

REPORT TO	ON
COUNCIL	Wednesday, 30th September 2020



TITLE	PORTFOLIO	REPORT OF
The Leyland Town Deal – Town Investment Plan	Cabinet Member (Planning, Regeneration and City Deal)	Director of Planning and Property

Is this report a <b>KEY DECISION</b> (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the <b>Statutory Cabinet Forward Plan</b> ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council? This should only be in exceptional circumstances.	Yes
Is this report confidential?	No

## PURPOSE OF THE REPORT

1. The purpose of the report is to bring before Council the draft Leyland Town Investment Plan. The Town Investment Plan is due to be submitted to Central Government for assessment by the end of October 2020 subject to being signed off by the Leyland Town Board
2. South Ribble Borough Council have representatives on the Town Board but it is also the accountable body from a finance perspective on the scheme. The report therefore seeks Council approval on financial matters relating to the Town Investment Plan.

## PORTFOLIO RECOMMENDATIONS

3. That Council supports the draft Town Investment Plan.
4. That Council notes the timeline for submission and delegates Council support for the finalised Plan to its representatives on the Town Board.
5. That Council confirms that the budgets identified at section 30 to 34 of this report can be used as match as part of the wider programme in the Town Investment Plan.

6. That delegated authority is given to the Council's Director of Planning and Property and Section 151 Officer in consultation with the Leader to confirm the Council's final support on costs at the point of submission to Government.
7. That Council wishes the Leyland Town Board every success in their bid and subsequent negotiations with Government.

## REASONS FOR THE DECISION

8. Whilst ultimately the Town Deal for Leyland is driven by the newly set up Leyland Town Board, South Ribble Borough Council are the accountable body for the Town Deal and therefore it is appropriate for the draft Town investment Plan to be brought to Council for endorsement and support as accountable body.

## CORPORATE OUTCOMES

9. The report relates to the following corporate priorities:

Excellence, Investment and Financial Sustainability	✓
Health, Wellbeing and Safety	✓
Place, Homes and Environment	✓

Projects relating to People in the Corporate Plan:

Our People and Communities	✓
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## BACKGROUND TO THE REPORT

10. On 6th September 2019 MHCLG announced that 100 towns would be invited to develop proposals to form new town deals and share £3.6 billion of investment from central Government. At this time Leyland was named as one of the towns being invited to bid.

11. On 1st November 2019 MHCLG issued its Town Fund prospectus providing further detail on the Towns Fund and how towns could bid for their Town Deal with the potential to lever in up to £25 million into each town. The prospectus provides for a two-stage approach as outlined below:

12. Stage 1:

- Respond to a 47 question "readiness" questionnaire by 19th December 2019
- Form a Town Deal Board and meet by January 2020
- Prepare a Town Investment Plan with three rounds of bids

13. Stage 2:

- Agreeing the Town Deal through a business case
14. Furthermore, the Government has provided £162,019 in capacity funding for South Ribble to undertake the following:
    - Convening the Town Deal Board
    - Running business and wider community engagement events
    - Developing Town Investment Plans
    - Providing technical expertise for business case development
  15. At the present time not all of the capacity fund has been used. If the TIP passes the gateway criteria in the process then further support will be funded through Town Deal to develop the detailed business case.
  16. The initial questionnaire was responded to and the Leyland Board first met in January.
  17. Since then the Council has employed Steer Economic Development Consultants to progress evidence base work and prepare a Town Investment Plan. Furthermore, WYG have been retained to work up the emerging Leyland Master Plan into a detailed scheme.
  18. On 15th June 2020 MHCLG issued the detailed guidance for Town Deals. The guidance provides a clear picture of the route forward for applying for Town Deal and is much welcomed.
  19. The Leyland Town Board has met a number of times since January as both a formal wider Board meeting and through a series of focused workshops to develop themes and ideas further. A Chair for the Board has been appointed who is Jennifer Gadsdon and works for Birchall Blackburn Solicitors on Hough Lane.
  20. In early July Government wrote to all the Town Deals across the country to offer forward funding based on the level of population. For Leyland this translated into an offer of £750,000. The Government asked for a response as to the intentions of the Board for using this money. For Leyland the Board were keen to purchase land in the town centre to enable the redevelopment. The land in question are two plots of land at Quinn Street. We are awaiting Government confirmation of this allocation which is due week commencing 21st September 2020. Negotiations with the land owners are ongoing.
  21. Approval to receive the money outlined above was achieved through a Standing Order 35 report/decision available as background papers to this report. At the time of writing we are awaiting confirmation from Government that they are happy for us to use that funding for the strategic land purchases.

**PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)**

22. Following an intense period of work over a short timescale the Town Deal project is at a critical point whereby the Town Investment Plan needs to be submitted to Government by the end of October 2020.

23. The Town Board, supported by its consultancy team, have undertaken a huge amount of work to scope, shortlist and work up in some level of detail the Town Investment Plan for Leyland.
24. Attached at Appendix A to this report is the draft Town Investment Plan as at 21<sup>st</sup> September 2020. The Town Investment Plan is substantially complete whereby the Board and the supporting Officers are confident of submitting it to Full Council for consideration. That said, it is important to highlight that the TIP continues to be worked on and there are key Board meetings on 25<sup>th</sup> September 2020, early and end of October 2020. Any ongoing work is about development of the business case, refining key arguments, and finalising costs and income rather than changing the key projects in the TIP.

### ***Key Projects in the TIP***

25. The proposals put forward in the TIP centre around 4 key projects that include:
- **The BASE2** – a skills and enterprise hub in the town centre providing a space for local people and businesses to learn, work and grow together. The BASE will include a mix of start-up space, training facilities, events space, and commercial space including a café with informal meeting spaces. Furthermore it is envisaged that it can be used 24/7 with evening and night time uses such as creative and arts based events.
  - An expanded **regeneration of the existing market building** – part of the land will also be used to support the expansion and/ regeneration of the existing market building improving its quality and providing an offer that Leyland does not currently have.
  - **New commercial and residential development.** This will create space for food/drink and evening uses to diversify the Town Centre and provide more modern units for town centre uses. Above these units would be a number of high quality apartments
  - Finally there would be a **regeneration of the public realm** around Hough lane which will include the following:
    - New high quality paving throughout Hough lane, wider pavement and a different road layout with Hough Lane being single direction
    - A new town square – this is linked to wider a public realm investment and will provide a focal point within the town centre, linking the BASE and regenerated Market Building.
    - A replacement high quality car park at Quinn Street including electric charging point and photo-voltaic panels. The present car park will then become the development site for the BASE building.
26. In addition to the above there is the option to include the Council's leisure aspirations as part of the programme in the TIP. The additional funding through Town Deal would enable the Council to bring forward a sub-regional leisure offer of the highest quality which would attract additional investment and the potential for professional sports to make use of the facilities.

27. The rationale behind the proposals put forward in the TIP are shown in the work of the Leyland Town Board in pulling together the draft TIP. Through dialogue and consultation along with evidence building, the three projects highlighted above have become the key priorities.
28. A wide consultation including an online exhibition hall, market stall, specific workshops for local businesses, and working with Runshaw College has recently been carried out. This consultation has provided valuable input into the projects in the TIP and ended on 27<sup>th</sup> September. Feedback will therefore be reported at the meeting,

### ***Financial Model***

29. Work on the detailed costings is still ongoing at the time of writing therefore delegation is being sought in this report for the Director of Planning and Property, and the Section 151 Officer in consultation with the Leader to provide a letter of support for the Town Board's Investment Plan.
30. The above said, the consultants have provided initial cost estimates for the projects as follows:

***Table 1 – Estimated Build Costs***

<b>Item</b>	<b>Estimates Cost</b>
BASE2 Business and Skills Build	£6m
Market Regeneration	£4m
Commercial and Residential Development	£5.8m
Public Realm Improvements	£6.5m
<b>Total Build Cost</b>	<b>£22.3m</b>
Contingency, Risk, Abnormals etc at 30%	£6.69m
Allowance for Sub-regional Leisure contribution	£4m
<b>Total Cost</b>	<b>£32.99m</b>

31. In terms of income to fund this programme the Town Deal allows for a bid of up to £25m in addition the Council has its own Capital Programme to contribute to the schemes. It is also felt that further funding can be levered in for portions of the development such as Homes England, One Public Estate, and sports funding if the sub regional leisure offer is added. Income can therefore be summarised as follows:

***Table 2 – Leyland TIP Funding***

<b>Funding Source</b>	<b>Estimated Amount</b>
Town Deal	£25m
SRBC Capital Programme – Leyland Town Centre	£2m
SRBC Borough Investment Fund	£2m
SRBC S106 Housing Commuted Sum Contribution	£0.5m
Eternal funding OPE or Homes England	£0.5m
Other external funding / borrowing	£2.99m
<b>Total Funding</b>	<b>£32.99m</b>

32. The operational costs of all of the above are currently being refined and will form part of this initial TIP submission. It is anticipated, however, that revenues generated from the housing and commercial elements will be used to cross fund their ongoing maintenance and the running costs of the BASE2 facility. In addition there is the potential to work with commercial operators who may wish to invest in such a proposition. Soft market testing has been held with a number of developers and investors who have given positive feedback despite the current COVID crisis.

### **Next Steps**

33. First and foremost work is ongoing to finalise the TIP and there are a number of meetings of the Leyland Town Board during September and October to finalise this. The TIP will then be submitted to Government by the end of October.
34. The Town Deal process is summarised at Appendix B to this report.

The Town Deal guidance then advises if the TIP meets the gateway criteria that there will be a period of around 2 months to discuss heads of terms for the next stage of detailed business case development. The detailed business case development could then take up to 12 months to finalise and it is expected additional Government funding will be received to work up this detailed proposal. A key part of that will be to show long-term sustainability on a revenue basis for all partners involved in each project.

### **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**

35. As part of the development of the TIP, consultation has taken place with stakeholders, organisations and businesses in Leyland. This has partly been done through the Leyland Town Board. Focused workshops have also been held as well as public consultation on the Leyland Masterplan in early 2020. In addition, throughout September we have established a virtual platform which members of the public can access to give their comments and ideas on the draft TIP which will be taken account of in the final completion of the document. This

consultation was ongoing at the time of agenda close for this meeting but feedback will be provided at the meeting.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

36. The only other alternative to consider is to not participate in the bid or to reduce the project scope. Whilst there is no guarantee of securing the end offer of £25 million the capacity funding provided by MHCLG means that SRBC can prepare its bid risk free and the only commitment would be in officer time spent on the bid.

## **AIR QUALITY IMPLICATIONS**

37. The Town Investment Plan will need to ensure that Air Quality is a priority and there could be significant air quality outcomes from the arising projects. Environmental Health Officers will be part of the ongoing project team.

## **RISK MANAGEMENT**

38. Key risks relate to not being offered the funding. This, however, has been mitigated by sourcing external advice from consultants who are experienced in submitting bids to Government. Furthermore there has been ongoing support from Central Government.
39. There then remains the longer term risk of the projects failing. Work has already been undertaken to ensure that the projects stack up. Should the TIP pass the gateway criteria then the detailed business case stage will ensure that the projects are long term sustainable.

## **EQUALITY AND DIVERSITY IMPACT**

40. This has been a key aspect of the development of the projects and has included specific engagement with various groups of different users such as the local dementia friendly group.

## **COMMENTS OF THE STATUTORY FINANCE OFFICER**

41. This report outlines the bidding process for the potential £25m funding and therefore does not commit the council to any future financial expenditure. The forecast funding for the project includes £2m from the borough investment fund of which there is £2.2m uncommitted. The funding also includes £500k of commuted sums relating to s106 affordable housing. The council holds £5m of affordable housing funds of which the majority is committed to other council developments within the borough. Any remaining and future commuted sums that are received can be committed to this project subject to final approval of the scheme.
42. It is expected, if the council is accepted to the next stage, that funding will be provided by Government for the development of the detailed business case.

## **COMMENTS OF THE MONITORING OFFICER**

43. We are still at a relatively early stage in the process. Legal implications at this juncture would appear to be quite limited. If successful at the gateway stage then a more detailed business case would need to be prepared. If ultimately the bid for funding is successful and the proposed projects go ahead then there will be a number of key tasks for the Legal and Procurement teams to carry out. This will include land acquisition and contract preparation. If considered necessary or desirable then external advice would be sought.

#### **BACKGROUND DOCUMENTS**

- Leyland Town Boundary
- Section 35 report regarding forward funding

#### **APPENDICES (or There are no appendices to this report)**

Appendix A - The draft Leyland Town investment Plan (TIP)  
Appendix B – The Towns Fund Process

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