



# WNDC Board Report

## Report by Director of Regeneration and Development

**Paper Reference:** 2011-03-07-01

**Agenda Item:** 7

**17 May 2011**

**Subject:** Northampton Town Centre Programme

**Advice:** That the Board:

1. **Note** the progress that is being made on the delivery of the Northampton Town Centre Programme;
2. Support the proposal to submit a bid for Regional Growth Funding in support of Castle Station.

**Summary:**

- During 2011-2014 WNDC's primary role will be to bring forward the five key, and inter-linked, Northampton town centre projects.
- A high-level programme of activity for these projects will be included in the 2011-2014 Corporate Plan, with a more detailed programme in the 2011-2012 Business Plan.
- This report informs Board members of the key issues for each of the five projects and the actions the Corporation intends to take during Quarter 1 of 2011/12 to progress them.

## 1. Background

- 1.1 WNDC's Capital and Revenue funding allocation for 2011 - 2014 has now been confirmed by the government. The foundations for the delivery of the five key projects in Northampton identified by the Minister will, in large part, be laid during this period. The completion of the projects will not be secured during WNDC's lifetime, but it is our aim to ensure all five are irrevocably committed by March 2014.
- 1.2 The funding available for the five projects will be limited and so it will be very important for the Board to be clear about which will have the most significant and substantial economic impact on Northampton / Northamptonshire. Work over the next three months with partners will be critical in determining a programme of delivery over the next three years and beyond.
- 1.3 This report sets out the key issues relating to the delivery of each project and the key milestones that need to be achieved during the course of the few months in order to maintain forward momentum.

## 2. Key Projects

- 2.1 WNDC has a clear mandate to focus on the transformation of Northampton town centre and the delivery of five key projects:
  - Grosvenor / Greyfriars
  - St Johns / Project Angel
  - Castle Station
  - Waterside
  - Avon Nunn Mills
- 2.2 It is generally agreed that for Northampton to deliver its true economic regeneration potential all five projects need to be progressed and delivered in parallel.

## 3. Grosvenor / Greyfriars

- 3.1 There are two key issues that need to be addressed in order to drive this project forward. The first is viability. The Development Agreement entered into by the Borough Council requires the Council to fund the buy-out of the lease with Stagecoach and to fund the provision of temporary and permanent bus facilities. In order to make such investments there needs to be some confidence that the

extension and refurbishment of the Grosvenor Centre is viable and that Legal & General will commit to the project.

3.2 The second key issue is in connection with the provision of bus facilities. Whilst some work has been undertaken to explore options for the re-provision of these facilities a clear and agreed programme of work is required between the Borough and the County Councils. An assessment of the shortlisted Options is currently being undertaken and it is anticipated that this will be complete by the 16<sup>th</sup> June. The assessment will include the preparation of fully costed options.

3.3 It is essential to the delivery of the project that both of these issues are adequately addressed.

3.4 NBC have Cabinet approval for a £1m allocation to the lease buy-out cost which is estimated at £5m in total. A WNDC capital funding commitment may be sought for the remainder of this cost. WNDC may also be asked to consider a capital contribution to the relocation of bus facilities.

3.5 The commitment of WNDC capital funds will rely upon clarity of financial viability of the scheme and the assurance of an agreed delivery timetable in order to ensure the benefit of investment is realised. CLG approval will be required before we commit any funding. Over the next two months key actions are to work with L&G, NBC and NCC such that by the end of June the following milestones have been achieved:

3.6 Key Milestones

- Decision on the preferred solution to the temporary and permanent bus facilities.
- Viability assessment for the Grosvenor Centre refurbishment and extension.

#### **4. St Johns / Project Angel**

4.1 This project is a combination of two initiatives by the Borough and County Councils, which combine to regenerate an underperforming part of the central area. The key issue that needs to be addressed relates to highway access for both sites.

4.2 Project Angel will result in the re-provision of essentially public sector office provision on land owned by the County Council. The project is at a relatively early stage of development, but the Strategic Outline Case for investment has been made and approved by the Council. The County Council are now working on the detailed

Business Case and this stage of work should be complete in September and will be reported to Cabinet in December 2011. WNDC (Chief Executive) is a member of the project board.

4.3 St Johns is more advanced with the Borough Council having procured a development partner to deliver a mixed use development on the two surface car parks adjacent to St Johns multi storey car park and the Royal & Derngate Theatres.

4.4 Both sites require highway access arrangements to be agreed and implemented. The solution is likely to focus on resolving highway problems associated with the Plough Junction. It is unlikely that there will be a direct investment of WNDC capital funds in these projects. However a contribution to the transport improvements at Plough Junction may be requested and WNDC development expertise will be provided in support of Project Angel.

4.5 Key Milestone

- Core partners (NCC, NBC, WNDC) to agree scope and programme for delivery of a highways/transportation strategy for the southern part of Northampton town centre; with particular reference to St Peters Way, Plough Junction and Victoria Promenade.

## **5. Castle Station**

5.1 The station project has the potential to create an exciting new gateway to Northampton as well as providing a significant development opportunity for new commercial office space.

5.2 Design work on the Station has now reached a significant stage (GRIP4) with Network Rail due to approve the outline design for the station and multi storey car park (MSCP) this month. The planning process, which requires 'Prior Approval' from Northampton Borough Council, is not yet complete although a response from the Borough Council is expected shortly.

5.3 WNDC has already invested capital funds in excess of £1.3m to deliver the project to GRIP4 stage. The key objectives from this point forward relate to securing additional funding sources, strategic commitment from key partners, and any necessary policy changes at a political level.

5.4 One possible source of funding for the Station is the Regional Growth Fund (RGF) that is available from the Government. Bidding for the first round of RGF was very competitive. The assessment criteria for RGF do not favour projects from Northamptonshire. However, in the national context the first round of RGF did not result in many transport related projects and it is understood that such projects are being encouraged in the second round of bidding. A bid for Northampton Station is being considered and discussions are underway with partners. Whilst the bidding criteria are challenging the station project has the advantage of being well developed, strongly supported and deliverable. Every effort will be made to secure this and other sources of funding and the Board is asked to support a bid for Regional Growth Funding.

5.5 To meet the above objectives, WNDC will deliver a senior stakeholder engagement campaign, with a strong emphasis on public affairs. This campaign will be based on a detailed review of investment options for the station, including a case study analysis of comparable schemes, and an evaluation of the policy and investment landscape in the UK rail industry. This campaign will build on a number of the activities that have already been undertaken, such as the discussion with the Transport Secretary organised via Brian Binley MP. Most recently a positive meeting was held on 6th May with David Higgins, Chief Executive of Network Rail.

#### 5.6 Key Milestones

- Complete Planning Prior Approval process.
- Secure Network Rail approval of GRIP4 Stage.
- Agree and commence public affairs campaign.
- Submit bid for Regional Growth Fund

## 6. Waterside

6.1 Adjacent to the station, Waterside has the potential to open a significant new commercial and residential gateway for Northampton. Key issues to address relate to the removal of the gas holders and therefore the engagement of National Grid.

6.2 WNDC has successfully completed the first phase of land assembly and, with the exception of the site of the former Pachanga night club, has secured the ownership of

land between the site of the former United Reform Social Club at Black Lion Hill, down to and including all of the residential properties at Tanner Street. These properties are now being managed until they are required for development. Discussions are ongoing with the owners of the Pachanga site with a view to securing this as part of the comprehensive development of the Waterside area.

6.3 Discussions with National Grid have continued. The Board will be aware that National Grid had indicated that the Gas Holders would be required for operational use until at least 2016. Negotiations with National Grid have continued and they are now reviewing the operational requirement for the gas holder sites, but have not as yet been able to give a commitment to the removal of the holders.

6.4 The first phase development at the Waterside is likely to include the creation of an Innovation Centre with the University, making use of the East Midlands Urban Fund (European funding through the Jessica initiative). In light of recent experiences with the iCon project it will be important to establish future governance arrangements, project procurement and project management responsibilities at an early stage.

6.5 WNDC has invested significant capital funds in land and property assembly for the development. This will continue in 2011/12 as the Board have already approved £1.3m of capital match funding for the Innovation Centre in support of the Urban Fund bid.

6.6 As the Urban Fund is a loan and not a grant it is anticipated that WNDC funds will be drawn down initially to limit the time period of loan funds and hence reduce interest costs to the project.

6.7 Additional WNDC capital spend is forecast for 2011/12 in respect of enabling design work.

#### 6.8 Key Milestones

- Secure National Grid agreement to demolition and remediation of Gas Holders.
- Secure Capital & Provident agreement to enter into a joint venture arrangement to deliver a first phase of development
- Secure Urban Fund approval.
- Secure the in principle agreement of University of Northampton for the governance and delivery of the Innovation Centre.

## 7. Avon Nunn Mills

- 7.1 The Avon, Nunn Mills and Ransome Road sites have been a priority for WNDC, HCA and NBC for some time. As well as being large brownfield sites they present significant potential for commercial and residential development on a riverfront location. Key issues to address are site access and infrastructure, land in unknown ownership, the disused rail line, viability and ensuring collaborative working between the various landowners.
- 7.2 Work is now well underway with regard to the London Road / Ransome Road junction improvement. The works are scheduled to be complete in December 2011. This will allow site remediation and then development to progress on the Ransome Road site. The S106 agreement for the Ransome Road application is currently being refined.
- 7.3 The Collaboration and Indemnity Agreements that will allow the Compulsory Purchase (CPO) of land in unknown ownership are close to being finalised. The Indemnity Agreement being provided by Avon Cosmetics is backed by way of an Insurance Policy and is specifically in respect of any unknown owner becoming known.
- 7.4 Discussions with the Environment Agency (EA) and NBC have also continued with a view to seeking agreement to the proposals. Agreement is required with NBC to utilise some additional land for the Junction improvement at Bedford Road. Once the Collaboration and Indemnity Agreements are signed by all parties the CPO process can formally start.
- 7.5 Given the nature of the site and the abnormal costs associated with development, viability will be a key issue to deal with. Following the signing of the Collaboration Agreement there will be a 12 month period for the landowners to agree the development parameters and cost sharing associated with this and the delivery of infrastructure.
- 7.6 The future of the disused rail line that runs through the site will have a bearing on both the form and layout of the development and on cost. We will engage with Network Rail and the Rail Regulator to address this.
- 7.7 Viability appraisals will be considered for a range of options for development. This will determine whether or not any capital funding will be needed to enable and to bring forward early development.

7.8 WNDC capital investment enabled the London Road Junction Improvements to proceed and a further £1.5m of funds will be spent in 2011/12 to complete these works. Significant WNDC resources have been dedicated to securing the Collaboration agreement and preparing the CPO. This is expected to continue throughout 2011/12 and will form part of our Administration budget. Future capital investment by WNDC will be contingent upon the viability of the scheme and the timetable for development. A contribution to the Bedford Road Junction works may be sought from WNDC.

#### 7.9 Key Milestones

- NBC to confirm agreement of land take at Bedford Road junction and support for CPO.
- Collaboration Agreement to be signed by all parties.
- Submit planning application for road infrastructure.
- Start CPO process.
- Secure negotiation with Network Rail to secure rail crossing.

### 8. The Role of Partners

8.1 Each of the projects set out above is large and complex and will present many challenges in delivery. There is a need to ensure that there is effective oversight of these projects at CEO level and, where appropriate, at senior Member/Chairman level by the partners involved. To this end a Strategic Projects Group has been established involving the Chief Executives of Northampton Borough Council, Northamptonshire County Council and WNDC. Tony Ciaburro (NCC), David Bailey (NBC), Roger Mendonca and Chris Garden (WNDC) will normally attend the meetings. The Group will meet on a six weekly basis and will have the following main objectives:

- Maintain up-to-date briefing on the current position on each project; its key issues, the delivery programme and the interaction between those programmes.
- Understand the input expected from each partner organisation in the delivery of each, and identify any problems in securing that input.
- Act as 'unblocker' where necessary.

- Ensure the co-ordination of senior resource into each project. In particular to minimise duplication whilst ensuring effective engagement and commitment from our organisations.

8.2 In support of the Strategic Group, and to lead the detailed technical work needed for the delivery of the projects, an Operational Group has been established. This Group will meet on a four weekly basis. The initial membership of the Operational Group will comprise Sue Bridge and Chris Cavanagh from Northampton Borough Council, David Farquhar, Roy Boulton and Richard Beeby from Northamptonshire County Council and Chris Garden, Adrian Arnold and Ann Battom from WNDC.

## **9. Programme Funding**

9.1 WNDCs key strength is that it has a firm commitment from CLG for capital programme funding through to 2013/14. This is a huge achievement in the light of the government reduction in Arms Length Bodies and the scale of public spending cuts.

9.2 This recognises the importance of West Northamptonshire and specifically the five key Northampton Town Centre projects in delivering the economic development potential indentified for the area.

9.3 WNDC will seek to develop wider links across central government, via CLG, to ensure the key projects can access funds from a number of financial initiatives. These monies, such as locally retained business rates, are not expected to be received by WNDC but will enable local authority partners to provide capital financing revenue support for those projects on a longer term basis.

9.4 WNDC will continue to secure through the planning process future S106 contributions, both financial and works in kind. The potential quantum of these contributions will enable a step change impact on key regeneration developments in West Northamptonshire

9.5 Work is underway to give more certainty to the scale and timing of this important source of future investment.