

<b>Subject:</b>	Spinning Point Development Phase One		<b>Status:</b>	For Publication	
<b>Report to:</b>	Council		<b>Date:</b>	6 <sup>th</sup> July 2016	
<b>Report of:</b>	Chief Executive		<b>Portfolio Holder:</b>	Leader of the Council	
<b>Key Decision:</b>	<input checked="" type="checkbox"/>	Forward Plan	<input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	No	Attached:	No	
<b>Biodiversity Impact Assessment</b>	Required:	No	Attached:	No	
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<b>1.</b>	<b>RECOMMENDATION(S)</b>
1.1	Members agree, subject to LCC final approval to the transfer of cc.£3.5m from LCC to RBC for a new bus station.
1.2	Members agree to accept the funding for RBC to build and own the bus station and also to manage the bus station facility through a 25 year management agreement with LCC to include the provision of a commuted sum of cc. £512K from LCC for structural maintenance.
1.3	Members agree to the RTB accepting a cc.£1.9m LEP Growth Deal grant to fund infrastructure costs for phase 2 with a Phase 1 contribution to refurbishment of the Old Town Hall (£400K to be agreed).
1.4	Members agree to RBC initially front funding the refurbishment of the Old Town Hall at a total cost of cc.£1.3m which will be repaid by cc.£400k of a cc.£1.9m LEP Growth Fund monies and a 25 year lease with Together Housing (Green Vale) with a break at 10 years.
1.5	Members agree that all future negotiations and minor amendments to strategy and programme be delegated to the Chief Executive, Leader and Portfolio Holder.
1.6	Members agree to approve the further development of income generation measures proposed in the report to ensure the long term financial success of the broader regeneration scheme.

## 2. PURPOSE OF REPORT

- 2.1 To seek member's agreement to proceed with Phase 1 of the Spinning Point development. The scheme is divided into two phases:  
Phase 1 comprises the bus station, associated amenities and Town Hall renovation.  
Phase 2 comprises the wider development of retail etc.  
This report relates to Spinning Point Phase 1 only. Phase 2 will be the subject of a further report to Full Council.

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **Regenerating Rossendale:** This priority focuses on regeneration in its broadest sense, so it means supporting communities that get on well together, attracting sustainable investment, promoting Rossendale, as well as working as an enabler to promote the physical regeneration of Rossendale.
  - **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.
  - **Clean Green Rossendale:** This priority focuses on clean streets and town centres and well managed open spaces, whilst recognising that the Council has to work with communities and as a partner to deliver this ambition.

#### **4. RISK ASSESSMENT IMPLICATIONS**

4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- The Phase 1 scheme has already received planning consent and therefore the risk that the scheme may not proceed should consent be refused has been eliminated;
- There is some risk on the long term recovery of the Council's investment in the Spinning Point site. Revised valuations following a change of use may see temporary negative book valuations in the short term;
- Phase 2 will be subject to further design and consultation during 2016/2017 and whilst there is growing interest in the development the precise timing and content of these phases is still unknown;
- The financial risk of multiple tenant management and transition has been mitigated via agreeing Heads of Terms on a single 25 year lease with Together, however they do retain an option to invoke a break clause.
- The final terms to be agreed in Heads of Terms with Together (service charges, rent free periods, etc), LCC (ongoing maintenance arrangements) and TransDev (transferring to using the new bus station) are not yet fixed. However positive discussions and draft agreements indicate a positive outcome.
- The ability to secure tenants at appropriate rents for the amenity facilities in the bus station.
- There is a risk that costs of delivery may not match the available funding. It is proposed that the LEP RGF funding is used as contingency in Phase 1 within their agreed funding terms subject to rigorous cost management and design controls.
- The future long term sustainability of bus services within Rossendale.
- The bus station is expected to positively impact on future bus patronage and other operators; however the long term sustainability of bus services within Rossendale needs to be taken account of. The underlying design of the facility is flexible, so should support changes in future bus patronage.

#### **5. BACKGROUND AND OPTIONS**

5.1 The site of the project is the former Valley Centre in Rawtenstall, Rossendale. The proposal involves the partial redevelopment of the Town Centre to create a reconfigured Town Hall (office space to be occupied by Together Housing), retail units and residential accommodation to complement the existing offering along Bank Street. Construction will also involve the creation of a new bus station in the centre of the development to replace the existing facilities which are not considered fit for purpose.

5.2 RBC acquired the freehold of the site on which the Town Centre stands in 2011. A significant amount of work has already been undertaken at the site including:

- Demolishing the Valley Centre.
- Securing £3.5 million funding for the bus station from Lancashire County Council.
- Running a National competition to find a team to design and deliver the vision and masterplan for the town.
- Undertaking several widespread public consultations working with local schools and colleges to get them involved with the design and consultation.
- Creating a strong team to lead the project.

5.3 Extensive consultations in 2014-15 addressed key issues regarding the profile, scale and layout of the development, and a Spinning Point Final Scheme was approved, taken through Planning, and agreed in late 2015. Recognising the importance of Rossendale having a clear stake in the project, negotiations with LCC led to an agreement that Rossendale would lead the development.

The RTB partnership was formally established in February 2013 with the intention progressing the regeneration, betterment, economic growth and social development of Rossendale as a whole. The redevelopment of the town centre is seen as critical to achieving this remit with an aim to generate a significant number of jobs and to bring economic growth to the Borough. Since the establishment of the RTB partnership a significant amount of work has been undertaken with regards to the site. For example, planning was granted for Phase 1 of the development in February 2016.

- 5.4 This has also been a key Corporate Strategic Priority of the Council and actions to acquire and demolish the former valley centre have all underpinned this approach to achieve the long term ambitions of the Council.

### **The Business Case**

- 5.5 The vision for the Spinning point development is based on preserving the heritage of the existing space while creating a vibrant town centre which will deliver new jobs and support business growth. The scheme has the buy-in of Lancashire County Council (LCC), Lancashire Local Enterprise Partnership (LEP) and Rossendale Borough Council (RBC) as well as a number of other partners. An enormous amount of work has been undertaken to progress the scheme to its current status.
- 5.6 The key objective for the project is to create a destination of choice in the area for leisure, retail and housing. Completion of work in the town centre is expected to contribute significantly to the objective of generating increased footfall and tourism in the area.
- 5.7 The new bus station is expected to provide access to the new strategic employment site with improved connectivity enabling the new town centre to flourish and allowing local residents to take advantage of employment opportunities which may have previously been inaccessible to access due to lack of travel options.
- 5.8 The Spinning Point development will help to strengthen the visitor and leisure offer in Rossendale. The visitor economy is a key sector in Lancashire LEP's Strategic Economic Plan and the importance of tourism is acknowledged by the Promoting Rossendale Board.
- 5.9 The re-development of the whole site will be delivered across two phases. Phase one includes the redevelopment of the sites currently occupied by the Old Town Hall, Ex-One Stop Shop and Police Station. Amongst other things this entails demolition and site clearance (police station, part of Old Town Hall, Ex- One Stop Shop, Bacup Road bus terminal) and construction of the Bus Station, supporting public realm and car parking.
- 5.10 Key attributes of the scheme include:
- Growth
    - The project provides a springboard to better connect Rossendale and Rawtenstall's key assets
    - Town Centre Footfall
    - Passengers will be able to immediately and visibly access town centre amenities
    - Flexible design of building
  - Environmental
    - Removes canalisation of Bacup Road, promoting air flows, and removing Air Quality Management Area requirement from junction
    - Promotes sustainable transport and carbon reduction

### **Communities**

- An on-site presence in the town centre, providing societal and community support

#### Transport

- Significant sustainable transport enhancements, promoting public transport
- Shorter, easier journey transitions
- Better traveller experience
- Springboard to change layouts, promoting better access to ELR, Whitaker, Market etc.

#### Heritage

- Retention and enhancement of key heritage feature – the Old Town Hall

## The Financial Strategy

### Bus Station

5.11 The development and capital costs for constructing the transport interchange and associated external works are to be entirely covered by the £3.5 million LCC grant and a contribution from the £1.9m LEP Growth Funding, to cover infrastructure costs. A fixed price will be agreed to deliver an agreed specification of the Bus Station and associated works / supporting infrastructure. The fixed cost will be scrutinised by an independent quantity surveyor to ensure, amongst other things: an open book approach, compliance with current market prices and an agreed profit margin. Capital Funding for phase one of the development is set within a 3 three key strands - The construction cost for the bus station through LCC Capital Programme; refurbishment of the Old Town Hall through Rossendale Borough Council and LEP Growth Funding and infrastructure costs also through Growth Funds. Detail are set out below.

5.12 LCC will passport the £3.5 m directly to Rossendale Borough Council, along with a commuted sum of circa £500K (under discussion with LCC, which has been independently verified) to cover the future maintenance and development costs over a 20 year period.

A Grant Funding and Management Agreement is being developed by both parties and a letter of confirmation from LCC is attached in Part 2. The formal 20 year Management Agreement is to be completed by the end of July. On-going revenue implications for the operation and management of the bus station are noted in Part 2 of this Report.

### Town Hall Redevelopment

5.13 Local Enterprise Partnership – Local Growth fund application:  
The RTB Partnership applied for £1.9m LGF support to bridge the gap between the development costs of the scheme and the value of the development post construction, to reflect the wider social, economic and transport benefits it will have to Rossendale. The £1.9m will be drawn over the two phases of the project, with some funds used in Phase 1 to fund utility diversions, part of the town hall redevelopment (£400k), the Kay Street car park and landscaping. The remainder of the LGF will be used to contribute to the financing of Phase 2. This funding was agreed at the LEP Board on 14<sup>th</sup> June 2016. A copy of the confirmation letter is attached in Part 2, with a formal grant agreement to be completed over the next few weeks.

The budget/cost envelope for the redevelopment of the Town Hall has been set at £1.248m to be funded as follows:

- £400k from the LEP Growth Fund
- £848k from the Council's internal borrowing resources to be refunded by way of a Minimum Revenue Payment over the next 25 years (equivalent to the lease terms) or sooner should finances allow (see below).

5.14 The Council proposes that its borrowing is repaid via securing Together as a sole tenant for the whole building with a 25 year lease (10 year break clause). This has the advantage of a long term reliable income with low tenant management requirements and costs

Detailed information on the financial arrangements including revenue costs are commercially sensitive, relating to the financial and business affairs of a number of people and organisations and have therefore been included in Part 2 of this Report. The specifications of the fit out and refurbishment of the remaining part of the Town Hall have yet to be confirmed but will be contained with the maximum budget of £1.248m as noted above. (A copy of the Heads of Terms is attached in Part 2).

5.15 Any lease would include a dilapidations and refurbishment clause, however with a 10 break clause the worst case scenario is that Together leave the property after this period, and no replacement tenant is found, exposing the Council to residual holding costs and the on-going repayment of the internal borrowing balance (being c. £59k pa). However, as the area will have experienced significant development over that period, and the long term partnership nature of the Together Housing relationship, the likelihood of being unable to secure a future tenant is perceived as low.

5.16 The Council will seek to negotiate the recharging of supporting costs noted in Part 2 (other than MRP & Financing costs) to Together by way of an annual service charge. Any such recharge will therefore increase the financial strength of the proposition for the Council.

### **Bus Station Management Arrangements**

5.17 As part of the agreement with LCC the assumption is that Council will be responsible for the management and upkeep of the bus station the costs of which will be funded from departure charges levied on bus operators using the facility, income from amenities and the wider Phase 1 development. The average cost of departure across the county for new bus stations is around 76p. Rosso currently pay 33.6p one way only for east/west journeys and TransDev (X43) currently do not pay any departure charges from Rawtenstall as they use Bank Street.

Current LCC operations and associated departure charges are as follows:

- Chorley and Nelson bus stations 57p.
- The new Accrington station is 75p (rising to 100p in year 2 and further increase expected in year 3)

LCC have recently reviewed their charging policy for bus stations under their control and have determined that they need to increase charges to an average £1.50 over a 3 yr period – to deliver the budget policy option decision of all bus stations being self-financing. Burnley Council station charges 74p, Blackburn are proposing 69p. TFGM charges between 30- 90p.

The Council will seek to sub-contract the management of the bus station, and the expected costs of this have been included in the detailed financial summary provided in Part 2 of this Report.

During its establishment phase, the Council may also wish to make additional investments in

areas such as customer service to ensure that the transport interchange becomes firmly established as a well-used and well-loved asset to the Rossendale community. Partnership opportunities will be explored with other agencies to identify opportunities to support bus companies with fare evasion, ensure a safe and positive community environment within the bus station, and provide a positive community presence in the centre of Rawtenstall.

## Key Operators

- 5.18 Financial negotiations with both parties have sought to ensure that the bus station breaks even based on departure charges and other planned income. A cautious view has been taken for financial planning purposes that the bus station will not result in an increase in departure numbers from the current levels of activity. However, for Transdev in particular, discussions are already underway about routes and departures. Based on these discussions, following a 2 year transitional and inception period, a full market rate for departures will be in place for year 3. The Council is underwriting the revenue consequences of this in order to de-risk the development.

### Transdev

Discussions have been held with TransDev senior management regarding opportunities to support and develop the X43 service, negotiate departure charges, improve traffic light sensors linked to vehicles and bus timetables and a commitment to the new facility. Proposals have been agreed in principle for guaranteed use of the bus station by the X43, designated park and ride facilities in the town centre, a two year departure charge with the market rate (currently 76p), agreed after 24 months of operation. Discussions continue regarding the added value services they may seek to develop in partnership with us. A letter of support from Transdev is attached in part 2. Their priorities include:

- A positive waiting environment and convenient journey experience for their customers;
- Minimal impact on journey times; and
- Added value customer services (premium park and ride, etc).

### Rosso Buses

Rosso see the wider opportunities for public transport and passengers. With that in mind they have sent a letter of support stating: “...*the Directors welcomed proposal for the new bus station and the significant improvement it would bring to customers, operators and wider economic growth and agreed to commit to continue working with Rossendale Borough Council with a view to being a user of the new facility.*”

As Rosso is a wholly owned subsidiary of the Council, the implications of the bus station costs and benefits are particularly relevant. Rosso is part of the Rossendale Group of Companies and so there is a direct relationship between the financial sustainability of Rosso and the Council.

### 5.19 Governance and Programme Management Arrangements

Detailed work is underway to design suitable project management governance arrangements. The project is proposed to be taken forward by the RTB Partnership. An independent and robust Programme Management function will be established which reports to the RTB Board and is accountable to Rossendale Borough Council as the provider of the LCC and Old Town Hall funding streams. A project manager is to be appointed, funded through the project, in order to protect the Council's interests, as the Accountable body and will work as part of the Programme Management function with the Employers Agent.

## 5.20 **Development Phase**

The demolition and redevelopment period for Phase 1 is approximately 12-24 months, depending on the detailed proposals. The reason for this range is that in planning the detailed operations, a balance between work sequencing, costs and impact on the area needs to be struck. Implications of the development phase include a temporary reduction in car parking, temporary loss of the public toilets, and temporary relocation of the bus station, and minor disruption as associated with any major construction project. Communication plans to support the transition are under development, and we will seek wherever practicable to identify alternative temporary facilities during the detailed operational planning phase, and to mitigate construction impacts via our contractual arrangements with delivery partners. We will be providing regular briefings on this for Members as plans develop.

## 5.21 **Approval Process**

The Governance and approval arrangements for phase one of the scheme are complex and inter-related and are set out below:

8th June: RBC Spinning Point Full member briefing

26<sup>th</sup> May: Together Housing Board to approve Heads of Terms for Old Town Hall

8<sup>th</sup> June LEP Growth Fund Management Board to consider £1.9m bid

14<sup>th</sup> June LEP Board final approval of £1.9m Growth Deal funding

16<sup>th</sup> June RTB Partnership Board meeting

6<sup>th</sup> July – Full Council Report

14<sup>th</sup> July: LCC Executive Member report to approve the funding proposal (allow 5 days for any call in).

## 5.22 **Development Timeline**

Given the timeline set out above, all decisions being taken and approvals given, it is expected that hoardings will be erected towards the end of August, followed by a 6 to 8 week demolition programme and a start on site in November 2016. (This is subject to the approval timeline above and could be pushed back for two / three months depending on LCC decision making processes).

Allowing for all potential delays, and the longest estimate of the delivery phase, at this stage the initial estimate is that the project is expected to reach Phase 1 completion and be operational by the Summer of 2018.

## 5.23 **Spinning Point Phase 2**

Phase 2 is likely to consist of a mixture of retail, leisure and housing combined with some open space. The design and mix of uses will be determined based on a wider consideration of Rawtenstall's leisure, retail, housing and tourism offer, ensuring that the right balance of attractive amenities is presented across the town centre area.

In addition to the improved social, economic and transport services, the longer term expectation is that the new development will generate income for the Council both in terms of

new business rates and lease income and have the effect of drawing in and retaining new successful businesses to Rossendale.

**COMMENTS FROM STATUTORY OFFICERS:**

**6. SECTION 151 OFFICER**

6.1 Financial matters are noted in this report and the Part 2 Commercial Information Report.

**7. MONITORING OFFICER**

7.1 Legal implications are covered within the body of the report. All relevant legal agreements flowing from each element of the development will need to be agreed and finalised prior to implementation.

**8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT**

8.1 The proposed actions set out in this report contribute directly to all three of the Council’s priorities, enabling the physical regeneration/re-development of these sites to be realised. It contributes to Clean and Green, via a significant positive benefit on the existing Air Quality Management Area on Bacup Road. It presents a long term income generation opportunity for the Council, helping to place finances on a long term sustainable footing.

8.2 Consultation has been carried out the relevant Portfolio Holder, Director of Business, Head of Finance & Property and Chief Executive.

8.3 This report is not proposing new service, policies, strategies or plans (or significant changes to, or reviews, of them). It does not propose decisions about budget cuts or service changes/reductions that will affect specific protected equality groups. It is determined therefore, that this report is unlikely to have any adverse impacts under the Council’s Equality Policy or associated equality duties, and has not been assessed for equalities impacts

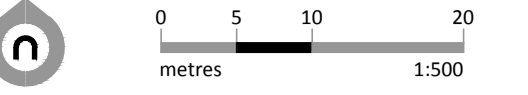
**9. CONCLUSION**

9.1 Redevelopment of the site of the former valley centre is a key priority of the Council and it has taken many years to reach its current stage with realistic development proposals being put forward. The transfer of the Council’s land into the development ‘pot’ is key to achieving the Council’s regeneration ambitions but at the same time the value of the land needs to be properly reflected in the redevelopment deal and recouped in later years.

**Background Papers**

Document	Place of Inspection
Map of proposed Phase 1 development.	Attached
Part 2 Spinning Point Development Phase One – Commercial information Report	<i>Not applicable – Part 2 Confidential Information</i>





**Legend**

- Phase 1 boundary
- Hard Landscape**
- Paving type 1 [Concrete block, Light Grey]
- Paving type 2 [Concrete block, Mid Grey]
- Paving type 3 [Concrete block, Dark Grey]
- Paving type 4 [Concrete block, Dark Grey - Permeable]
- Paving type 5 [Concrete block, Charcoal]
- Paving type 6 [Green Granite, flamed finish]
- Paving Type 7 [Scoutmoor sandstone flags, Capital finish or equivalent]
- Paving Type 8 [Sandstone sandstone setts, Capital finish or equivalent]
- Paving Type 9 [Bitmac]
- Paving Type 10 [Hardicrete grouted macadam]
- Decorative feature paving
- Feature seating / rail
- Feature screen: 1.4m high adjoining bus station;
- Stone walls: 1.4m high south of bus apron; height varies to section along Bacup Road
- Bollards [droppable version where restricted vehicular access required]
- Lighting columns
- Cycle stands [uncovered]
- Cycle stands [covered]
- Individually lockable cycle lockers
- External bin store
- Soft Landscape**
- Proposed Trees
- Proposed Trees with tree grille
- Proposed ornamental planting



client RTB Partnership

project Spinning Point Rawtenstall

drawing title Proposed Phase 1 Public Realm

status **PLANNING**

drawing no. N218-GA-1004 revision P05

drawn by AB checked by JB scale 1:500@A1