme.</p>	
1.2	<p>The main stages still to be undertaken to deliver this major piece of work are as follows:-</p> <ul style="list-style-type: none"> · Adoption of Planning Brief; · Development Agreement with a developer; · Submission of a planning application by a developer; · Borough Council resolves to support the land assembly strategy with compulsory purchase (CPO) if necessary; · CPO inquiry and Road Traffic Order Inquiry, if necessary; · If results of Inquiries are favourable, the selected developer would begin construction. <p>This report lays out the financing anticipated to achieve the next stage in the regeneration process – the preparation of a Development Agreement.</p>	
2.0	<p><u>The Objectives of the Next Stage</u></p>	
2.1	<p>In working out the budgets for the next stage it is important to keep the objectives in focus. The objectives used to establish the necessary financing in this particular case are to:-</p> <ul style="list-style-type: none"> · position the Borough Council to be ready to deliver a town centre regeneration scheme with a private sector developer in the future; · minimise the costs to the Borough Council commensurate with achieving a successful scheme; · minimise the financial risk to the Borough Council of carrying out unnecessary work prior to any successful delivery of a Development Agreement; · ensure through a Development Agreement that mechanisms are in place to recoup the Borough Council's outlay following the achievement of a Development Agreement; <p>The achievement of a Development Agreement would ensure that the Council's expenses outlined in this report are likely to be fully reimbursed. The expenses in this report are speculative up to the successful completion of a Development Agreement, however the Council's total expenditure to deliver a Development Agreement will be minimised to a limit of £250,000. During this time any developer would be committing resources of the order of £1m.</p>	

3.0	<u>Proposed Financing of the Next Stage</u>			
3.1	The likely costs of the next stage to the Borough Council and the suggested funding sources over the next two years are as follows:-			
	Item	2004/05		2005/06
	Allocated budget spent so far	£40,000		-
	Consultation Costs (see other report)	£20,000		
	Estimate of Town Centre costs (see Appendix 1)	£90,000		£100,000
	Less allocated budget	-£90,000		
	shortfall	£60,000		£100,000
	Potential Sources of Funding			
	Planning Delivery Grant (PDG)	£51,000		£34,000
	Economic Development Budget	£25,000		£50,000 ¹
	Total Available to meet shortfall	£76,000		£84,000 ²
	1 - this includes the 2006/07 budget of £25,000			
	2 – This would require a £16,000 carry over from 2004/05 to fund the expected £100,000 needed for 2005/06			

	The funding of this work will have implications in the two areas identified as potential sources of funding.	
3.2	Economic Development Budget: There is a £25,000 annual budget from 2004/05 for the three years until 2006/07. The allocation was to fund a member of staff to work on land assembly to bring forward difficult pieces of new land for development to create jobs. Proactive approaches by the Council regarding two key sites at St Anthony's and Sovereign Harbour have resulted in positive dialogue with landowners to a position where a planning application is anticipated for Sovereign Harbour B1 land and the Chatsworth Estate has commissioned a feasibility study for St Anthony's. The recent developments have superceded the role envisaged for the land assembly officer's post. The activity around both sites has moved quickly in recent weeks leading to the Director believing that the funding should be re-prioritised to the work needed to deliver a town centre regeneration scheme. This work also requires land assembly and will also create new jobs.	
3.3	Planning Delivery Grant: At its meeting on 27 May 2004 Cabinet received a report on how the 2004/05 Planning Delivery Grant (PDG) would be spent. In the light of the importance of the regeneration of the town centre, and the estimate of the costs, which have now been received, the PDG has been revisited and re-prioritised to free up funding for this important project. It is important that the PDG continues to be targeted at improving the performance of the Planning Service to ensure the Council meets the government's requirements. This is particularly important, because meeting the government's requirements will have a positive impact on next years PDG. The finance identified above from the 2004/05 PDG budget will not have a noticeable impact on the service. Appendix 2 explains the detail make up of the re-prioritised expenditure.	
3.4	The likely PDG award for 2005/06 is more difficult to predict. The government has announced that a total PDG of £170million will be available nationally in 2005/06 and a further £255million for the following two years up to 2007/08. The 2005/06 award is likely to be made in two tranches. One in February/March 2005 and the other a little later, probably within 3 months of 1 April 2005.	
3.5	<p>The PDG is an award made on performance to a set of criteria that are not as yet transparent for 2005/06. However government announcements and past experience suggests that grants will be based on performance in the following areas:-</p> <ul style="list-style-type: none"> · Development Control (period October 2003 to September 2004) · An up to date Development Plan (probably less than 5 years old) · Progress on Local Development Frameworks (probably submission of the Local Development Scheme to Government Office for the South East by 28 March 2005) · Progress towards an Information Technology Communication enabled Planning and Building Control System · House-building performance <p>The Borough Council is doing well in some of these areas and progressing in line with government priorities in others. Overall any grant settlement should reflect this positive position. 80% of the 2004/05 PDG settlement was made up from the first three criteria and as these are critical to the settlement, they are analysed in detail in Appendix 2.</p>	

3.6	Having met the criteria, “How much is the grant award to Eastbourne likely to be?” The government has not told Local Authorities precisely how the awards will be calculated so this report relies on the level of previous awards to the Borough Council and then carries out a sensitivity analysis for other possible outcomes.									
3.7	<p>Previous awards of PDG to Eastbourne have been as follows:-</p> <ul style="list-style-type: none"> · 2003/04 £109,091 (£50million available nationally) · 2004/05 £403,472 (£130million available nationally) <p>Next year there is more money available than before - a sum of £170million nationally. Therefore if Eastbourne performs well against the criteria the Borough Council should do reasonably well in it's PDG settlement. If the “rules of the game” remain the same as last year, I would expect to see a settlement similar to the £400,000 award made in 2004/05. However it would be wise to look at the impact of a range of settlements on the work to be carried out in 2005/06.</p>									
3.8	<p>So far none of the future PDG has been definitely committed. The costs that are likely to be necessary to meet the future planned work of the Division in 2005/06 are as follows:-</p> <table border="1" data-bbox="311 1008 1276 1444"> <thead> <tr> <th data-bbox="311 1008 1157 1120">Work</th> <th data-bbox="1157 1008 1276 1120">Cost</th> </tr> </thead> <tbody> <tr> <td data-bbox="311 1120 1157 1220">Extra time for an existing Conservation Consultant (1 year)</td> <td data-bbox="1157 1120 1276 1220">£8,000</td> </tr> <tr> <td data-bbox="311 1220 1157 1332">Temporary Development Control Officer (2 years)</td> <td data-bbox="1157 1220 1276 1332">£55,000</td> </tr> <tr> <td data-bbox="311 1332 1157 1444">Total</td> <td data-bbox="1157 1332 1276 1444">£63,000</td> </tr> </tbody> </table> <p>The total of £63,000 is the expenditure that is the most critical as it currently forms part of the Planning Service. So £63,000 is a minimum sum needed next year to continue to deliver the service as now. This is the sum taken forward into the sensitivity analysis below. Any further work is optional and dependent on the PDG award and the priorities it is targeted towards.</p>	Work	Cost	Extra time for an existing Conservation Consultant (1 year)	£8,000	Temporary Development Control Officer (2 years)	£55,000	Total	£63,000	
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Extra time for an existing Conservation Consultant (1 year)	£8,000									
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Total	£63,000									
3.9	The sensitivity analysis takes a broad range of possible outcomes based on the two PDG awards of c. £100,000 and c. £400,000 the Borough Council has received to date.									

<u>Items of Potential Expenditure 2005/06</u>	Range of PDG Awards			
	£100k	£200k	£300k	£400k
Minimum needed for Planning Service	-£63k	-£63k	-£63k	-£63k
Town Centre Regeneration Scheme	-£34k	-£34k	-£34k	-£34k
Remaining Sum	£3k	£103k	£203k	£303k
3.10	The analysis above shows that expenditure from 2005/06 PDG will be £97,000. However, should the Council not achieve this level of settlement, the £67,000 for the post outlined will not be available and the post will not be appointed. The remaining £34,000 necessary to fund work up to a Development Agreement would have priority from any underspend in the 2004 PDG settlement or in a worse case scenario would need to be an additional growth item. However, not achieving a PDG settlement at a minimum of £34,000 is very unlikely.			
4.0	<u>Other Implications</u>			
4.1	The main implication is the effects on the budgets over the next two years and these are fully debated above. There are no other implications as a direct result of this report.			
5.0	<u>Conclusion</u>			
5.1	The regeneration of the town centre is a priority project for the Council. The Council needs specialist advice to progress the project beyond the Planning Brief stage. This requires financing. The report identifies where that finance can be found and the implications of diverting it to this important project. Should the work necessary to deliver a Development Agreement not be undertaken by the Borough Council at this time it will adversely affect our position with any prospective developer.			

Norman Kinnish	
Director of Economy, Tourism and Environment	
Background Papers: The Background Papers used in compiling this report were as follows: 1. Minutes of Cabinet dated 12 February 2004 2. Minutes of Cabinet Meeting on 27 May 2004 3. Letter from Office of Deputy Prime Minister dated 18 May 2004 To inspect or obtain copies of background papers please refer to the contact officer listed above.	
Jfc/Reports/Cabinet – 20 10 04 – Eastbourne Town Centre - Funding	
Include	Appendix 1 – Estimate of Expenditure on Specialist Advice

Appendix 2- Performance of the Planning Service Against the Main PDG Criteria.

Appendix 3 – Implications for Re-Prioritising the 2004/05 PDG

Appendix 1 – Estimate of Expenditure on Specialist Advice

The work necessary to achieve the next stage of understanding the contents of a Development Agreement is set out below. (Once the Development Agreement has been signed, the developer reimburses future costs).

Work for 2004-05	Estimate of Costs
Understanding financial modeling for the town centre; scope of developer contributions to offset impact of development; ownership of public elements; discussions with land owners; discussion on heads of terms for a Development Agreement.	Circa. £45,000
Legal advice on the contents of a Development Agreement.	Circa. £45,000
Total for 2004-05	£90,000

Work for 2005-06	
Agree and assess financial model for the town centre development; assessment of letting and marketing strategy; agree detail contents of Development Agreement.	Circa. £60,000
Legal advice on detail of the Development Agreement.	Circa. £40,000
_Total for 2005-06	£100,000

Appendix 2 – Performance of the Planning Service against the Main PDG Criteria.

The table shows the facts on the key elements that will effect the Planning Delivery Grant award for 2005/06. In 2004/05 80% of the award was made up from the performance measures listed below. The table shows that the Borough Council is performing extremely well in these key areas and are adequately meeting the government's targets.

Performance Measure	Govt. Target	Target Met?
Development Control (Oct 2003 – Sept 2004)		
Percentage of all applications decided in 8 weeks (Oct – Dec 03)	80%	Yes (85%)
Percentage of all applications decided in 8 weeks (Jan – Mar 04)	80%	Yes (87%)
Percentage of all applications decided in 8 weeks (Apr – Jun 04)	80%	Yes (86%)

Percentage of all applications decided in 8 weeks (Apr – Jun 04)	80%	TBA
Planning Policy		
Up to date Local Plan	Adopted within 5 years	Yes
Local Development Scheme	Submitted to GOSE by 28 March 2005	Very Likely (authorisation sought at Cabinet on 20 Oct 2004)

Appendix 3 – Implications of Re-Prioritising the 2004/05 PDG

The Planning Delivery Grant (PDG) is targeting a number of areas of the Planning Service. Those areas affected by the re-prioritising recommended in this report and the impact are outlined below.

Original Item in 2004/05 PDG	Cost	Implications of Proposal	Saving
Employ a temporary Development Control Officer. Currently using agency staff at a cost of c. £35,000. Cost of a two year temporary contract is £55,000	£55,000	An officer is still required. The cost of the current agency employee is being partly met from Development Control income (£10,000). Post requires £25,000 from the PDG to secure it for the rest of the financial year. Proposal is to make a temporary appointment from 1 April 2005 using PDG from 2005/06. This saves £30,000 in 2004/05	£30,000
Extra two days a month for Conservation Consultant at a cost of £8,000 p.a.	£8,000	Finance found from Development Control income	£8,000
Undertake a Sustainability Appraisal for the Core Strategy of the new Local Development Framework (LDF). Allocated £25,000.	£25,000	Tenders have been received and appointment made for the sum of £20,000. Saving of £5,000 with no impact.	£5,000

<p>Two Biodiversity Surveys are proposed One for urban area, last survey done in 2000, and one for Eastbourne Park. Allocation of £16,000 for both. Consider Eastbourne Park a priority but reconsider urban area survey in a future year.</p>	<p>£16,000</p>	<p>A Biodiversity Survey of Eastbourne Park is critical to the Core Strategy of the new LDF. This is costed at £8,000. Delay urban area survey for another year as borough had a survey in 2000 and this was reasonably recent. This will save £8,000 in 2004/05.</p>	<p>£8,000</p>
<p>RE-PRIORITISING EXPENDITURE FROM PDG RELEASES A TOTAL OF :</p>			<p>£51,000</p>