

Meeting: Council

Date: 20 September 2018

Wards Affected: all wards

Report Title: Elected Mayor's Response to Objection to Investment and Regeneration Fund Strategy

Is the decision a key decision? No

When does the decision need to be implemented? As soon as possible

Executive Lead Contact Details: Elected Mayor Gordon Oliver, Elected Mayor and Executive Lead for Assets, Finance, Governance and Corporate Services, Economic Regeneration and Transformation, mayor@torbay.gov.uk

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1. Proposal and Introduction

- 1.1 On 19 July 2018 Council approved a motion objecting to the current Investment and Regeneration Fund Strategy on the basis that it does not reflect the Council's objectives, does not clearly state how regeneration projects will be brought forward and how it meets the need to generate additional income whilst supporting economic growth (Minute 59/7/18 refers). This was in the context of the Council's previous decisions in respect of town centre regeneration.
- 1.2 Members will recall that they approved a Transformation Strategy for Torbay's Town Centres and established a Town Centres Regeneration Programme Board on 6 April 2017, Minute 180/4/17 refers. The Council subsequently approved prudential borrowing of £25 million to create a Town Centres Regeneration Programme Fund that would support the delivery of the projects identified in Phase 1 of the Town Centre Regeneration Programme (TCR) on 19 October 2017 (Minute 119/10/17 refers).
- 1.3 A Notice of Motion – Transformation Project – Town Centre Regeneration was considered and approved by the Council on 21 June 2018 to transfer all responsibility for progressing and overseeing the Town Centre Programme to the Investment and Regeneration Committee and disbanding the Town Centre Regeneration Programme Board (Minute 40/6/18 refers). The Committee was also given authority to commit any element of the £25 million previously agreed within

their Policy Framework (namely the Investment and Regeneration Fund Strategy) with this amount being ring fenced for town centre regeneration.

- 1.4 The Elected Mayor responded to the objection as set out in paragraph 1.1 and his decision is set out at Appendix 1 to this report. The revised strategy has been reviewed by the Investment Committee on 4 September 2018 and they supported the revised strategy as set out at Appendix 2 to this report.

2. Reason for Proposal and associated financial commitments

- 2.1 To consider the Elected Mayor's response and the Investment and Regeneration Committee's proposed revised Investment and Regeneration Fund Strategy (Appendix 2).
- 2.2 In the event that Council approve the Strategy as recommended by the Investment and Regeneration Committee it is recommended by Officers that Council rescind a number of previous decisions as set out in paragraph 3.3 to enable the Investment and Regeneration Committee to move forward the Town Centre Regeneration Programme.
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3. Recommendation(s) / Proposed Decision

Elected Mayor's Recommendation:

- 3.1 That the Council notes the Elected Mayor's response to the objection to the current Investment and Regeneration Fund Strategy as set out in Appendix 1 to the submitted report and that no further action be taken at this time.

Investment and Regeneration Committee Recommendation:

- 3.2 That the revised Investment and Regeneration Fund Strategy set out at Appendix 2 to the submitted report be approved.
- 3.3 That the following decisions be rescinded:

Minute 180/4/17 (ix) - that any revenue surplus generated from the Town Centres Regeneration Programme be earmarked to fund a Town Centre Investment Fund with any capital receipts from the Programme being allocated by the Council in accordance with the Budget and Policy Framework;

Minute 119/10/17 (ii) - that any income (revenue or capital) from the projects within Phase 1 of the TCR Programme, in excess of the amount required to cover the prudential borrowing costs for the £25 million and sustain service delivery (including any increased service costs/forecast income), be re-invested into the delivery of the Town Centre Regeneration Programme;

Minute 119/10/17 (iii) - that the Town Centres Regeneration Programme Board must submit for approval by the Chief Executive, in consultation with the Elected

Mayor and Group Leaders, an initial 5 year Town Centres Regeneration Business Plan, including delivery timescales and interdependencies between the projects demonstrating how the prudential borrowing will be used. The Business Plan needs to be regularly reviewed, with the Board submitting amendments for approval. The Overview and Scrutiny Board will periodically review progress against the business plan;

Minute 40/6/18 (ii) - that any income (revenue or capital) from the projects within Phase 1 of the TCR Programme, in excess of the amount required to cover the prudential borrowing costs for the £25 million and sustain service delivery (including any increased service costs/forecast income), be re-invested into the delivery of the Town Centre Regeneration Programme;

Minute 40/6/18 (iii) - that the Town Centres Regeneration Programme Board must submit for approval by the Chief Executive, in consultation with the Elected Mayor and Group Leaders, an initial 5 year Town Centres Regeneration Business Plan, including delivery timescales and interdependencies between the projects demonstrating how the prudential borrowing will be used. The Business Plan needs to be regularly reviewed, with the Board submitting amendments for approval. The Overview and Scrutiny Board will periodically review progress against the business plan; and

Minute 40/6/18 (v) that, if necessary, the £25 million Town Centre Regeneration Programme Fund can be used to make strategic acquisitions of property, with the revenue and/or capital income from such purchases being reinvested into the delivery of the TCR Programme. The authority to make such acquisitions is delegated to the Executive Head of Business Services, in consultation with the Chief Finance Officer and the Town Centres Regeneration Programme Board, following assessment of a clear business case. The drawdown of the Prudential Borrowing to be approved in accordance with (i) above. Any purchase of property in excess of £5 million will need full Council approval.

Appendices

Appendix 1 Record of Decision – Elected Mayor’s Response to Objection to the Current Investment and Regeneration Fund Strategy

Appendix 2 Revised Investment and Regeneration Fund Strategy

Background Documents

Transformation project – Town Centre Regeneration report and decision 4 April 2017 - <http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=6872&Ver=4>

Town Centres Regeneration Programme Fund 17 October 2017 – <http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=7451&Ver=4>

Notice of Motion – Transformation Project – Town Centre Regeneration 21 June 2018 –
[http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=8380
&Ver=4](http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=8380&Ver=4)

Notice of Motion – Policy Framework Objection to the Current Investment and
Regeneration Strategy 19 July 2018 –
[http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=8381
&Ver=4](http://www.torbay.gov.uk/DemocraticServices/ieListDocuments.aspx?CId=163&MId=8381&Ver=4)

Section 1: Background Information

1. What is the proposal / issue?

The Council needs to review its Investment and Regeneration Fund Strategy following an objection by the Council that to ensure it reflects the Councils objectives, clearly states how regeneration projects will be brought forward and demonstrates how it meets the need to generate additional income whilst supporting economic growth (Minute 59/7/18 refers). This follows the decision of the Council to transfer responsibility for town centre regeneration to the Investment and Regeneration Committee.

There is also a need to review some previous decisions regarding operational requirements in respect of town centre regeneration.

2. What is the current situation?

The Council considered the Transformation Strategy for Torbay's Town Centres (as set out in the submitted report on 4 April 2017) for inclusion as a Policy Framework document, appended to the Council's Economic Strategy. It was noted the Town Centre Regeneration Strategy had two key objectives, namely:

- to deliver and enable significant and successful regeneration of Torbay's town centres, as a key part of Torbay's overall growth and place making agenda; and
- to generate income to support the Council's budget in order to deliver local services.

Members agreed:

- (i) that the "Transformation Strategy for Torbay's Town Centres", which includes the actions to deliver Phase 1 of the Town Centres Regeneration Programme, including direct delivery of development by the Council, and is set out in Appendix 1 to the submitted report, be agreed and adopted as a Policy Framework document as an Appendix to the Council's Economic Strategy;
- (ii) that, in accordance with the Transformation Strategy for Torbay's Town Centres, the Town Centres Regeneration Programme Board be requested to pursue a range of actions as described within the Strategy, including the development of full business cases, for the following priority projects on Council-owned land:

- (a) Harbour View – between The Terrace and Museum Road, Torquay;
- (b) Paignton Harbour;
- (c) Upton Place (behind the Town Hall), Torquay;
- (d) Victoria Centre, Paignton;
- (e) Lower Union Lane and the linkage to Union Street, Torquay; and
- (f) Brixham Town Centre;

- (iii) that the Town Centres Regeneration Programme Board be requested to continue to work with the owner of Crossways, Paignton and potential investors to secure an appropriate and accelerated redevelopment of the site in support of regeneration in accordance with the Strategy;
- (iv) that the Town Centres Regeneration Programme Board be requested to continue to work with Network Rail and Stagecoach, other land owners, Great Western Railway and investors to secure delivery of a new Paignton Civic Hub, focused around the bus/rail stations and the library in Paignton, in accordance with the Strategy;
- (v) that, having developed a full business case for each Town Centre regeneration site, including but not limited to those identified in (ii), (iii) and (iv) above, the Town Centres Regeneration Programme Board should seek a decision from the Council to proceed as and when appropriate;
- (vi) that the Council supports, in principle, the following priority public realm projects and requests that the Town Centres Regeneration Programme Board develop full business cases for projects and present them to Council for a decision to proceed as and when appropriate:
 - (a) Castle Circus, Torquay;
 - (b) GPO roundabout, Torquay;
 - (c) Cary Parade/The Strand, Torquay;
 - (d) Market Street junction with Union Street, Torquay;
 - (e) Between the former BHS store and Union Square, Torquay;
 - (f) Station Square, Paignton;
 - (g) Between Victoria Street/Torbay Road, Paignton; and
 - (h) Junction of Palace Avenue, Totnes Road and Victoria Street, Paignton;
- (vii) that an allocation from the Council's overarching 2016/2017 Transformation Budget (and any agreed rolled over to 2017/2018) be earmarked for Town Centre Regeneration to be

determined by the Chief Executive to support up to four additional FTEs and to meet professional and other costs associated with delivering the town centre regeneration programme at pace and scale;

- (viii) that the Chief Executive, in consultation with the Chief Financial Officer and the Executive Head of Business Services, consider reprioritising existing regeneration resources in order to prioritise town centre regeneration;
- (ix) that any revenue surplus generated from the Town Centres Regeneration Programme be earmarked to fund a Town Centre Investment Fund with any capital receipts from the Programme being allocated by the Council in accordance with the Budget and Policy Framework; and
- (x) that the Policy Framework be amended to reflect that any disposal of assets required to facilitate the Town Centre Regeneration Programme will be a Council function.”

The Council subsequently approved prudential borrowing of £25 million to create a Town Centres Regeneration Programme Fund that would support the delivery of the projects identified in Phase 1 of the Town Centre Regeneration Programme (TCR) on 19 October 2017. Decision set out below:

- (i) that prudential borrowing of £25 million is approved to create a Town Centre Regeneration Programme Fund that will support delivery of the projects identified within Phase 1 of the Town Centre Regeneration (TCR) Programme, as set out in the Council's Transformation Strategy for Town Centres, with any draw down against this sum being delegated to the Chief Executive in consultation with the Elected Mayor, Group Leaders and Chief Finance Officer, in accordance with the approved Business Case at (iii) below;
- (ii) that any income (revenue or capital) from the projects within Phase 1 of the TCR Programme, in excess of the amount required to cover the prudential borrowing costs for the £25 million and sustain service delivery (including any increased service costs/forecast income), be re-invested into the delivery of the Town Centre Regeneration Programme;
- (iii) that the Town Centres Regeneration Programme Board must submit for approval by the Chief Executive, in consultation with the Elected Mayor and Group Leaders, an initial 5 year Town Centres Regeneration Business Plan, including delivery timescales and interdependencies between the projects demonstrating how the prudential borrowing will be used. The Business Plan needs to be regularly reviewed, with the Board

submitting amendments for approval. The Overview and Scrutiny Board will periodically review progress against the business plan;

- (iv) that the Town Centres Regeneration Business Plan will include the delivery of at least two public realm projects, one for Paignton and one for Torquay, at a combined cost of approximately £3 million, and the delivery of a refurbished Lower Union Lane Multi Storey Car Park at a cost of approximately £3.5 million, subject to the completion of Heads of Terms and a signed Agreement to Lease for the development of student accommodation at Upton Place (or another project that can cover the prudential borrowing costs of the car park refurbishment and public realm projects), with detailed proposals to be included in the Business Plan as per (iii) above. Final approval of public realm schemes and car park refurbishment to be delegated to the Executive Head of Business Services in consultation with the Chief Finance Officer and the Chairman of the Town Centres Regeneration Board, with the drawdown of the Prudential Borrowing to be approved in accordance with (i) above;
- (v) that, if necessary, the £25 million Town Centre Regeneration Programme Fund can be used to make strategic acquisitions of property, with the revenue and/or capital income from such purchases being reinvested into the delivery of the TCR Programme. The authority to make such acquisitions is delegated to the Executive Head of Business Services, in consultation with the Chief Finance Officer and the Town Centres Regeneration Programme Board, following assessment of a clear business case. The drawdown of the Prudential Borrowing to be approved in accordance with (i) above. Any purchase of property in excess of £5 million will need full Council approval; and
- (vi) that the outline business cases included as part of the submitted report (Appendices 1 to 4) are approved in principle and that authority to proceed with each project is delegated to the Executive Head of Business Services, in consultation with the Chief Finance Officer and the Town Centres Regeneration Programme Board, following an assessment of more detailed and complete business cases.

A Notice of Motion – Transformation Project – Town Centre Regeneration was considered and approved by the Council on 21 June 2018 and noted and agreed the following:

- “1. a viable business plan, in line with the original objectives of the Town Centre Regeneration Programme, has not received the approval from the Chief Executive, as

required in the decision taken by the Council in April 2017; and

2. the decision taken by the Elected Mayor to withdraw Councillor Haddock as his representative on the Town Centres Regeneration Programme Board, despite Councillor Haddock as Chairman of the Board, has been instrumental in promoting the schemes by the Board.

(i) that all responsibility for progressing and overseeing the Town Centre Regeneration Programme be transferred to the Investment and Regeneration Committee, with the Committee's terms of reference to be amended accordingly by the Monitoring Officer. Accordingly the Town Centre Regeneration Programme Board be discontinued;

In view of the above, the Council therefore resolves:

(ii) decision making responsibility for committing any element of the £25 million previously approved by Council, be placed with the Investment and Regeneration Committee and operated within the existing criteria contained within their Policy Framework, with detailed business cases being presented for approval by the Investment and Regeneration Committee;

(iii) the £25 million of prudential borrowing for Town Centre Regeneration be in addition to such other sum agreed from time to time by Council for funding schemes and purchases within the Investment and Regeneration Fund Strategy, but the £25 million shall be specifically ring fenced for town centre regeneration;

(iv) the principle of permitting public realm projects and car park refurbishment, as specified in section (iv) of the Council decision taken on 19 October 2017, to be funded from surpluses generated by other projects, be retained within the Town Centre Regeneration Programme when transferred to the Investment and Regeneration Committee;

(v) the Investment and Regeneration Committee may resolve from time to time to appoint working parties from amongst its members or any other member of Council to investigate individual projects and to monitor their progress; and

	<p>(vi) that the Overview and Scrutiny Board be requested to regularly review progress of the Investment and Regeneration Committee in regard to its work in progressing Town Centre and other regeneration projects.”</p> <p>On 19 July 2018 Council approved a motion objecting to the current Investment and Regeneration Fund Strategy on the basis that:</p> <ul style="list-style-type: none"> “a) it does not adequately or appropriately reflect the Council’s objectives; b) it does not specify the means for bringing forward regeneration projects (including those which were contained within the Town Centre Regeneration programme) nor does it set out the requirements for delivery of the same; and c) Council believes that it needs to amended to better reflect the objectives and operation of the fund in contributing to meeting the Council’s need for raising income, for supporting economic growth in Torbay and achieving the outcomes of the Corporate Plan.” <p>The Elected Mayor responded to the objection as follows:</p> <p>“That the Elected Mayor disagrees with the objections to the current Investment and Regeneration Fund Strategy as it is not clear what is intended to be reviewed in terms of the financial implications of the issues raised in the objections.”</p> <p>The revised strategy has been reviewed by the Investment and Regeneration Committee on 4 September 2018 and they supported the revised strategy as set out at Appendix 2 to this report.</p>
<p>3.</p>	<p>What options have been considered?</p> <p>None</p>
<p>4.</p>	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan?</p> <p>Principles:</p> <ul style="list-style-type: none"> • Use reducing resources to best effect <p>Targeted actions:</p> <ul style="list-style-type: none"> • Working towards a more prosperous Torbay

5.	<p>How does this proposal contribute towards the Council's responsibilities as corporate parents?</p> <p>Not applicable.</p>
6.	<p>How does this proposal tackle deprivation?</p> <p>Not applicable.</p>
7.	<p>How does this proposal tackle inequalities?</p> <p>Not applicable.</p>
8.	<p>How does the proposal impact on people with learning disabilities?</p> <p>Not applicable.</p>
9.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>Not applicable.</p>
10.	<p>How will you propose to consult?</p> <p>Not applicable.</p>

Section 2: Implications and Impact Assessment

11.	<p>What are the financial and legal implications?</p> <p>The Council has previously approved £200 million of borrowing from the PWLB for the Investment and Regeneration Fund and £25 million of prudential borrowing for town centre regeneration.</p>
12.	<p>What are the risks?</p> <p>There is a risk that the Council will not be able make sufficient additional investments to generate the projected income through the Investment and Regeneration Fund.</p> <p>Each investment has its own financial risk but this is mitigated through delivery against the Investment and Regeneration Fund Strategy which has protections in place and contingencies built in to cover any rent free periods</p>

	<p>or unforeseen costs. Also due diligence carried out on each investment gives the Council the opportunity to stop a purchase where it is deemed too risky or if it is not in the best interests of the Council.</p>
13.	<p>Public Services Value (Social Value) Act 2012</p> <p>Not applicable.</p>
14.	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>Not applicable.</p>
15.	<p>What are key findings from the consultation you have carried out?</p> <p>Not applicable.</p>
16.	<p>Amendments to Proposal / Mitigating Actions</p> <p>Not applicable.</p>

Equality Impacts

17.	Identify the potential positive and negative impacts on specific groups			
		Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
	Older or younger people			There is no differential impact.
	People with caring Responsibilities			There is no differential impact.
	People with a disability			There is no differential impact.
	Women or men			There is no differential impact.
	People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			There is no differential impact.
	Religion or belief (including lack of belief)			There is no differential impact.
	People who are lesbian, gay or bisexual			There is no differential impact.
	People who are transgendered			There is no differential impact.
	People who are in a marriage or civil partnership			There is no differential impact.
	Women who are pregnant / on maternity leave			There is no differential impact.

	Socio-economic impacts (Including impact on child poverty issues and deprivation)			There is no differential impact.
	Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			There is no differential impact.
16	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	None		
17	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	None		