

Report of:	Head of Economic Development
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Key Decision:	Yes
Report Track:	Cabinet: 19/01/17

**CABINET
19 JANUARY 2017
PRIORITY ECONOMIC REGENERATION PROJECTS**

1 Purpose of Report

- 1.1 To consider issues in relation to implementation of the Council's priority economic regeneration projects.

2 Recommendations

- 2.1 That approval is given to the use of S106 monies as summarised in Annex 1 of this report to facilitate the development of detailed projects which can positively contribute to the Council's Financial Recovery Plan (FRP).
- 2.2 That the Head of Economic Development be authorised to take those actions necessary to secure additional resources to support further project development work as appropriate.
- 2.3 That initial project development work to support the redevelopment of the Rugeley Market Hall/Bus Station site in Rugeley, should be held in abeyance pending the identification of new funding opportunities.
- 2.4 To note the implementation of the Rugeley Flood Alleviation Scheme and the funds available for town centre improvements at a cost of £1.29m capital.
- 2.5 That further reports should be presented to Cabinet to assess progress and project specific matters.

3 Key Issues and Reasons for Recommendation

- 3.1 Initial work on the Council's FRP has identified the importance of a number of projects which will potentially secure significant regeneration benefits but could also secure additional income to the Council in the form of business rates or Council Tax. However, the "priority projects" are still at a conceptual stage and need to be developed into detailed projects which can be offered up for potential funding/investment purposes, generally as capital projects.
- 3.2 The revenue resources required to develop the "embryonic" capital projects are extremely limited with either Council reserves or S106 monies which can be readily accessed. Because of the Council's financial position, the use of Council reserves for this purpose is not considered appropriate. Equally, the use of S106 monies is complicated by the restrictions contained within each agreement, particularly relating to the specific use of the monies concerned and location within which it must be spent.
- 3.3 However, by carefully allocating priority projects to specific S106 monies it is possible to create a modest source of revenue funding for most of the projects. However, not all of the priority projects can be funded in this way, placing more emphasis on alternative funding resources. The proposed allocations summarised in Annex 1 are a practical solution to the current shortage of revenue funding opportunities. The Rugeley Flood Alleviation works and town centre improvements package are funded separately by an allocation of £1.29m from the Stoke and Staffordshire LEP.

4 Relationship to Corporate Priorities

- 4.1 The Council's Corporate Plan, adopted in 2015, seeks to lead the local community to deliver better jobs and skills, more and better housing, cleaner and safer environments and better health outcomes. The proposals set out in this report will make a positive contribution to many of these as well as making best use of limited resources.

5 Report Detail

- 5.1 Initial work on the Council's Financial Recovery Plan (FRP) has highlighted the importance of securing further investment in the District, as well as the successful implementation of a number of projects of corporate significance, most notably the proposed Mill Green Designer Outlet Village. Not only does this scheme generate in excess of 1,200 jobs, it will significantly raise the profile of the District and also increase the Council's business rates income, partially offsetting the rates income that has been lost via the closure of Rugeley Power Station.
- 5.2 The withdrawal of local authority funding support by 2019 via Central Government effectively means that Cannock Chase Council will need to become financially self-sufficient within the next few years. Therefore the attraction of

further investment in the District through commercial and housing development will be important for the foreseeable future. It is also acknowledged that the Council will need to secure the implementation of a number of regeneration projects to support this ambition and that external funding support may be required to assist with their achievement.

- 5.3 In order to ensure that a comprehensive list of projects is formulated and developed two internal workshops took place in the early part of 2016 with officers from a cross section of relevant sections contributing to the process. This approach was followed to ensure that the potential contribution of new projects could be assessed, as well as those longstanding projects which already exist, albeit in embryonic form.

Project Prioritisation

- 5.4 Not surprisingly, an extensive list of potential or “pipeline projects” was produced through the two workshop sessions which then needed to be prioritised. In order to support this process a series of criteria were used to arrive at a shortlist of projects which could then be developed in more detail, subject to the agreement of Cabinet. The prioritisation criteria included:-

- Contribution to the Council’s strategic objectives as set out in the Corporate Plan.
- Contribution to the Council’s FRP.
- Contribution to the District’s economic regeneration needs such as town centres, new job creation, enhanced skills etc.
- Contribution to growth in business rates or Council Tax income.
- Improvement schemes required to maximise the benefit of the Mill Green Designer Outlet Village.

- 5.5 As a consequence of scoring against the above criteria the following economic regeneration projects have been identified:-

Rail Station Improvements – The creation of an enhanced gateway to Cannock, particularly for visitors travelling to the proposed Mill Green Designer Outlet Village. Some works should be secured through the S106 Agreement associated with the Mill Green planning permission, but further works will be required. Subsequent improvements will be needed at Hednesford and Rugeley Town Rail Stations in order to exploit the enhanced services to be provided through the current electrification programme.

Cannock Town Centre Regeneration – This will support the longstanding commitment to try to secure much needed investment in Cannock Town Centre by raising its “offer” to visitors and investors. A commitment to produce a Regeneration Prospectus was agreed by Cabinet in September 2015 when the production of an Area Action Plan (AAP) was also agreed. Work on the AAP is now underway. A feasibility study to consider how alternative arrangements can be made for bus access/egress may be required as part of this work. Discussions concerning the future of the Multi-Storey Car Park are also

underway, together with discussions associated with potential new investment at High Green Court.

Rugeley Market Hall & Bus Station – The implementation of the Rugeley Flood Alleviation Scheme later this year will enable key redevelopment opportunities in Rugeley Town Centre to be brought forward after many years of delay. The Rugeley Town Centre Area Action Plan has identified the location currently occupied by the Market Hall and Bus Station as the most significant redevelopment opportunity in Rugeley Town Centre. The securing of a development partner in this location will be far from easy but if a successful regeneration project can be implemented it would bring widespread benefits, not only to Rugeley Town Centre, but beyond.

Rugeley Power Station: Site Redevelopment – In the short to medium term the decision to close the power station is clearly bad news from many perspectives. However, in the medium to long term the redevelopment of the site is a major opportunity to secure significant commercial and housing development via a mixed use regeneration programme which could potentially extend over a prolonged period of time. Considerable technical work will be required to underpin the achievement of such a major programme and will need to be done in partnership with Lichfield District Council, LEP's, the West Midlands Combined Authority and other partners.

Rugeley Flood Alleviation Scheme and Town Centre Improvements – A successful bid to the Stoke and Staffordshire LEP has secured a commitment to £1.29 m of funding from the Local Growth Fund. An initial allocation of £750k will be used to support the implementation of the Rugeley Flood Alleviation Scheme led by the Environment Agency. This will protect areas at risk from flooding and facilitate much needed investment in the town centre. The remainder of the funding will be used to support a range of improvements to the town centre.

Kingswood Lakeside: Site Development – The bulk of the District's employment land supply in the short to medium term can be found at Kingswood Lakeside to the east of Cannock. This site represents the District's best opportunity to attract inward investment into the local economy. However, much of the remaining land is compromised by site stability issues which could be a barrier to securing new businesses into the District or the expansion of indigenous companies. The Council will need to work closely with Staffordshire County Council who own the remaining plots of Phase 2 to attract the resources necessary to overcome these problems.

Facilitating Commercial/Housing Development – As indicated earlier, an important element of the Council's FRP will be the need to expand the District's economic base through the development of more commercial floorspace, supported by continued growth in housing provision covering all forms of tenure. This task will need to be progressed through the ongoing work to produce Part 2 of the Cannock Chase Local Plan and will be heavily constrained by the presence of green belt across approximately one-third of the District's geographical area. However, restructuring amongst some of the District's older

employers, such as Rugeley Power Station, may create important redevelopment opportunities in the medium to long term as indicated earlier.

- 5.6 Whilst the above economic regeneration projects have been identified as priorities from a corporate perspective, it does not mean that other projects identified through the “project pipeline” workshops are not worthy of progression, but it is a reflection of where the Council’s limited resources in terms of manpower and money should be directed in the short term. Indeed, it is recommended that the “project pipeline” should be reviewed on a regular basis to enable new projects to be identified and developed if appropriate.

Project Progression

- 5.7 Whilst it is possible to progress some of the priority projects (e.g. Facilitating Commercial/Housing Development) predominantly through the use of existing resources (mainly staff time). Most of the other priority projects will need to draw down additional resources to initiate feasibility studies, design work and the commissioning of a range of technical studies through third parties. The nature of this work is such that capital funding cannot be used for such activities because they are not sufficiently developed for inclusion in the Capital Programme. Therefore revenue funding needs to be obtained from elsewhere. Unfortunately, the Council’s access to revenue funding is severely constrained and therefore there will be other competing calls on the same funding as well as a number of existing commitments.

- 5.8 The principle sources of potential revenue funding are the Council’s reserves or a small number of existing S106 Agreement monies which have been paid to the Council to support a range of activities which may be compatible with underlying objectives of some of the priority projects, these are indicated below:-

Q109 (The Car Group) – Promoting industrial development through support to infrastructure costs (£61,158 remains).

Q123 (Wyrley Brook) – Contribution to bringing forward industrial land and improvements to highway infrastructure (£39,841 remains).

Q252 (Hortons Estates) – Contribution to town centre regeneration initiatives to mitigate the impact of Cannock Gateway Retail Park on Cannock Town Centre (£75,371).

Q252 (M & S Simply Food) – As above re. Unit 4, Orbital Retail Park (£40,154).

Q254 (Aberdeen Assets) – As above re. Linkway Retail Park (£20,522).

- 5.9 A small number of other S106 Agreements have already been earmarked to support town centre management and promotional activities (Q235 and Q241 – St. Modwen) in Hednesford Town Centre and Q236 – Boots in Cannock Town Centre. Cabinet has previously agreed to the use of these specific S106 monies via a Town Centre S106 Monies Protocol which was approved on 2 February 2012 (Minute 152 refers).

- 5.10 It should also be noted that Cabinet have already given consideration to a report detailing activities to support the Cannock Town Centre Regeneration priority project. In September 2015 Cabinet approved the Cannock Town Centre – Future Positioning Report which identified a number of actions arising from work undertaken by Bilfinger GVA jointly commissioned by Cannock Chase Council, Staffordshire County Council and the West Bromwich Bank (Minute 48 refers). This report assumed that the initial piece of work, the production of an Area Action Plan (AAP) for Cannock Town Centre, would be funded through resources allocated to the production of Part 2 of the Local Plan. However, the report identifies that subsequent pieces of work would need to be funded through appropriate S106 monies such as those summarised above in para. 5.8.
- 5.11 It should be further noted that the monies available to support promotional activities in Cannock Town Centre (such as the Cannock Carnival) through the Town Centre S106 Monies Protocol are urgently in need of replenishment and will be insufficient to support events beyond the end of 2016. Previous discussions involving the Town Centre Regeneration Cabinet Leader have agreed the principle of “topping up” the funding available in Cannock Town Centre by allocating £15k from the Linkway Retail Park monies (Q254) to the Town Centre S106 Monies Protocol funding. Accordingly it is recommended that this report should seek to formally endorse this specific proposal.
- 5.12 As noted earlier, there are potentially two sources of revenue funding to which the Council has ready access; the Council’s reserves or S106 monies provided the purpose for which the latter were obtained can be matched with its intended use and in a specific geographical location. The Council’s FRP is clearly best served by utilising S106 monies whenever possible thus avoiding the use of Council reserves. However, this may not be possible in all cases largely due to the geographical limitations included within the wording of most S106 Agreements. For example, none of the S106 Agreements outlined earlier in para. 5.8 could be utilised to support initiatives in Rugeley Town Centre, which means that consideration may need to be given to utilising another source to support the Rugeley Market Hall/Bus Station priority project. However, at this stage it is recommended that this potential project should be held in abeyance until the availability of S106 monies is next reviewed as per recommendation 2.7. Equally, work on the priority project Facilitating Commercial/Housing Development is closely aligned to ongoing work on the Cannock Chase Local Plan so it is suggested that this work is progressed using existing resources.
- 5.13 There is currently £237,046 contained within the S106 monies outlined in para. 5.8. Given that this is a comparatively limited amount of money it will be important to investigate if additional funding sources can be utilised wherever possible to supplement or replace the use of S106 monies. Accordingly, further recommendation is that potential funding such as those available through the Local Enterprise Partnerships (LEPs) or the West Midlands Combined Authority (WMCA) should be investigated and applications progressed as appropriate in consultation with the relevant Cabinet Leader.
- 5.14 Pending the above, it is recommended that the above S106 monies should be allocated as below to assist with the development of the identified priority projects:-

Cannock Rail Station Improvements	- £75k (Q252) Cannock only
Cannock Town Centre Regen.	- £15k (Q254) TC Protocol (Traders) - £40k (Q252) Town Centre Prospectus - £7k (Q254 residue) TC Prospectus - £40k (Q109) High Green Proposals
Rugeley Market Hall/Bus Station	- Not applicable
Rugeley Power Station Redev.	- £20k (Q109 residue)
Rugeley Flood Alleviation and Town Centre Improvements	- Not applicable
Kingswood Lakeside	- £40k (Q123)
Facilitating Commercial/ Housing Dev.	- Not applicable

N.B. See detailed schedule at Annex 1.

Conclusion

- 5.15 The Council's FRP has highlighted the importance of securing further investment in the District and the need to secure an enhanced income stream of business rates/Council Tax via the construction of new commercial premises and homes. A series of workshops have been used to develop a pipeline of projects which could contribute to these objectives, from which a small number of "priority projects" have been identified. These need to be developed into detailed projects through work such as feasibility studies, design work, viability assessments etc. Revenue funding to assist with this process is extremely limited, notwithstanding some S106 monies have been identified which fund or part could fund some of project development work required. The proposed allocation of S106 monies and capital funding to each of the priority projects is detailed in Annex 1 of this report.

6 Implications

6.1 Financial

The S106 monies referred to in the body of the report are held within earmarked reserves in the Council's accounts.

6.2 Legal

Any sums received in accordance with a Section 106 planning obligation can only be spent for the purpose stipulated in the relevant obligation.

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection

None

6.7 Risk Management

The Council's financial position is highly dependent upon securing further growth (commercial floorspace and homes) in the District. The priority projects will make a major contribution to securing such investment and increasing revenue from business rates. The use of S106 monies to develop each of the individual priority projects sufficiently to the point where they can become capital projects does not guarantee that they can be implemented, but it will enable the Council with its efforts to secure potential external funding to support implementation.

6.8 Equality & Diversity

None

6.9 Best Value

The use of S106 monies to support the development of a number of pipeline projects is one element of the Council's FRP which will be highly dependent upon their eventual implementation and completion. The additional benefit to the Council and the local community will be considerable and therefore the proposals contained in this report should make a positive contribution to the principles of Best Value.

7 Appendices to the Report

Appendix 1 Proposed Allocations of Funds to Priority Projects (Revenue and Capital)

Previous Consideration
None

Background Papers

PROPOSED ALLOCATION OF FUNDS TO PRIORITY PROJECTS (REVENUE AND CAPITAL)

Project	Allocation 2017-18	2018-19	Total	Comments
Cannock Rail Station Improvements	£50k	£25k	£75k (Q252)	Only available in Cannock. Could be supplemented by Mill Green S106. Hednesford and Rugeley to be funded via alternative sources.
Cannock TC Regeneration - prospectus	£25k	£22k	£47k (Q252) (Q254 residue)	Could be supplemented by Mill Green S106.
- High Green	£20k	£20k	£40k (Q109)	
- Town Centre Protocol (Traders Activities)	£15k	-	£15k (Q254)	
Rugeley Market Hall/Bus Station	Nil	Nil	Nil	Alternative funding source required.
Rugeley Power Station Redevelopment	£10k	£10k	£20k (Q109)	Alternative funding to be considered, e.g. HRA
Rugeley Flood Alleviation Scheme and Town Centre Improvements Package	To be confirmed	To be confirmed	£1.29m (capital)	Awarded from the Local Growth Fund by the Stoke and Staffordshire LEP.
Kingswood Lakeside	£20k	£20k	£40k (Q123)	Alternative funding to be considered.
Facilitating Commercial/Housing Dev.	Nil	Nil	Nil	Existing resources to be utilised.