



REPORT TO EXECUTIVE

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PROMOTING CARLISLE / ENVIRONMENT & INFRASTRUCTURE

Date of Meeting: 11th June 2007

Public : Yes

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

Title: CARLISLE RENAISSANCE
FUNDING DELIVERY

Report of: Director of Carlisle Renaissance

Report reference: CE 25/07

Summary:

A Concept Proposal has been submitted to Cumbria Vision that sets out a draft programme of activities over the period 2007/08 to 2009/10. This report sets out the rationale for the inclusion of specific projects in the Concept Proposal and the potential funding required from the Northwest Development Agency, the City Council and other organisations to implement them. This report also considers the phasing of projects and the potential sources of City Council funding.

Recommendations:

The Executive Committee is requested to: -

- a) Endorse the Concept Proposal and forward it for consideration by the Corporate Resources Overview & Scrutiny Committee

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1. INTRODUCTION

- 1.1 At its meeting on 1st May 2007 the City Council approved the City Centre Development Framework and Citywide Movement Strategy Policy Statement and agreed in principle to establish a form of a Regeneration Company to manage the delivery of Carlisle Renaissance.
- 1.2 Cumbria Vision and the Northwest Development Agency have invited the City Council to submit a Concept Proposal for funding to support the delivery of the Development Framework & Movement Strategy and establish an appropriate delivery structure to manage the delivery of the DF&MS and subsequently the Carlisle Economic Strategy (due for completion in September 2007).
- 1.3 A Concept Proposal is the first stage of the Northwest Development Agency funding application process. An initial assessment of the proposal will be undertaken by Cumbria Vision within the context of the Cumbria Economic Strategy and the Sub-Regional Investment Plan. This assessment may recommend revisions to the scale and scope of the proposal by the City Council before it is then submitted for consideration by the Northwest Development Agency.
- 1.4 The Northwest Development Agency will then assess the Concept Proposal within the context of the Regional Economic Strategy and subject to approval (including any further revisions) the City Council would be invited to submit a Full Application. The Full Application will then be subject to a detailed appraisal before any formal funding commitment is agreed with the City Council. Dependant upon the scope and scale of the proposal it can take a minimum of 6-months from the submission of a Concept Proposal to securing a formal funding commitment.
- 1.5 Following consultation with the Carlisle Renaissance Leadership Group (Leaders and relevant Portfolio Holders of the City Council and the County Council) a Concept Proposal was submitted to Cumbria Vision by the Chief Executive on 21st May 2007. A copy is attached as an Appendix to this report.
- 1.6 The Concept Proposal will be considered by Cumbria Vision at a meeting of its Project Management Committee on 31st May 2007 and by the Northwest Development Agency at a meeting of its Project Review Group on 25th June 2007. Approval to proceed to a Full Application does not constitute a funding commitment at that stage by the Northwest Development Agency, the City Council or any other organisation identified as a potential source of match funding.

- 1.6 This report sets out the rationale for the inclusion of specific projects in the Concept Proposal and the potential funding required from the Northwest Development Agency, the City Council and other organisations to implement these projects. It also considers the phasing of projects and the potential sources of funding from the City Council and others.

2, DELIVERY PROGRAMME

- 2.1 The title of the Concept Proposal is Carlisle Renaissance Delivery Programme Part One. It identifies a series of potential project activities during the period 2007/08 to 2009/10 and is the first step in the process of establishing a definitive long-term delivery programme for Carlisle Renaissance which will in due course extend beyond this period to reflect the availability of funding and the practicalities associated with delivering a major regeneration programme.
- 2.2 At this stage many of the projects identified for delivery beyond 2007/08 will require further definition (design, cost, specification, timetable, approvals etc.) before they are ready for inclusion in any Full Application to the Northwest Development Agency. On this basis this Concept Proposal should be considered as the first in a series of proposals that will be submitted under the same title as and when future projects become more clearly defined.
- 2.2 The draft delivery programme consists of the following projects: -
- Appraisal of delivery structures to manage the delivery of Carlisle Renaissance and any subsequent work required to secure the operational establishment of a special purpose vehicle or other such structure
 - Additional development management and project management capacity linked to the delivery of proposals set out in the Development Framework & Movement Strategy Policy Statement
 - Preparation of Development Briefs for the Rickergate and Caldew Riverside regeneration schemes and the acquisition of third party property within these areas as appropriate
 - Marketing of the Development Framework & Movement Strategy and associated investment opportunities and the procurement of development agreement(s) for the Rickergate and Caldew Riverside regeneration schemes

- Feasibility work into infrastructure proposals set out in the Development Framework & Movement Strategy Policy Statement and any subsequent implementation
 - Implementation of public realm improvement proposals as set out in the Development Framework & Movement Strategy Policy Statement
 - A Development Plan for the Carlisle Learning Village, a proposal set out in the Development Framework & Movement Strategy Policy Statement
- 2.3 This programme is designed to demonstrate how proposals in the Development Framework & Movement Strategy Policy Statement might be progressed. It is also designed to accommodate work to establish a long term delivery structure that will ultimately be responsible for managing the delivery of projects arising from the Policy Statement and the Carlisle Economic Strategy.
- 2.4 The programme will also build on the outcomes of work commissioned by City Council as part of the Interim Programme agreed with the Northwest Development in 2006, including: -
- A City Centre Public Realm Framework & Urban Design Guide
 - A Historic Quarter Development Plan
 - A Planning Brief for the Caldewgate / Shaddongate area
 - The design and specification of public realm improvement schemes (Botchergate South, Church Street, Court Square, Market Cross etc.)
- 2.5 This briefs for this work have been confirmed following the adoption of the Development Framework & Movement Strategy Policy Statement and project activity will commence in July/August 2007. In parallel the City Council will begin work on an Area Action Plan for Botchergate South (St Nicholas) within the context of the Carlisle Local Plan.

3. RATIONALE

- 3.1 The City Council has agreed in principle to establish a form of a Regeneration Company to manage the delivery of Carlisle Renaissance. A workshop on 30th May 2007 considered progress to date on the renaissance agenda, examples of delivery structures and the practical issues associated with their establishment and operation.

- 3.2 This workshop was run in conjunction with RENEW (the Academy of Sustainable Communities for the Northwest) and attended by elected members of the City Council and County Council and stakeholders from the public, private, voluntary and community sectors, from Carlisle and across the North West region.
- 3.3 A brief is being prepared by officers for work to undertake an appraisal of delivery structures to manage the delivery of Carlisle Renaissance and any subsequent work required to secure the operational establishment of a special purpose vehicle or other such structure (i.e. business planning, legal, and financial and other technical and professional advice). The cost of undertaking this work is included in the Concept Proposal.
- 3.4 It is likely that this work will be divided into stages, beginning with the appraisal of options and the recommendation of a preferred option to the City Council and other relevant partners, followed by the preparation of a detailed business case. The target date for the establishment of a specific delivery structure is 1st April 2008, subject to the appropriate approval process.
- 3.5 Progressing the delivery of proposals set out in the Development Framework & Movement Strategy Policy Statement will initially require additional capacity to supplement that currently available though the City Council's in-house team (currently funded to 2008/09). The Northwest Development Agency has agreed in principle to the secondment of a Development Manager to the City Council with a focus on taking forward the Rickergate and Caldew Riverside regeneration schemes.
- 3.6 The costs associated with this secondment to 2008/09 are included in the Concept Proposal together with a Project Manager to co-ordinate work on the large number of potential development, public realm and infrastructure projects. The Project Manager could be appointed directly by the City Council on a fixed term contract or via an agreement with one of the project management companies retained by the Northwest Development Agency under its consultancy framework agreement.
- 3.7 Rickergate and Caldew Riverside are large scale complex regeneration schemes. Both are subject to Policy DP2 (Regeneration) of the Revised Redeposit Local Plan and therefore subject to the Local Plan Inquiry which commences in July 2007. Additionally the proposals for Caldew Riverside are subject to the ongoing Public Inquiry into the Tesco Foodstores Ltd planning application in that area.

- 3.8 Further work is required before these schemes can be presented to the market to secure a development partner(s) by way of a Development Brief(s). This will include detailed site investigations (archaeological, ground conditions, topographical, utilities services, highways etc.), legal advice (ownerships, structure of any development agreement etc.), property advice (valuation of City Council and third party property, procurement process etc.) and potentially further design advice. The cost of undertaking this work is included in the Concept Proposal.
- 3.9 Linked to the preparation of Development Brief(s) is the issue of site assembly and consideration of the acquisition of third party property within these areas by the City Council or other public sector bodies before presenting the schemes to the market. The City Council has already established a fund of £1m to acquire property in support of proposals arising from the Development Framework & Movement Strategy Policy Statement. The Concept Proposal includes the provision for additional funds for acquisition.
- 3.10 The Development Framework & Movement Strategy Policy Statement presents a number of investment/funding opportunities for both the private and public sector. For public sector organisations, such as the Northwest Development Agency, these opportunities are linked to the delivery of regeneration benefits. These opportunities need to be marketed to potential investors/funders. Furthermore, following the large scale public consultation exercise undertaken over the last 18-months, it is necessary to present the proposals in more detail to the resident community in an accessible and engaging manner. The cost of undertaking this work is included in the Concept Proposal.
- 3.11 When completed the Development Brief(s) for Rickergate and Caldey Riverside will be marketed to potential development partner(s) on a local, regional, national and international level. Selection of partner(s) will be by way of a competitive bidding process. This will require a range of marketing, property, financial and legal advice throughout, in addition to that available within the City Council, and the cost of undertaking this work is included in the Concept Proposal.
- 3.12 The Development Framework & Movement Strategy Policy Statement includes a number of proposals for improvements to the movement infrastructure (gateway car parking, bus routing, traffic relief routes and pedestrian/cycle routes etc.). Each of these will require further feasibility work, led by the County Council, before they can progressed to detailed design and then implementation. The cost of undertaking this work, over and above that available from the County Council, is included in the Concept Proposal.

- 3.13 One of these movement infrastructure proposals concerns reducing the severance impact of Castle Way. An initial scoping study has been completed by Capita on behalf of the County Council with funding from the Interim Programme. This proposal is included in the Northwest Historic Towns & Cities Position Statement recently adopted by the Northwest Development Agency and English Heritage. Its broader impact will be considered as part of the Historic Quarter Development Plan. The cost of further design work and an estimate of the cost of implementing a scheme are included in the Concept Proposal.
- 3.14 Work on the design and specification of public realm improvement schemes proposed in the Development Framework & Movement Strategy Policy Statement will be commissioned shortly by the City Council. This includes new/improved public squares, corridor improvements and improvements at key urban approaches. The estimated cost of implementing these schemes is included in the Concept Proposal.
- 3.15 In addition the City Council, in partnership with the County Council, has already undertaken outline design and specification work on a public realm improvement scheme along Castle Street, from Carlisle Cathedral to Castle Way. This scheme was originally included in the Interim Programme but replaced by other project activities. This scheme is capable of implementation in 2007 linked to essential maintenance work in the main pedestrianised area. The cost of implementing this scheme has been included in the Concept Proposal.
- 3.16 The Development Framework & Movement Strategy Policy Statement identifies a number of potential locations for the development of a new headquarters and associated faculty space for the University of Cumbria. As part of the Interim Programme a scoping study is being undertaken into the establishment of a Carlisle Learning Village, involving the potential co-location of University facilities with Carlisle College, new/refurbished secondary schools, sports and other ancillary facilities
- 3.17 The scoping study will be published in June 2007 and subject to the initial findings it may require the preparation of a development plan to link together the various investments in educational infrastructure in this area to create a learning environment that supports Learning City the objectives of Learning City a priority for the City Council and a strategic objective of Carlisle Renaissance. The cost of undertaking this work has been included in the Concept Proposal.

4. FUNDING & PHASING ASSUMPTIONS

- 4.1 The Concept Proposal covers a 3-year period from 2007/8 to 2009/10. At this stage it is based on broad assumptions concerning the timing of project activities and the availability of funding. It identifies a funding requirement from the Northwest Development Agency of over £25m. This is set against the provisional allocation for Carlisle Renaissance in the agency's Cumbria Sub-Regional Investment Plan of £6-7m over the same period.
- 4.2 Given the provisional level of available funding, this Concept Proposal will not lead at this stage to a request from the Northwest Development Agency for a Full Application for over £25m of funding. As highlighted earlier, this is the first step in establishing a definitive long-term delivery plan for Carlisle Renaissance which will extend well beyond 2009/10.
- 4.3 The purpose of this Concept Proposal is two-fold; to set down a marker as to the likely scale of funding that may be required to deliver Carlisle Renaissance over the long-term, and to set the context for the funding that will be required in the short-term (12-18 months) to enable progress to be made. Again, as highlighted earlier, this Concept Proposal should be considered as the first in a series of proposals that will be submitted as and when future projects become more clearly defined.
- 4.4 The preparation of Development Brief(s) for Rickergate and Caldew Riverside will commence in 2007/08, with the procurement of development partner(s) commencing in 2008/09. The implementation of these schemes, following the completion of development agreements(s), is unlikely to commence before 2009/10. No assumptions have been included at this stage for any contribution by the Northwest Development Agency to support their implementation
- 4.5 Similarly no assumptions have been included at this stage as to the potential new private sector investment that may be generated by the implementation of these schemes. The consultants report on the Development Framework & Movement Strategy estimated that together these could generate over £200m of new private sector investment. Work on the preparation of Development Brief(s) for these schemes will help to establish more definitive forecasts in this respect.
- 4.6 The implementation of public realm improvement schemes will commence in 2007/08 with the Castle Street scheme. Major schemes would come forward for consideration following the detailed design and specification work that is being undertaken as part of the Interim Programme. The Concept Proposal includes

broad assumptions of the cost and phasing of these schemes Within the context of potentially available funding, some small scale scheme (i.e. improvements to key urban approaches) could come forward in 2008/09.

- 4.7 Infrastructure planning will commence in 2007/08 and the County Council has agreed to contribute £0.12m of revenue towards this work. The implementation of infrastructure schemes is forecast to commence in 2008/09 and officers have provisionally estimated a capital contribution of £0.62m from the County Council over the period 2008/09 to 2009/10 to support this.
- 4.8 The Castle Way scoping study includes an estimate of the cost of further design work and implementation. These costs have been included in the Concept Proposal and the scheme proposals presented by Capita will be the subject of further consideration by the City Council (Cross Party Working Group), County Council (Cabinet, Local Committee and Highways Working Group), Northwest Development Agency and English Heritage in the coming weeks.
- 4.9 Subject to the findings of the Learning Village scoping study, work on a Development Plan is forecast to take place in 2007/08. Implementation would be linked to the proposals for the new Academy and secondary schools reorganisation, the next phase of Carlisle College development plan (which includes provision for a 14-19 Centre) and the University of Cumbria's estate strategy.
- 4.10 In broad terms these individual proposals are forecast for implementation between 2007/08 and 2010/11 but implementation costs (and core funding from other organisations such as the Department for Education & Skills and the Learning & Skills Council, Higher Education Funding Council etc.) are not included in the Concept Proposal.
- 4.11 The Concept Proposal includes the costs of establishing a delivery structure for Carlisle Renaissance. The operational costs will be dependant upon the form and functions of the structure and have not been included in the Concept Proposal. The City Council and English Partnerships currently fund the in-house team and the detailed business planning will determine any ongoing revenue commitment in this respect, as well as the commitment by other organisations such as the Northwest Development Agency.
- 4.12 In certain circumstances the Northwest Development Agency will provide what is known as 'pre-approval funding' to enable projects to proceed before the submission and approval of a Full Application. This approach was applied in the

case of the Interim Programme and allowed work on the Carlisle Economic Strategy to proceed ahead of formal approval of the wider programme at that time.

- 4.13 On this basis the Concept Proposal includes a request for pre-approval funding of £0.12m from July 2007 to commence appraisal work on delivery structures, the secondment of a Development Manager from the Northwest Development Agency to the City Council's in-house team and the marketing the investment/funding opportunities presented by the Development Framework & Movement Strategy Policy Statement.
- 4.14 The City Council contribution in the Concept Proposal is forecast at £2.57m over 2007/08 and 2008/09. Of this sum £1.73m is already approved and consists of the following: -
- £1m capital to fund third party property acquisition
 - £0.68m revenue to fund the in-house team (£0.34m pa 2007/08 to 2008/09)
 - £0.05m capital to support renaissance improvements
- 4.15 These items are included in the City Council's Medium Term Financial Plan (2007/8 to 2009/10). The remaining £0.84m is an additional funding contribution over and above this and represents the forecast cost of implementing the Castle Street public realm improvement scheme in 2007/08.
- 4.16 The City Council's 2006/07 settlement from the Local Authority Business Growth Initiative (£0.84m) has been identified as one potential source of this additional funding contribution. The City Council's 2005/06 settlement was previously allocated to support the Interim Programme and other economic development activities.
- 4.17 At this stage no assumptions have been made in the Concept Proposal concerning City Council funding to support projects over and above the £2.57m identified above. It may be likely that further capital and revenue funding will be required over the programme period and this will need to be considered in due course as part of the City Council's corporate financial planning activities and on-going work to redirect resources to support its priorities.
- 4.18 The Concept Proposal identifies for the first time the potential scale of public sector investment required to progress the physical regeneration agenda for Carlisle. This can be expected to rise significantly dependant upon the outcome of work on the

Carlisle Economic Strategy and the establishment of a delivery structure to manage the delivery of Carlisle Renaissance.

- 4.19 Fundamentally this Concept Proposal represents the point of transition between the necessary strategic planning and consultation work that followed the publication of the Carlisle Renaissance Prospectus and the delivery of activities that will generate regeneration benefits on a scale that meets the aspirations of this ambitious agenda.

5. CONSULTATION

- 5.1 The following have been consulted in the preparation of this report: -

- Carlisle Renaissance Leadership Group
- Carlisle Renaissance Cross Party Working Group
- Cumbria County Council
- Cumbria Vision
- Northwest Development Agency
- Carlisle Renaissance Task Group

- 5.2 This report will be forwarded for consideration by Corporate Resources Overview & Scrutiny Committee at its meeting on 14th June 2007 before coming back to the Executive Committee on 2nd July 2007 and then to City Council on 17th July 2007. During this period this report will be considered by members of the Cross Party Working Group, the Leadership Group and the Task Group.

6. RECOMMENDATIONS

- 6.1 The Executive Committee is requested to: -

- a) Endorse the Concept Proposal and forward it for consideration by the Corporate Resources Overview & Scrutiny Committee

7. REASONS FOR RECOMMENDATIONS

- 7.1 To endorsement of the Concept Proposal by the Executive Committee will be taken account of in its assessment by the Northwest Development Agency. The allocation of additional resources to support its delivery will require consideration by Corporate Resources Overview & Scrutiny Committee and subsequent approval by the City Council.

8. IMPLICATIONS

- **Staffing/Resources** – The Concept Proposal includes proposals for additional development and project management capacity to support the City Council's in-house team. The staffing/resources implications of any delivery structure established to manage the delivery of Carlisle Renaissance will be addressed through the appraisal of delivery structures and any subsequent work required to secure the operational establishment of a special purpose vehicle or other such structure
- **Financial** – The City Council has approved a revenue budget of £0.34m pa for Carlisle Renaissance from 2005/06 to 2008/09. A capital budget of £1m has also been approved and is held in reserves to support property acquisitions. A further £0.05m capital has been approved to support renaissance improvements.

The report identifies the City Council's 2006/07 settlement from the Local Authority Business Growth Initiative (£0.84m) as a potential source of additional funding to support the Concept Proposal. This is held in reserves and can be used for the purposes outlined. Alternatively the funding proposal could be included in the 2007/08 capital programme using capital receipts as the method of financing. This would retain the Local Authority Business Growth Initiative settlement within revenue reserves and offer more flexibility over its future use.

The draft Medium Term Financial Plan (2007/08 to 2009/10) identifies that further capital and revenue funding may be required over the programme period set out in the Concept Proposal and this will need to be considered in due course as part of the City Council's corporate financial planning activities and on-going work to redirect resources to support its priorities.

- **Legal** – The City Council has the power to establish a regeneration company or other special purpose vehicle by virtue of the Local Government Act 2000 and other legislation. Detailed consideration will need to be given to the most appropriate corporate and governance structure for such a vehicle and external legal and financial advice will be required to assist with its subsequent establishment.

Dependant upon the range of functions undertaken by such a company, any proposals for the transfer of City Council staff to it will raise TUPE and pension issues and the usual employee consultative procedures will need to be adhered to at the appropriate time. Consideration will need to be given to the level of control the City Council is to have over such a company, including whether in legislative

terms it is defined as 'controlled' or 'influenced' by the City Council and the implications of such a definition.

Powers are available under sections 120 and 123 of the Local Government Act 1972 to facilitate the acquisition and disposal of land as identified in the proposals, including entering into appropriate arrangements with third parties to secure the development of land. The City Council will have to comply with its own Contract Procedure Rules and relevant European Union procurement rules for any disposal and the procurement of any goods and services in the usual way.

Regard also needs to be had to the provisions of the Local Government & Public Involvement in Health Bill which, when enacted, will place restrictions on the ability of any authority which is reorganised to enter into contracts or to dispose of land over a prescribed monetary value without the consent of the Secretary of State

In proposing to undertake any public realm improvements on public highways the City Council will need to satisfy itself that it has the relevant permission from the highway authority (the County Council) to undertake these works and there where possible ensure that they are adopted by the highway authority as publicly maintainable so that the City Council has no residual repairing responsibilities

- **Corporate** – Carlisle Renaissance is a corporate priority of the City Council and the activities outlined in this report are referenced in the City Council's draft Corporate Improvement Plan (2007/08 to 2009/10).
- **Risk Management** – The Concept Proposal identifies the key risks in the delivery programme and any subsequent Full Application will include a detailed Risk Register, Carlisle Renaissance is included in City Council's Corporate Risk Register which is updated regularly to account for different types of risk
- **Equality Issues** – The Development Framework & Movement Strategy Policy Statement stipulates that City Centre services should be inclusive and easily used by all people without undue effort, special treatment or separation
- **Environmental** – The Development Framework & Movement Strategy Policy Statement includes proposals to improve the physical environment in and around the City Centre, address the air pollution impact of traffic congestion, promote an increase in the use of public transport, walking and cycling and promote development with the highest standards of environmental sustainability

- **Crime and Disorder** – The Development Framework & Movement Strategy Policy Statement stipulates that the design of the public realm and the built environment should promote community safety and promote a sense of ownership and responsibility amongst residents, visitors and the business community
- **Impact on Customers** – The Concept Proposal includes a range of project activities designed to generate regeneration benefits for the resident and business community including new employment and business opportunities, an improved environment and a wider range of facilities and services accessible to all

APPENDIX A

CONCEPT PROPOSAL