

Agenda Item 6

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Ward (s) affected	
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Subject	Leatherhead Town Centre Masterplan
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RECOMMENDATIONS

The Council is asked to approve the expenditure of up to £511,000 over the financial years 2014/15 to 2016/17, in order to develop a Master Plan for Leatherhead Town Centre.

(NB This maximum sum is net of a £62,500 grant already awarded by the Coast to Capital LEP for 2015/16, and will reduce further if any future grants are awarded by the LEP. Another bid of £62,500 has already been lodged for 2016/17 and further grants will be sought across all three years, as opportunities arise.

At this stage it is not proposed to make additional budget provision for the estimated net spending in 2014/15, and efforts will be made to contain this within the overall 2014/15 budget set by the Council in February.

It is proposed that the specific funding arrangements for the Council's net spending on this project will be considered as part of the budget setting process for 2015/16.

However, prior to consideration of this, the Council's Section 151 Officer confirms that if necessary the Council is able to fund the proposed spending from its current revenue reserves without reducing them unacceptably).

ACCESS TO SERVICES

Helping residents to access the services they need

- The development of a Master Plan for Leatherhead town centre will include major consultation and engagement processes, in order to ensure that we listen to our residents and businesses and ensure that their needs and views are fully considered in redesigning the shape and layout of Leatherhead town centre.
- The project will engage with a wide range of public, private and not for profit sector partners to ensure that Leatherhead town centre meets the needs of our residents and business community.

ENVIRONMENT

Maintaining the character and environment of Mole Valley

- This project will support the local/regional economy by enabling/promoting development in the District, (within the existing 'built-up' area), and attracting businesses into the District.
- It will improve the quality of the built environment of Leatherhead town centre, while enhancing its character and integrity.

VALUE FOR MONEY

Delivering value for money services

- The Council has a number of significant property assets within Leatherhead town centre, and the project will ensure that best use is made of these assets.

The Council has the authority to determine the Recommendations

1.0 BACKGROUND/INTRODUCTION

1.1 April 2014 Executive Report

1.1.1 At its meeting on 8 April 2014, (Agenda item 6), the Executive considered a report on the role of the Coast to Capital Local Economic Partnership, (C2C LEP), and the benefits, financial and otherwise that MVDC could receive through effective engagement with the LEP. In summary, amongst other things, the report noted:

- LEPs were formed in 2011 to help determine local economic priorities, and lead economic growth and job creation. The Government has been clear that the Local Growth Fund, distributed via LEPs will be the most significant source of new investment in transport and other infrastructure, and the main source of investment in economic development more generally;
- The C2C LEP encompasses all of West Sussex, Brighton & Hove, Lewes, Croydon as well as four eastern Surrey districts and boroughs: Epsom & Ewell, Mole Valley, Reigate and Banstead, Tandridge;
- The C2C LEP's three priorities are homes, jobs and employment space, (of all types);
- The Strategic Economic Plan, (SEP), for the C2C LEP includes consideration of the potential regeneration of Leatherhead town centre as a possible driver of economic growth, not only for the town, but also for the District, the east of the County and the Coast to Capital region.

- There is potential for MVDC/SCC to benefit considerably through ongoing engagement with LEPs, particularly in securing funding for priority schemes, including capital investment for transport projects which could not otherwise be funded.
- However, there is an expectation from Government and LEPs that districts, boroughs and SCC will support the preparatory work for these projects. The upfront costs of scheme design and development may not be refundable if the schemes are not ultimately successful in securing funding from the LEP.

1.2 Subsequent Developments

1.2.1 MVDC subsequently made a bid to the C2C LEP to assist development of the Leatherhead town centre regeneration proposal, and has been successful in being awarded a grant of £62,500 in 2015/16, and a bid for a further £62,500 has been made for 2016/17. (Further grants will be applied for in line with the LEP's defined processes, as opportunities arise).

1.2.2 Although the precise criteria and conditions associated with this grant have yet to be finalised by the LEP, the grant has to be at least match-funded by MVDC, and the initial grant may possibly need to be spent in 2015/16.

1.2.3 As well as the obvious direct financial benefit of the grant, it also has two additional benefits:

- It demonstrates that the LEP supports the proposition that the regeneration of Leatherhead town centre can support the economic growth of the C2C region as a whole and help achieve the LEP's objectives. This gives encouragement, (although no guarantees), that future grant applications to the LEP will receive serious consideration.
- The process of bidding to the LEP, and the subsequent award of the £62,500 grant, has received considerable interest from large parts of the Leatherhead community, (as well as the surrounding villages). As a result of the subsequent feedback, it would appear that there is significant public support for the potential regeneration of Leatherhead town centre.

1.3 Proposed 'Masterplan'

1.3.1 In order to take this proposal forward, it is now proposed to initiate a project aimed at revitalising the town centre, significantly improving its 'offer' for the next 25+ years. This will make the town centre a more attractive place to live, work and play, enabling the town and surrounding area to maximise its already significant economic potential.

1.3.2 If approved, the first stage in this process would be to create a 'Masterplan' for the town, redesigning how the built environment of the town centre, (including its transport infrastructure), will be changed. The Masterplan will also include proposals setting out how the Masterplan could be implemented.

- 1.3.3 The Masterplan will primarily focus on ensuring that the town centre meets the needs of residents and businesses of Leatherhead, Bookham, Fetcham and Ashted, (and the rural areas immediately surrounding those built up areas).
- 1.3.4 In addressing the 'town centre needs' of local people, the Masterplan will actively consider, (in no particular order):
- Town centre housing;
 - Job creation and employment land;
 - Leisure, (including hotel provision), recreation and open space;
 - Food & beverage;
 - The 'evening economy';
 - Convenience retail (grocery shopping and supermarkets);
 - Comparison retail (non-grocery related shopping);
 - Parking and access;
 - Town centre roads and the one-way system;
 - Public realm and the conservation area.
- 1.3.5 In making Leatherhead, and hence, northern Mole Valley an even more attractive place to live, work and 'play', the project will tackle the current 'leakage' of economic activity, (e.g. shopping, leisure activities), to other, more distant, towns.

1.4 Masterplan Process and Resources

- 1.4.1 Ultimately, a project of this scale, (regeneration of an entire town centre), will involve the investment of very large sums, (certainly in excess of £100m), in order to achieve the material benefits outlined above.
- 1.4.2 Although some relatively minor contributions may be available from public sector bodies, (MVDC, SCC), investment on this scale will come predominantly from two sources:
- The vast majority of any investment, (for homes, shops, offices, leisure and other commercially viable facilities), will come from private sector investors;
 - For infrastructure and other facilities that do not have a direct commercial value, funding is unlikely to come from anywhere other than the C2C LEP, supplemented by SCC. This is particularly true in relation to the Leatherhead one-way system, which has been identified by a number of people as needing major change. This would potentially cost millions of pounds, and could realistically only be primarily funded by the LEP.
- 1.4.3 Private sector investment on this scale is very unlikely to occur in a piecemeal fashion. Investment is only likely to be forthcoming if investors can see that their investment fits into an overall plan for the town which gives confidence that their investment will deliver an acceptable return. Similarly, the LEP will, understandably, only be likely to provide funding if they have confidence that the plan for the town will deliver key economic benefits.

- 1.4.4 Consequently the robustness and quality of the Masterplan is fundamental to the successful achievement of a subsequent town centre regeneration. The creation of a robust Masterplan is a complex, highly skilled, and 'resource hungry' process, essentially aimed at understanding and reconciling three, sometimes contradictory, perspectives:
- What do our residents, communities and local employers/businesses need and want? (The masterplanning process involves significant public engagement).
 - What are investors prepared to pay for? (The masterplanning process equally involves significant engagement with potential investors and commercial partners)
 - What is acceptable/desirable in planning terms?
- 1.4.5 Some of the skills and experience necessary to undertake a Masterplanning process are not present within MVDC, (or are not present with sufficient capacity). It is proposed to appoint a company or consortium which has the specialist skills and experience necessary to lead a Masterplanning process.
- 1.4.6 However, the most effective and ultimately deliverable Masterplans arise where a local authority retains a strong involvement in the process, rather than commissioning the work, thereafter disengaging from the process and waiting for the final product to be delivered. This partnership approach will require additional in-house resources, for the (two year) duration of the Masterplanning process. These resources will be predominantly in the Planning Policy and Property Teams.
- 1.4.7 The proposed timetable for the Masterplanning process is as follows:
- October 2014 to December 2014: Procurement of Masterplan Partner.
 - February 2015: appoint Masterplan Partner and let contract.
 - October 2015: partner to submit draft Masterplan to MVDC.
 - **Early 2016: MVDC to approve draft Masterplan for public consultation.**
 - Spring 2016: public consultation.
 - July 2016: Masterplan Partner to submit final Masterplan.
 - **September 2016: MVDC to approve final Masterplan.**

1.5 Financial Implications

1.5.1 In order to achieve the Masterplanning process set out above the following budget is proposed:

	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>Total</u>
	£'000	£'000	£'000	£'000
Masterplanning and economic development consultancy	37	139	90	266
Planning Policy, Property and project management backfilling	44	104	78	226
Legal and procurement advice, communications, and community engagement	15	37	30	82
	—	—	—	—
Gross cost	96	280	198	574
Less LEP Grants	—	<u>63</u>	<u>62</u>	<u>125</u>
Net cost	96	217	136	449

1.5.2 It is important to note that the 2015/16 grant from the LEP has been formally awarded to MVDC. The 2016/17 grant has been applied for, but not yet awarded, although the award of the first years grant, and the initiation of this project by MVDC, both increase the likelihood that it will be successful.

1.5.3 Consequently, the maximum likely cost to the Council is £449,000, although if the application for grant funding in 2016/17 is unsuccessful, the maximum cost could rise to £511,000. Further grants will be applied for, possibly in all three years, if and when opportunities arise. This could further reduce MVDC's contribution.

1.5.4 That said, as noted above, there is a clear expectation from Government and LEPs that local authorities will support the preparatory work for these projects, in anticipation of material capital funding from LEPs, for infrastructure costs, should these projects come to fruition. Such projects also create potential to derive additional income from MVDC's assets, as well as further funding from New Homes Bonus and a share of any increase in Business Rates.

1.5.5 Although the financial risk of planning/designing these sorts of projects sits squarely with local authorities, if authorities are not prepared to take this risk, they effectively preclude themselves from the significant funding available only via LEPs.

1.5.6 In not taking these risks, local authorities also limit the scope and ambition of potential economic development projects, thereby reducing the investment likely to be available from the private sector.

- 1.5.7 Finally, failure to explore opportunities such as the potential regeneration of Leatherhead town centre risks missing out on significant financial benefits potentially available to MVDC. The Council's Medium Term Financial Strategy identifies the need to maximize, and realize, the value of the Council's assets. The Council has significant property and landholdings within Leatherhead and the sale of some or all of these, as part of any regeneration, could generate significant capital receipts. Further, the development of both residential and commercial premises could generate income to MVDC, through receipt of New Homes Bonus and additional Business Rates and Council Tax. Although impossible to quantify at this stage, this income could be significant in securing the Council's financial sustainability, and hence protecting and enhancing valuable public services, particularly in the likely scenario of ongoing austerity.
- 1.5.8 In relation to the budgeting of this potential spending in 2014/15, it is not proposed to provide additional budget, as budget monitoring currently suggests that the net cost in the current year might possibly be met from within existing resources. In relation to 2015/16 and 2016/17, it is suggested that the budgeting of the proposed spending is considered as part of the forthcoming budget setting cycle.
- 1.5.9 However, it is worth noting that the current level of revenue reserves is such that the cost of this project can be funded from reserves without unacceptably reducing the level of them. As such a decision can be made to commit the proposed spending without having finalised the method of funding at this stage.

1.6 Legal Implications

- 1.6.1 The recommendation before Council does not in itself generate any specific legal implications. If the recommendation is approved, considerable legal advice is likely to be necessary during this project as part of the consideration of the various commercial solution(s) for delivering the proposed town centre regeneration.
- 1.6.2 The initial legal advice will be a summary report on the title of the Masterplan area (excluding certain residential leasehold premises). Given the size of the area, the task is intensive for a small legal team.
- 1.6.3 During the project lifetime, further legal advice (for example on issues such as planning, procurement, property and public law issues) will be required. However, these will not be decided and/or delivered until the Masterplan has been endorsed by MVDC in approximately two years time.
- 1.6.4 Although it is not believed that the contract with the Masterplan partner will be of a size to require a full OJEU procurement process, it will still be a major procurement, requiring legal support to ensure compliance with the applicable procurement legislation and best practice.

2.0 CORPORATE IMPLICATIONS

Monitoring Officer commentary - The Monitoring Officer confirms that there are no specific legal implications arising from this report other than as set out above.

S151 Officer commentary - The Section 151 Officer confirms that all relevant financial issues have been considered in the body of the report.

Risk Implications - The risk of not engaging in the project means that MVDC will not have access to significant funding to regenerate Leatherhead. The future scope and ambition of future potential economic development projects will be limited, thereby reducing investment likely to be available from the private sector. Leatherhead is likely to continue to decline, with consequent loss of business rates etc.

We have a project risk assessment in place relating to the development of the bids. A forward looking risk assessment and detailed risk registers will be put in place as the project progresses.

As stated in the report, there is an expectation from Government and LEPs that districts, boroughs and SCC will support the preparatory work for these projects. The upfront costs of scheme design and development may not be refundable if the schemes are not ultimately successful in securing funding from the LEP. There is a reputational risk to the organisation a) if the project does not progress to implementation or b) if the project management of the Plan is not robust. A communications and engagement plan will be put in place to mitigate these risks.

Equalities Implications - There are no specific equalities implications as a direct consequence of this report. However, where additional funding for infrastructure and transport schemes is secured, there are likely to be positive impacts through increasing access to services and employment opportunities. Where applicable, equality impact assessments will be undertaken as a part of decision-making

Employment Issues – One of the key objectives of the potential regeneration of Leatherhead town centre is job creation. However, at this stage the creation of a Masterplan has no direct employment issues, other than the temporary creation of two posts in the Planning Policy and Property teams.

Sustainability Issues - As part of the masterplanning process, issues relating to the environmental, economic and social sustainability of Leatherhead and the surrounding area will be considered and incorporated into future redevelopment plans.

Consultation - Consultation with the local community and businesses was undertaken prior to submission of the bid. Significant further engagement will take place as the project progresses.

Communications - A communications and engagement plan will be put in place.

BACKGROUND PAPERS

Bid submission and related correspondence